Crown Energy

ANNUAL REPORT 2019

CONTENTS

Crown Energy

Crown Energy is an international group that provides customised residential and office solutions with related services and is active in oil and gas exploration in Africa and the Middle East. The Company creates value via two business areas: Asset Development and Management and Energy.

Value is created by offering international companies a one-stop-shop concept for residential and office solutions with related services, and by developing assets in early stages to be later introduced to suitable players in the oil and gas industry for further development and production.

Crown Energy has offices in Stockholm, London, Luxembourg, Amsterdam and Luanda.

ASSET DEVELOPMENT AND MANAGEMENT BUSINESS AREA

Crown Energy is a provider of services to the energy industry and offers customised residential and office solutions with related services to international companies, primarily in the energy industry. Crown Energy's offering covers the entire chain from needs-adapted design and construction to leasing, property management and value-added services.

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ENERGY BUSINESS AREA

Crown Energy develops and explores oil assets in early stages with high potential for recoverable reserves. In a longer perspective, the assets are introduced to suitable players in the oil sector for further development and production.

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This English Annual Report is a translation of the Swedish Annual Report for 2019. If any discrepancies exist in the translation, the Swedish language shall prevail. The translated English Annual Report has not been audited by the company's auditors.

Translation: Fluid Translation AB

2019 IN BRIEF

The biggest event in 2019 was the sale of the C-View property to the Ministry of Finance in Angola. The sale agreement represents a valuation of the property with a solid premium far higher than purchase price. The sale will provide capital to be used for future investments. In addition to this transaction, Crown Energy has focused on pursuing new deals, particularly in its property operations.

- On 30 April 2019, Crown Energy signed an agreement for the sale of the C-View property in Angola. The buyer is the Government of Angola through its Ministry of Finance. The sales price is payable over three years in a total of six equal instalments and payment will be made in the Angolan currency, kwanza.

The property will be reported as an asset held for sale until the right of ownership passes to the buyer. At 31 December the asset was reported at fair value, which corresponds to the contractual purchase price, discounted over the payment period of three years. The fair value at the end of the reporting period amounted to SEK 383,586 thousand.

In Q2 2019, an unrealised gain of SEK 141,877 thousand was recognised resulting from the revaluation to the discounted consideration.

In Q4 2019, the first payment was received from the buyer. The payment was recognised as a contractual debt and amounted to SEK 62,925 thousand at 31 December 2019.

- In Q4 2019, the Angolan kwanza was devalued after nine relatively stable months. This devaluation had an impact on consolidated profit and financial position in 2019. For example, between Q3 and Q4 the SEK value of C-View fell from SEK 514,922 thousand to SEK 383,586 thousand, a decrease of 26 per cent that is solely attributable to exchange rate effects. When revenue for Q4 is compared to that for Q3, it is essentially unchanged in kwanza but has decreased in SEK, also by 26 per cent.

In view of the volatile foreign exchange situation in Angola over the past three years, Crown Energy has taken preventive measures to reduce currency risk. Two such measures are that cash in local currency is deposited in USD-indexed government bonds, and, pursuant to the sale agreement for C-View, the transaction is subject to adjustment for inflation. In addition to this, certain lease contracts are indexed to the USD.

ABOUT CROWN ENERGY

11 LEASED PROPERTIES

4 OWNED PROPERTIES

4 OIL PROJECTS

77 MSEK REVENUE IN 2019

Crown Energy is an international group with two business areas – customised residential and office solutions with related services, and oil and gas exploration. Operations are currently conducted in Africa and the Middle East.

In the Asset Development and Management business area, Crown Energy offers international companies a one-stop-shop concept for residential and office solutions with related services. The Energy business area focuses on exploration opportunities with high potential for recoverable reserves.

MISSION

Crown Energy's mission is to provide customised residential and office solutions and to develop oil and gas assets through exploration and processing, initially in Africa and the Middle East. Value is created by offering international companies a one-stop-shop concept for residential and office solutions with related services, and by developing early-stage assets to be later introduced to suitable players in the oil and gas industry for further development and production.

OBJECTIVES

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

VISION

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

ADVANTAGES OF COMBINED OPERATIONS

The combination of the two business areas – Asset Development and Management and Energy – creates several advantages. Together the operations become more diversified, leading to lower risk. Furthermore, the cash flow generated in the service operations can be used for further development of the exploration assets. By building customer relationships with some of the world's leading energy companies in the Asset Development and Management area, Crown Energy also optimises its opportunities to capitalise on the existing exploration assets. Crown Energy can also provide its exploration and extraction partners with related services in the form of customised housing and offices close to the assets.

STRATEGY

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

- To establish service operations in more markets with a need for residential and office solutions for the oil and gas industry
- To carefully select exploration areas where the potential for oil and gas discovery is high
- To exploit synergies between the two business areas and reinvest part of the cash flow from service operations for further development of the exploration assets
- To provide exploration and extraction partners with customised housing and offices close to the assets
- To pursue farmout opportunities as an exit strategy and thereby capitalise on the assets as much as possible
- To create a good spread of risks through several parallel projects

DEAR SHAREHOLDERS AND INVESTORS,

2019 was an interesting year that saw some notable positive events for the Company alongside ongoing efforts to generate new business and revenue, primarily in Asset Development and Management but also in Energy. We closed a major deal through the sale of one of the properties in our portfolio in Luanda, Angola. On 30 April, we announced that the Angolan government would acquire the C-View property worth 19,541 million kwanza, at that time corresponding to approximately SEK 575 million before tax and contractual inflation compensation. This represents a premium of 55 per cent over the purchase price, or around SEK 200 million. This is an excellent deal for Crown Energy, which is free from debt, meaning that the proceeds from the property sale will significantly strengthen our cash reserves over the coming three-year period. The transaction also justifies the acquisition of the Asset Development business that we completed in 2017. The sale will provide capital for future investments and is in line with our business model. During the fourth quarter we received the first payment from the buyer.

In the Energy business area, we are also working intensively to capitalise on the existing assets. In February 2020, we received positive news from Africa Energy, our partner and also the operator of our South African project Block 2B, that it signed two farmout agreements whereby Africa Energy will transfer a 62.5 per cent participating interest in the exploration licence in consideration for financing (carry) of the next exploration well, Gazania-1, where drilling is expected to start by the end of 2020. It will be very exciting to follow those developments in 2020. Crown Energy is not liable for any costs for future drilling as it is fully financed according to previous farmout agreements with Africa Energy.

Crown Energy continues to operate with two business areas: Energy and Asset Development. So far, we are noting progress in attracting partners and customers for our offerings, although it is taking longer to close and sign deals than anticipated. The arguments we had prior to acquiring the Asset Development business are still valid. Synergies between the business areas and the greatly increased size of Crown Energy as a whole, together with the capital we now have access to, provide the conditions to generate new business for the Company.

For most of the year, except for Q1, property operations carried on with relatively unchanged scope and earnings compared to the previous year. However, in Q4 2019 the Angolan kwanza fell against the Swedish krona, which has had a negative impact on the financial statements for 2019. As a result of this, together with a lower occupancy rate for one of the properties in our portfolio, as stated in the Q1 report for 2019, and the year's gradual phase-out of our tenants in the C-View property in preparation for transferring this property to the buyer, revenue for the full year declined by 36 percent to SEK 48.8 million (76.6). In local currency, revenue fell 18 per cent for the full year 2019. During the year, property-related expenses decreased by 28 per cent to SEK 17.1 million (23.9), and we are taking steps to further

> CROWN ENERGY CONTINUES TO OPERATE WITH TWO BUSINESS AREAS: ENERGY AND ASSET DEVELOPMENT. SO FAR, WE ARE NOTING PROGRESS IN ATTRACTING PARTNERS AND CUSTOMERS FOR OUR OFFERINGS, ALTHOUGH IT IS TAKING LONGER THAN ANTICIPATED.

streamline property management operations to reduce these expenses. Other external expenses have remained relatively high for the Company. The Board of Directors has chosen to invest in new business while at the same time adapting the legal structure to handle future new ventures. In practical terms this means that in 2018 and 2019 we had higher expenses which we can capitalise on in the future, and which can therefore be assumed to decrease in the long term 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 agreement for C-View formally stamped and approved, which is recognised under other external expenses in 2019. As a result of the transaction with the C-View property in 2019, the change in value is recognised as an unrealised gain of SEK 142 million.

We are continuing to drive our oil and gas projects and develop these so that they generate financial growth for the Company and are working explicitly with processes that we hope we can communicate to the market. But we are not able to give a time perspective on this. The price of crude oil fluctuated around USD 60 per barrel in 2019 to fluctuate and finally plummet to around USD 30 per barrel in 2020 and up to the release of this annual report. This does not affect us directly financially because we do not currently produce oil and gas. But such a rapid and sharp fall in the oil price is negative for the industry, although most players see the situation as transient. However, we can conclude that we know nothing about the continued levels of the oil price, and therefore we must closely monitor the situation going forward to determine any changes in value of our assets in the Energy business area.

At present, the Company holds four exploration licences, located in Iraq, South Africa, Equatorial Guinea and Madagascar. For South Africa, we are very pleased that our partner and the operator of the licence, Africa Energy, has announced a successful farmout for their interests. A farmout, which together with an approved renewal of the licence into a new exploration period that includes a drilling commitment, gives us a concrete timetable for further activities under the licence. As for Madagascar, the current licencing period expired in November 2019. Crown is discussing further extension with the authorities. The Company awaits feedback from the authorities before deciding on the best way forward regarding this licence.

From January 2020 until the release of this annual report, the spread of the Covid-19 virus has had major effects on the global economy. Among other things, travel has decreased drastically as a result of global restrictions and oil prices and stock exchanges around the world have collapsed. The effects are difficult to foresee at present and conditions change daily. Crown Energy is monitoring the course of events surrounding the spread of the virus and is following the recommendations of the authorities. Read more in the Directors' Report.

The Company's continued focus is on generating new business but it has taken longer than anticipated. This is due to several factors, but the situation is such that if we can close an initial deal, then there are several additional deals that are likely to follow. We see it as a chain of events that can be triggered if we achieve a positive outcome in any of the ongoing sell-in processes we are involved in. We are taking steps to get things rolling in that area.

Andreas Forssell
CEO, Crown Energy

ASSET DEVELOPMENT AND MANAGEMENT

Crown Energy delivers customised residential and office solutions to international companies with a need to station staff abroad, primarily in Africa. The comprehensive offering of leasing and related services allows customers to focus on their core business rather than worrying about major capital investments. This business area is a cash-generating segment of the operations, and the customers include established companies in sectors such as the oil and gas industry.

In addition to leasing of residential and office solutions, Crown Energy's operations include related support services such as security, transport and telecommunications. Crown Energy's offering covers the entire chain from needs-adapted design and construction to leasing, property management and value-added services. The goal is to provide customers with a hassle-free total solution that is easy to administer and where tenants feel comfortable and safe.

This offering is mainly targeted towards international companies in the energy sector, primarily in Africa. These companies have an extensive need for professional external providers to meet the needs of their overseas staff. Consequently, there is great demand for high-quality residential and office solutions that offer both housing and property management with related services. Existing customers include some of the world's leading energy companies with high credit ratings.

Crown Energy's offering is delivered by both local and international teams. The focus is on always delivering the best quality to achieve a high level of customer satisfaction and generate new business.

> WE TAKE PRIDE IN CREATING A STREAMLINED TRANSITION FOR INTERNATIONAL COMPANIES IN THE MOST COMPLEX AND CHALLENGING LOCATIONS AROUND THE WORLD AND MEETING ALL THEIR NEEDS ON A DAY-TO-DAY BASIS.
>
> Yoav Ben-Eli, Board Member

BUSINESS MODEL

1

IDENTIFY CUSTOMER NEEDS

- Acquire in-depth understanding of customer needs for offices, housing and services.
- Identify which type of solution is most suitable.
- Present proposal based on time frame, geographic location, type of residential/ office solution, scope of the project etc.

2

FIND SUITABLE LAND OR PROPERTY

- Identify suitable land and evaluate potential property acquisitions or opportunities for land use rights in collaboration with partners.
- Negotiate agreements for property acquisitions or agreements with landowners for land use rights.
- Obtain permits for financing, design, function, construction and operation.

3

CONSTRUCTION OF PROPERTY

- Develop the property in line with the customer's wishes.
- Obtain regulatory approval where required.
- Secure project financing.
- Commence construction in collaboration with partners.
- Draw up leases with customers with the aim of establishing long-term contracts (10–15 years or longer) so that the property can be depreciated over the same period.

4

MANAGEMENT AND VALUE-ADDED SERVICES

- One-stop shop with offices, residential properties and all related add-on services.
- Customers are global companies with high credit ratings.
- Payment is made in USD or in local currency indexed to the USD. Most operating expenses are paid in local currency.
- ISO 9001:2008 certified business.

CROWN ACCOUNTS FOR ALL CAPEX SO THAT CUSTOMERS HAVE ONLY OPEX.
We save time for our customers by using a unique model with a single annual invoice that includes all the provided services: rent, asset management, maintenance, security, equipment, catering, telecoms, laundry and much more.

18
YEARS OF INDUSTRY EXPERIENCE

MARKET

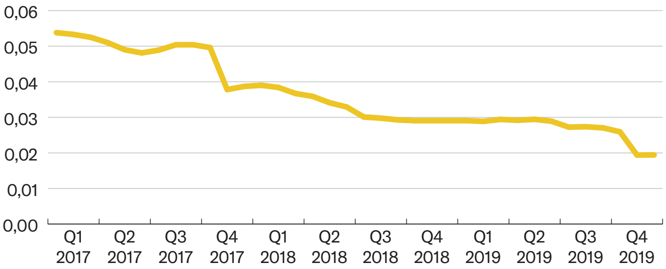
THE PROPERTY MARKET AND CURRENCY IN ANGOLA

In early 2018, a new exchange rate regime was implemented in Angola, which meant that the indexation of the Angolan currency (kwanza or AOA) against the US dollar (USD) was discontinued. However, the exchange rate could only fluctuate within defined limits, based on supply and demand for the currency in daily auctions held by the National Bank of Angola (BNA). (Source: Zreport – Angola Property Market-Overview/Outlook 2019/2020). In the first nine months of 2019 the exchange rate between AOA and USD was relatively stable, compared to the same period in 2018. But in October 2019, the BNA allowed the kwanza exchange rate to float freely, leading to immediate devaluation of the local currency. Between 30 September and 31 December 2019, the kwanza depreciated by around 26 per cent against the Swedish krona. Depreciation for the full year 2019 amounted to approximately 50 per cent and had a significant impact on consolidated profit and financial position, particularly in the fourth quarter of 2019. For example, between Q3 and Q4 the SEK value of C-View fell from SEK 514,922 thousand to SEK 383,586 thousand, a decrease of 26 per cent that is solely attributable to exchange rate effects. When revenue for Q4 is compared to that for Q3, it is essentially unchanged in kwanza but has decreased in SEK, also by 26 per cent.

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

Angola's annual inflation rate accelerated somewhat in the final quarter of 2019 and was approximately 16.9 per cent in December 2019. (Source: Banco National de Angola). This is the highest inflation rate since August 2019, following both ongoing devaluation of the kwanza (see above) and the recent introduction of VAT.

Angolan kwanza (AOA) to Swedish Krona (SEK)



The effects of a shrinking oil sector are that tenants in the office segment are seeking to optimise office size and cut costs, which has in turn led to renegotiations and relocation to smaller spaces. The latest development is that companies are avoiding long-term commitments, meaning that landlords must offer flexible contracts that are of shorter duration or adaptable to immediate needs. Alternative concepts to traditional leasing, such as business centres, are emerging in the market. A need for residential spaces for staff working in office activities, where Crown Energy has its residential segment, can still be seen and is following the same trend as the office segment in general. (Source: Zreport – Angola Property Market-Overview/Outlook 2019/2020). How exchange rate developments in Q4 of 2019 will affect the property market over time remains to be seen.

NEW MARKETS

Crown Energy is targeting new markets in several countries and has built a pipeline of several potential new business ventures. Many of these projects are being pursued in collaboration with the Company's partner Proger, which is also involved in the Company's Iraq project in the Energy business area. The collaboration with Proger includes joint identification of projects and utilisation of complementary skills and relationships in the business models and strategies of each company. Such projects will be analysed in a systematic collaborative process, ultimately resulting in a joint venture relationship at project implementation. The focus remains on the energy sector, where both companies have strong existing relationships.

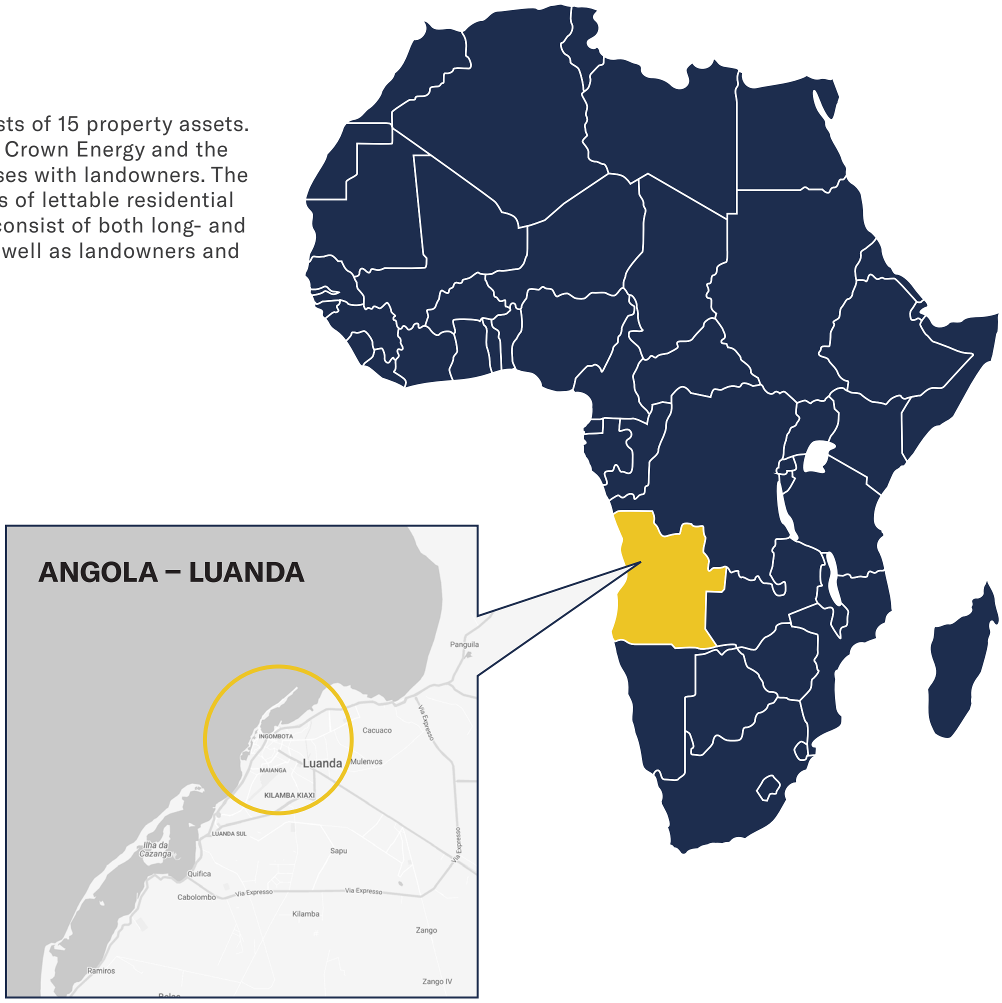
When assessing new markets, Crown Energy mainly targets international energy companies, primarily those with operations in Africa. The target group also includes companies engaged in mining and infrastructure projects in remote locations, as well as diplomatic delegations or other entities that need to station staff abroad for long periods of time. These companies have an extensive need for professional external providers to meet the needs of their overseas staff. Consequently, there is great demand for high quality residential and office solutions that offer both housing and property management with related services.

Crown Energy believes that growth in this business area will take place mainly in new markets, and its offering is driven primarily by customer needs. New markets are not limited to specific countries or sectors, since Crown Energy actively evaluates new projects in dialogue with partners both in new geographic markets and outside the energy sector.

PROJECT PORTFOLIO

ANGOLA

The project portfolio in Angola consists of 15 property assets. Three of the properties are owned by Crown Energy and the remainder are held under finance leases with landowners. The assets comprise 19,623 square metres of lettable residential and office space. The signed leases consist of both long- and short-term contracts with tenants as well as landowners and are regularly extended.



15
PROPERTIES

19,623
M²
AREA

154
MSEK
FAIR
VALUE

PROPERTY OPERATIONS IN ANGOLA

Property operations in Angola have two revenue streams: rental and service revenue from owned and leased properties. Service revenue is made up of charges for property services and value-added services such as cleaning, security, catering etc. In the financial statements, service revenue accounts for roughly 30 per cent of total revenue from the property assets. Based on the remaining contracts, the service revenue represents on average 25 per cent of total contractual revenue.

Crown Energy's tenants

Crown Energy's tenants include global and reputable companies in the oil and gas industry, Angola-based companies, embassies, international schools etc. Companies in the oil industry account for 70 per cent of total rental and service income, and the five biggest tenants account for 66 per cent. Several of our larger tenants have renewed their contracts multiple times, and the contracts that generate the highest contractual annual rents include tenants who signed their initial contracts as early as 2009.

Remaining contract periods

To a large extent, the length of the lease contracts is affected by the fact that many of the company's tenants work in project-based assignments and are seeking providers that offer flexible lease periods.

Crown Energy believes that by offering the customers flexible lease terms, the vacancy rate can be minimised. Crown Energy also considers the economic situation and prevailing market conditions in the country. During periods with lower market rents, shorter lease terms are strived for to increase opportunities for upward renegotiation when market rents rise.

For example, the prevailing market conditions and currency risk in Angola have generally meant that shorter contracts have been entered. At 31 December 2019, the weighted average unexpired lease term (WAULT) was 12 months (7). Under current market conditions in Angola, the Company believes that a relatively short WAULT is preferable. This is done to retain flexibility in the contracts and thereby reduce the risks associated with currency and inflation. For the time being, short-term contracts also allow Crown Energy to await market developments in Angola.

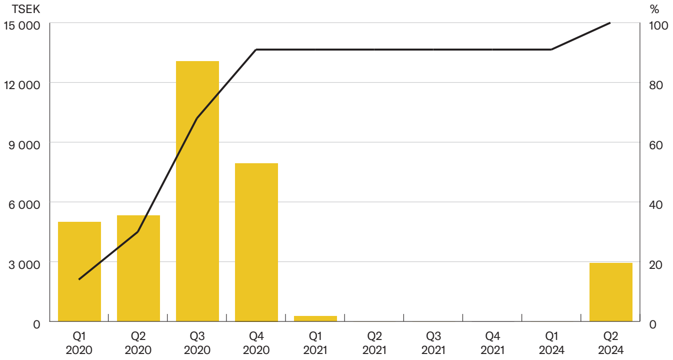
The average term for a signed lease is currently around one year for the entire property portfolio. In general, larger contracts in terms of space and rent have been signed for somewhat longer periods – between two and three years – while smaller contracts are renewed one year at a time.

The chart below illustrates the value of the lease expiries over time and the cumulative expiry as it was at 31 December 2019. The value of lease expiries in each period represents the annual rental and service revenues for each expiring contract.

Occupancy rate

The average area occupancy rate in the property portfolio was 73 per cent (86) at 31 December 2019. The occupancy rate for the comparative year 2018 does not include the C-View property, which was held for sale at 31 December 2019 and is no longer included in the calculation of Crown Energy's key ratios.

The economic occupancy rate indicates rental revenue in relation to the total value of the potential lettable area, and at 31 December 2019 amounted to 60 per cent (81) for the property portfolio. The occupancy rate for the comparative year 2018 does not include the C-View property for the same reason as above.



Rent and revenue backlog

Based on relevant contracts at 31 December 2019, the revenue backlog, i.e. total contractual rental and service revenues under existing contracts up to expiry, amounted to SEK 31,145, thousand (51,222).

Rent backlog, i.e. only contractual rental revenue under existing contracts up to expiry, amounted to SEK 25,519 thousand (32,646) at 31 December 2019.

Revenue backlog and rent backlog are performance indicators at a given point in time, in this case at 31 December, and are converted into SEK from the local currency kwanza (AOA) and USD. Currency was converted at the closing day rate of exchange on 31 December. As a result, these key ratios are affected by exchange rate fluctuations.

FINANCIAL SUMMARY OF THE PROPERTY PORTFOLIO IN ANGOLA AT 31 DECEMBER 2019

	31/12/2019	31/12/2018
Revenue backlog, SEK thousand	31,145	51,222
Rent backlog, SEK thousand	25,519	32,646
Contractual annual rental and service revenues, SEK thousand	34,503	78,865
Contractual annual rental revenues, SEK thousand	25,302	60,374
Area occupancy rate (excl. C-View), %	73%	86%
Economic occupancy rate (excl. C-View), %	60%	81%
WAULT, months	12.1	6.7
Market value of portfolio (excl. C-View), SEK thousand	149,860	215,673
Market value of C-View, SEK thousand	383,586	437,410

ENERGY

The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Crown Energy seeks good risk diversification, both geographical and geological, and pursues farmout opportunities as an exit strategy to capitalise as much as possible on its assets.

The portfolio consists of assets in Africa and the Middle East:

IRAQ
Onshore exploration licence covering an area of approximately 24,000 square kilometres located in northern Iraq, south-west of Kurdistan. The licence area contains several major discoveries as well as vast unexplored areas with high potential.

SOUTH AFRICA
Offshore exploration licence containing a discovery with contingent resources ready for appraisal well drilling. Due to additional prospects within the licence area, the licence is considered to have major potential. The Company has entered a farmout agreement which means that the remaining licence interests are financed for well drilling.

MADAGASCAR
Onshore exploration licence on the western side of the island. After conducting seismic and geological studies, several structures have been identified. Future efforts include drilling, for which Crown Energy is seeking a partner.

EQUATORIAL GUINEA
Offshore exploration licence in the Rio Muni Basin. The licence area contains confirmed discoveries that are also surrounded by several structures with potential for further discoveries.

BUSINESS MODEL

In the Energy business area, Crown Energy focuses on energy resources in underexplored areas in Africa and the Middle East. With a strategy of early-stage entry and further development of projects through exploration and resource optimisation, considerable value can be realised in the event of successful results. When and if a licence or project becomes ready for production, Crown Energy intends to realise the potential increase in value by selling the project to a major oil and gas player.

To effectively manage and develop the Company's exploration opportunities, the focus is on the following factors: asset strategy, costs, experience and expertise. Exploration assets are chosen based on a well-defined selection process that includes geological and geographical criteria and contributes to a well-balanced risk profile.

MARKET

With a relatively stable price around USD 60-65 per barrel, 2019 continued to be a relatively positive period for oil prices.

In January 2020, however, oil prices began to fall and this appears to be a result of reduced demand in Asia, mainly China, which is the world's largest importer of crude oil, and that some of the largest oil producers have fought for market share among themselves, which also resulted in sharp declines in the price of crude oil. Government data from China shows that growth in 2019 was the lowest in 29 years. These reports had an immediate negative effect on the oil price. The outbreak of the Covid-19 virus in China has also affected the country's general demand for crude oil and fuels. Furthermore, fears that Chinese companies will withdraw contracts in response to the epidemic have dampened sales of oil and gas to China. (Source: SPTEC Advisory – Energy Research Note, January-February 2020)

The long-term view on oil prices continues to be around USD 60–65 per barrel due to high demand for crude oil around the world. Producers will need to adjust production levels as a result of the lower oil price, which should have the effect of raising the price.

Due to the relatively stable oil price in the past few years, investments in the oil and gas industry are now starting to rise. Recently there have been successful drillings in Africa, such as ENI's discoveries in Angola's deep offshore, as well as Total and Africa Energy's (our partner in South Africa Block 2B) discovery in South Africa's offshore. The latter is resulting in new seismic production programmes and drilling of additional wells.

ENERGY ASSETS

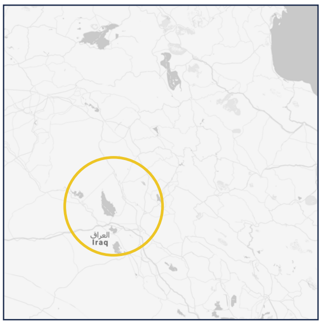
Crown Energy's existing projects are in Equatorial Guinea, South Africa, Madagascar and Iraq.

At the year-end, Crown Energy had both contingent resources (2C) and prospective resources, but mainly the latter. Prospective resources are resources estimated to exist in accumulations in the exploration areas that are considered potentially recoverable but where drilling has not yet been carried out. A contingent resource is one in which deposits have been proven through drilling, but for one or several reasons they have not yet met the requirements for a reserve.

The table below provides a summary of Crown Energy's project portfolio with the net potential stated in million barrels of oil equivalents (mmboe) based on the most recently updated Competent Persons Report from 28 September 2017.

Region	Stake	Stage	Operator	Gross contingent resources[1]	Gross prospective resources[1]	Crown Energy's interest in the licence[2]	Most recent update
Equatorial Guinea – Block P (PDA)	5%	Exploration/ Development	GE Petrol	18	142	8	September 2017
South Africa – Block 2B	10%	Exploration	Africa Energy Corp.	37	376	41	September 2017
Madagascar – Manja Block 3108	100%	Exploration	Amicoh Resources Ltd[3]	–	1,071	1,071	September 2017
Iraq – Salah ad-Din	60%	Exploration/ Evaluation/ Development	Crown Energy Iraq AB[3]	181	2,612	1,567	September 2017
Total				**236**	**4,201**	**2,687**	

1) Million barrels oil equivalents.
2) Crown Energy's share of the total contingent and prospective resources in the licence in million barrels of oil equivalents.
3) Wholly owned subsidiary of Crown Energy AB.



1 IRAQ

The licence covers the entire Salah ad-Din region, about 24,000 square kilometres, of northern Iraq. The licence area includes several existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which potentially contain several billion barrels of oil. Existing discoveries and fields have historically belonged to Iraq's central government and separate negotiations have been required to obtain permission for them to be taken over and operated by Salah ad-Din and the licence holder, i.e. Crown Energy. Despite the large, obvious commercial discoveries, only limited production has been carried out. Activities over the past 20 years have been hampered by the political instability.

The security situation in the region has improved the last couple of years and discussions with the regional authorities have confirmed that the region is virtually free from crisis hot spots. The circumstances are currently much more positive than previously, although some areas are still risky to operate in.

In addition to the major oil fields mentioned above, there are many fields that have been drilled and partially tested. These fields are of interest to investigate whether they can be set into production with simple procedures, with only a few supplementary drillings and using equipment adapted for initial production. This would represent considerable success for the asset, and numerous discussions are under way with government authorities and potential partners for such a project. A couple of structures have been identified to determine if this would be possible. Some of them are located near the main town of Tikrit, which also facilitates the logistics.

The Iraq asset has been incorporated into the Company's Competent Persons Report since May 2015. Following a technical analysis of existing and new data, both prospective and contingent resources have been attributed to the Iraq asset. A technical analysis of the licence conditions was conducted in 2016. This resulted in Crown Energy creating an extra margin of safety for a potential participating interest which the region (the Salah ad-Din Governorate) may be entitled to under certain circumstances according to the terms of the licence.

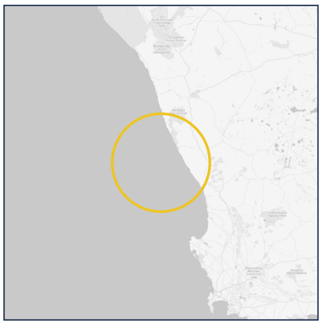
Crown Energy is now working on initiating operating activities by planning for initial geological and technical operations and field project planning in the region covered by the Company's production sharing agreement. In collaboration with Crown Energy's strategic partner, the Italian engineering firm Proger, the Company is examining the existing infrastructure and technical conditions. In addition, the existing geological and geophysical documentation is being reviewed.

2 EQUATORIAL GUINEA – BLOCK P (PDA)

The licence area is close to the mainland in the Rio Muni Basin, which contains confirmed discoveries such as the oil rich Ceiba Field and the fields in Block G. These fields, located around 50 km to the south, contain reserves of around 500 million barrels of oil. In the Venus field in Block P, sand reservoirs like those in the Ceiba Field and the fields in Block G have been identified and verified. Previous exploration drilling has also indicated potential for oil deposits in areas adjacent to the Venus Field. Block P has proven oil discoveries and is therefore in the later phase of Crown Energy's business model.

The best estimate of the combined total prospective resources for these structures is around 150 million barrels of oil, all of which lie within the PDA.

The licence operator continues to conduct technical operations under the licence. Crown Energy has not incurred any costs for the licence during the periods of inactivity aside from the costs of time spent on discussions and analyses of the current situation.

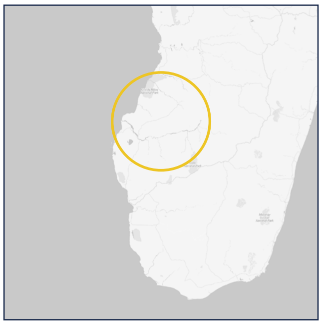


3 SOUTH AFRICA – BLOCK 2B

Exploration Block 2B in South Africa is located offshore on the Atlantic coast, just south of the border with Namibia. A small oil discovery was previously made in the exploration area. As a result, the next step in this licence will be to drill an appraisal well to ascertain the size, extent, and production volumes, and thus establish that this is a commercially strong oil project.

An analysis of the A-J1 discovery was completed in June 2015, and found that the reservoir contains contingent 2C resources totalling 37 million barrels, with an average of 56 million barrels of oil and considerable potential beyond that with up to 118 million barrels of oil in the form of 3C resources.

Crown Energy holds a 10 per cent interest and the farmout agreement stipulates that the licence partner Africa Energy shall bear all costs connected to the next drilling within the licence area, including additional well testing. Africa Energy, which held the remaining 90 per cent at 31 December 2019, is the operator under the licence. In February 2020, several important events took place. First, the operator applied to the authorities for permission to enter the third phase of the exploration licence with a commitment to drill a well. The operator then farmed out a significant share of its interest in the licence to two new companies: Azinam Limited and Panoro Resources. And finally, the joint arrangement sought approval from the authorities to transfer operatorship from Africa Energy to Azinam. Read more about the farmout in Note 33 Events after the end of reporting period. Prior to this farmout, the operator prepared all technical work to identify the optimal location for drilling an appraisal well. The operator has also commenced logistics activities, including early procurement of the required equipment.



4 MADAGASCAR – 3108 MANJA

The Manja block is located on the west side of Madagascar and covers an area of 7,180 square kilometres. Several structures have been identified and the largest is in the north-western part of the licence area. This structure may contain up to 1,250 million barrels of oil, and is situated at a depth of 3,500 metres. In the southern part of the licence, gas had already been found in the 1950s. In recent years, major gas deposits have been found in an adjacent licence to the south.

In 2017, Crown Energy signed an agreement with OMNIS, the oil and gas authority in Madagascar, to extend the licence by two years, until November 2019. The production commitment was moved forward from the previous period and continued to include a full tensor gravity (FTG) survey of the licence area, followed by additional voluntary 2D-seismic data.

Crown Energy has applied to the authorities for an additional two-year extension of the licence. Crown Energy is in communication with the authorities about this and is awaiting an answer from them.

SUSTAINABILITY

Crown Energy is committed to conducting its operations in a sustainable manner, whether in oil and gas exploration or in our service activities.

This means that we must understand how our operations affect society and the environment in the areas where we are active, and strive to meet the requirements and expectations placed on our operations to ensure that they are not conducted in a way that causes a negative impact on the environment, human rights or health.

Based on Crown Energy's current operations, the following areas of sustainable development are most important to us:

- Transparency and ethics
- Environment
- Corporate social responsibility
- Health and safety

SPECIAL DIVISION OF RESPONSIBILITY FOR SUSTAINABILITY IN OIL AND GAS EXPLORATION

In oil and gas exploration, responsibility for sustainability work is divided between operators and partners via an exploration and evaluation licence. The operator is directly responsible for operations under the licence and is governed by the production sharing agreement (PSA) and/or local laws relating to oil and gas extraction in the respective country. These PSAs signed with the licensing country/government agency (and/or laws) govern responsibility for the environment, working conditions, insurance and related areas.

In cases where there are multiple licence partners, the joint operation agreements (JOAs) also govern how decisions are made within the partnership and which party is responsible for what. Depending on the distribution of shares in the partnership, partners may have differing degrees of influence over decisions in areas such as strategies, procedures, suppliers and participation in local social programmes.

POLICIES

In addition to PSAs, JOAs and local legislation, Crown Energy has adopted internal Group policies in the following areas:

- Corporate social responsibility and ethics
- Environment and sustainability
- Finance
- Staff
- Information
- Corporate governance

The Group strives to follow the best available practices, even if they go above and beyond the requirements of local legislation.

TRANSPARENCY AND ETHICS

For Crown Energy, transparency and ethics mean conducting operations in a lawful and professional manner and making ethical business decisions. We want our operations to be founded on respect, honesty and integrity. This means that we work to fight corruption and all forms of bribery and facilitation payments. We also expect our counterparties (government agencies, suppliers and licence operators) to adhere to the same standards. As a rule, Crown Energy therefore selects partners based on both their financial strength and their core values regarding ethics, morals and the environment.

Crown Energy is aware that we conduct, and may expand, operations in countries that are characterised by political, social and economic instability, such as war and general social or political turbulence. This includes the occurrence of corruption.

Crown Energy has a compact organisation and the Board constantly strives to promote Crown Energy's fundamental values in its operations. The Board has adopted policies for business ethics and anti-corruption, and both employees and consultants are required to comply with these. To seek guidance when needed,

Crown Energy uses resources like the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.

ENVIRONMENT

Crown Energy strives to minimise harmful footprints in the implementation of our operations. In line with this, we always carry out an environmental risk assessment before commencing any of our projects in property management or oil and gas exploration. Where possible, we work to prevent or otherwise substantially minimise, reduce or remediate any environmental damage resulting from our operations.

In our Asset Development and Management business area, we are required to apply for relevant environmental permits from the authorities where the projects are being conducted. Our operations are therefore subject to the environmental legislation of various countries, but where possible we always attempt to go beyond that which is required by law.

All of Crown Energy's exploration licences are in the early stages of a normal exploration and production life cycle. There are activities at the exploration and evaluation stage that can result in negative environmental impact, such as the performance of seismic surveys and test drilling. Activities of this type may impact both the flora and fauna. However, in exploration there are extensive requirements in the PSAs aimed at protecting the environment, and Crown Energy's environmental responsibility is mainly governed by these agreements. One of the environmental requirements in the PSAs is that companies must perform environmental impact assessments (EIAs). These are carried out prior to the commencement of large-scale activities in the licence area, such as prior to seismic surveys and test drilling. The way in which drilling is performed and areas are restored is often based on the environmental legislation and oil production laws of the respective country.

Crown Energy invests in initiatives to improve the environment and we are strongly committed to protecting natural resources. Through various partnerships, we strive to ensure that our business is conducted in a sustainable manner.

EITI STANDARD

The Extractive Industries Transparency Initiative (EITI) is a voluntary global reporting standard for companies operating in the extractive industries. The EITI is aimed at promoting transparency and responsible management of natural resources. Certain countries have chosen to implement the EITI Standard to ensure full disclosure of taxes and other payments to government agencies and thereby prevent corruption and increase transparency. On 1 January 2016, Sweden passed a law originating from the EITI that requires reporting of payments to government agencies. This reporting is made to the Swedish Companies Registration Office. Sweden is still not an EITI member. However, Madagascar is an EITI candidate country, which means that Crown Energy submits annual reports about any payments to government agencies in this country. Iraq is also an EITI member.

CORPORATE SOCIAL RESPONSIBILITY

For Crown Energy, corporate social responsibility means contributing both socially and economically to development in the countries and regions where we operate. At the same time, it is important to us that this does not take place at the cost of promoting social segregation and inequality. For Crown Energy, corporate social responsibility also includes safeguarding human rights in all situations, both directly (people associated with our operations) and indirectly (local communities in the regions where we operate).

In our Asset Development and Management business area, we strive to always address social problems in the areas where we have projects and work to benefit the local communities. The social investments made by Crown Energy include both community development projects and strategic entrepreneurship initiatives. We cooperate with local stakeholders to identify social risks and effects in each country and strive to create tailored social investment plans for the communities we work with, based on their priorities and needs.

The PSAs in oil and gas exploration include certain requirements concerning responsibility for local communities. The annual licence commitment normally includes a portion that is earmarked for education. These funds are intended for education and training of employees of the government agencies involved in oil and mineral operations in the respective countries. Crown Energy currently has no on-site operational activities in the countries and regions where we are an operator and/or licence partner.

HEALTH AND SAFETY

Crown Energy is responsible for preventing accidents and other incidents and providing a safe and healthy working environment for employees and contractors. Our health and safety responsibility also extends to local populations that are directly and indirectly affected by our operations.

In our Asset Development and Management business area, we strive to prevent all accidents that harm people or place our neighbours or facilities at risk. For that reason, all our employees are fully insured.

As an exploration company in the oil and gas industry, health and safety are highly important since the projects may from time to time pose major safety risks such as fires, oil spills and other accidents. These risks may result in personal injuries, property damage and environmental damage. Safety issues are largely regulated in the PSAs and JOAs, which stipulate the responsibilities of each party. If health and safety issues are not governed in these agreements, Crown Energy's internal policies will apply. If Crown Energy's own policies are stricter than a country or region's own regulations, Crown Energy's adopted policies will naturally apply. In addition to operational risks specific to the industry, there are also risks related to safety in a country or area, i.e. due to war and other unrest. Crown Energy's projects are in early phases, and there are currently no activities being conducted in the licence areas that could directly lead to events such as personal injuries or fires. Depending on the progress of the projects, this may change in the future. In such cases, Crown Energy will ensure that effective routines are developed and implemented in these projects.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

BOARD OF DIRECTORS

				
	Pierre-Emmanuel Weil	**Alan Simonian**	**Jean Benaim**	**Yoav Ben-Eli**
Function	Chairman of the Board	Board member	Board member	Board member
Year elected	May 2016	2011	May 2016	December 2016
Birth year	1981	1966	1947	1970
Education	Finance degree from HEC Paris, law degree from Paris XI University	Law degree from Southampton University	Robespierre College, studies in economics and statistics at Arts et Métiers, ParisTech	Natural science at Tel-Aviv University
Experience	Investment adviser, asset management	Oil sector consultant	Has worked in Africa for many years in coffee export, oil licences and port logistics within the oil industry	Entrepreneur with experience from construction projects in the oil and gas industry
Other Board posts	Director in charge of Cement Fund SCSp, CEO and partner of Weil Investissement, Board member and partner of Racing Club de Strasbourg Alsace	Board member of Simbo Petroleum No 2 Ltd and Simbo Petroleum No 3 Ltd	Board member and chair of Intercafa S A	Board member of ESI Group S.A. and YBE Ventures Ltd
Shares in Crown Energy at 31 December 2019	Has no personal shareholdings, but is responsible for Cement Fund SCSp, which holds 63,000,000 ordinary shares in Crown Energy AB. He is therefore not independent of the major shareholders.	3,429,521 ordinary shares	None	353,267,971 ordinary shares (via companies)
Board meeting attendance in 2019	13/13	13/13	10/13	13/13
Annual Board fee, SEK thousand	150	No longer receives a fee since he is an employee of the Parent Company	75	75. Employed since 1 December, for which reason board fees cease as of that date. For more information, see the corporate governance report.
Independent of the company and its management[1]	Yes	No	Yes	Yes
Independent of major shareholders[1]	No	Yes	Yes	No

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1) As per the definition in the Swedish Corporate Governance Code.

MANAGEMENT

COO, Alan Simonian, who is also a member of the Board of Directors, see previous page.

	Andreas Forssell	**Jenny Björk**	**Peter Mikkelsen**
Function	CEO	CFO	Chief Geologist and Exploration Manager
Employee since	2011, CEO since 2015	2013, CFO since 2015	Not employed, but part of management team since 2011
Birth year	1971	1979	1953
Education	Master of Science in Business and Economics from Stockholm University and MBA from Cass Business School in London	Master of Science in Business and Economics from Linköping University	Bachelor of Science in geology from Oxford University
Experience	Background in corporate finance, M&A consulting and senior positions in the property and energy sector	Authorised Public Accountant	Senior positions and consultant in the oil sector (mainly exploration)
Other assignments	Board member of Kopy Goldfields AB (publ), AB Krasny Gold Fields and Crown Energy Iraq AB, as well as Board member and owner of Andreas Forssell AB	–	Board member of KEA Petroleum Plc, Management Associate in Simco Petroleum and partner in Fastnet Ltd
Shares in Crown Energy at 31 December 2019	175,765 ordinary shares (private and via company)	44,750 ordinary shares	100,000 ordinary shares

Auditor

Öhrlings PricewaterhouseCoopers AB, with Bo Lagerström (born 1966) as Auditor in Charge.

Mr. Lagerström is an authorised public accountant. Both he and Öhrlings PricewaterhouseCoopers AB are members of FAR, Sweden's association for accountancy professionals.

ADDRESSES

Board of Directors and senior executives:
Crown Energy AB
Brahegatan 30
SE-114 37 Stockholm

Auditor:
PwC:
Torsgatan 21
SE-113 97 Stockholm

THE SHARE, SHAREHOLDERS AND SHARE CAPITAL

SHARE CAPITAL

According to Crown Energy's Articles of Association, most recently adopted on 17 May 2018, the issued share capital shall amount to not less than SEK 14,000,000 and not more than SEK 56,000,000. The number of shares shall be not less than 477,000,000 and not more than 1,908,000,000. Each ordinary share confers one vote per share. Each shareholder who is entitled to vote at the AGM may vote for the full number of shares owned and represented by him or her, without limitation on the total number of voting rights. The Company's shares are not subject to an offer submitted based on mandatory bid rules, a right of squeeze out or a right of sell-out. The Company's shares have not been subject to any public takeover bids during the current or previous financial year. Crown Energy shares are denominated in SEK and are issued in accordance with Swedish law, and the owners' rights related to the shares may be amended only in accordance with the procedures specified in the Swedish Companies Act (2005:551).

The number of registered ordinary shares in Crown Energy is 477,315,350. The quota value per shares is SEK 0.0294. Crown Energy's share capital thus amounted to SEK 14,032,865 at 31 December 2019. There are no shares in the Company that do not represent the share capital, and the Company holds no treasury shares.

SHARE CAPITAL PERFORMANCE

There were no changes in share capital in 2019.

Changes in the Company's share capital are presented below in table format, from registration of the Company until publication of this report:

Year	Transaction	Increase in number of votes	Change in number of shares	Change in share capital (SEK thousand)	Capitalisation excl. issue expenses (SEK thousand)	Total number of shares	Total share capital (SEK thousand)	Quota value (SEK)
2010	Incorporation	50,000	50,000	50	50	50,000	50	1.00
2011	Directed share issue	450,000	450,000	450	450	500,000	500	1.00
2011	Share split (3,406:2)	1,702,500,000	1,702,500,000	–	–	1,703,000,000	500	0.0003
2011	Directed share issue	116,820	116,820	–	0	1,703,116,820	500	0.0003
2011	Reverse share split (1:100)	-1,686,085,652	-1,686,085,652	–	–	17,031,168	500	0.0294
2012	Directed share issue	181,666	181,666	5	3,347	17,212,834	505	0.0293
2012	Non-cash issue[1]	1,135,411	1,135,411	34	16,987	18,348,245	539	0.0294
2012	Preferential rights issue[2]	1,529,020	1,529,020	45	10,703	19,877,265	584	0.0294
2012	Directed share issue	4,285,714	4,285,714	125	30,000	24,162,979	709	0.0293
2012	Offset issue[3]	1,592,051	1,592,051	48	11,144	25,755,030	757	0.0294
2013	Non-cash issue	1,842,715	1,842,715	54	18,611	27,597,745	811	0.0294
2014	Redemption of convertibles	246,934	246,934	8	1,845	27,844,679	819	0.0294
2014	Redemption of convertibles	298,732	298,732	8	2,398	28,143,411	827	0.0294
2015	Redemption of convertibles	100,000	100,000	3	837	28,243,411	830	0.0294
2015	Offset issue	25,828,733	25,828,733	759	78,673	54,072,144	1,589	0.0294
2015	Preferential rights issue	1,475,229	1,475,229	44	4,869	55,547,373	1,633	0.0294
2016	Directed share issue	5,500,000	5,500,000	162	11,000	61,047,373	1,795	0.0294
2016	Redemption of convertibles	6	6	0	1	61,047,379	1,795	0.0294
2016	Directed share issue	31,500,000	31,500,000	926	63,000	92,547,379	2,721	0.0294
2016	Change in voting rights, ordinary shares[4]	832,926,411	n/a	n/a	n/a	n/a	n/a	n/a
2016	Directed (discounted) issue, C shares[4]	363,401,823	363,401,823	10,684	1	455,949,202	13,405	0.0294
2017	Conversion of C shares to ordinary shares	3,179,411,739	n/a	n/a	n/a	455,949,202	13,405	0.0294
2017	Withdrawal of C shares	-10,133,852	-10,133,852	-298	n/a	445,815,350	13,107	0.0294
2017	Redemption of warrants	315,000,000	31,500,000	926	63,000	477,315,350	14,033	0.0294

1) Refers to payment for the acquisition of Amicoh Resources Ltd. The issue proceeds were offset against the purchase price liability recognised in 2011 in relation to the seller, Mocoh Resources Ltd.
2) SEK 7,245,070 of the total capitalised amount refers to settlement of loans from the majority shareholder.
3) Settlement of loans from the majority owner.
4) Registered with the Swedish Companies Registration office in 2016. The shares and votes from the directed issue were transferred to the recipient in February 2017.

OWNERSHIPSTRUCTURE

At 31 December 2019, Crown Energy had around 1,500 shareholders. The number of outstanding shares, of which all are ordinary shares, amounted to 477,315,350 at the publication of this report. The table below shows the holdings of the three largest shareholders and the combined holdings of other shareholders at publication of this report. One share corresponds to one vote.

Shareholders	Number of shares and votes	% of shares and votes
Yoav Ben-Eli, via companies[1]	343,817,971	72.0
Cement Fund SCSp	63,000,000	13.2
Alan Simonian, privately, via company and via family	3,429,521	0.7
Other shareholders	64,067,858	14.1
Total number of shares	**477,315,350**	**100.0**

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

STOCK EXCHANGE

All of the Company's 477,315,350 outstanding shares, exclusively ordinary shares, are traded on NGM Equity under the ticker symbol CRWN and ISIN code SE0004210854.

AFFILIATION WITH EUROCLEAR IN SWEDEN

Crown Energy is a CSD-registered company whose shares must be registered with a Central Securities Depository pursuant to the Swedish Financial Instruments Accounts Act (1998:1479). The Company and its shares are affiliated with the securities system of Euroclear Sweden AB, address PO Box 191, SE-101 23 Stockholm, as the central securities depository and clearing organisation. Instead of issuing physical certificates to shareholders, transactions are carried out electronically through registration in the CSD system of an authorised bank or other investment manager.

DIVIDENDPOLICY

Over the next few years, Crown Energy's Board of Directors does not intend to propose the payment of dividends. Until further notice, any profits will be reinvested in expanding the business. The timing and amount of any future dividends will be proposed by the Board. In considering future dividends, the Board will weigh in factors such as the amount of shareholders' equity required by the nature, scope and risks associated with the Company's business, as well as the Company's consolidation requirements, liquidity and overall position. Crown Energy does not apply any restrictions or special procedures regarding cash dividends to shareholders residing outside Sweden. Except for possible limitations resulting from banking and clearing systems, payment is made in the same manner as for shareholders residing in Sweden. However, shareholders who are not tax residents of Sweden are normally subject to Swedish withholding tax. There are no rights, except the right to dividends, to share in the Company's profits. Crown Energy has not yet paid any dividends, nor are there any guaranties for any given year that a dividend will be proposed or approved by the Company.

SHARE-BASED INCENTIVE PROGRAMME AND WARRANTS ISSUED

The Company does not have any active incentive schemes.

CHAIRMAN'S STATEMENT

In 2019 Crown Energy developed as an integrated company with our two business areas, Asset Development and Management and Energy, which are working well together. Developments have been favourable in several areas, especially in the Asset Development business area, where we had the pleasure of announcing the sale of the C-View building in Luanda, Angola, for 19,541 million kwanza (discounted) to the Angolan state. This is a significantly higher amount than Crown Energy paid for the property, which means that it is a major and profitable transaction for the Company.

NEW STRUCTURE

Asset Development and Management continues as our main cash-generating business. The sale of C-View in Luanda will contribute significant financial resources that will enable us to continue focusing on our existing property portfolio in Angola, where we see additional potential for growth. It will also facilitate our efforts to seek new opportunities to significantly expand this business, according to customer requirements, to other international markets that we view as strategically advantageous for us.

The Energy business area maintains and develops our existing oil and gas assets in Iraq, South Africa, Madagascar and Equatorial Guinea. Our objective is to create value. The oil price held steady during the year at USD 60 per barrel. If the fall in oil prices in 2020 affects the long-term oil price, then it may of course affect our projects, but as long as the long-term price remains around USD 60-65 per barrel, we believe our assets will continue to be attractive. In South Africa, for example, extensive efforts were made by our operator during the year and we look forward to additional news about projects in 2020.

VISION

Our strategic vision is to continue focusing on creating and realising value for our shareholders, as exemplified by the profitable sale of one of our property assets in Angola. This strategy also applies to our Energy business, where value creation is central. We are a debt-free company with positive cash flows from operating activities, which allows us to continue building up our Asset Development operations by offering our customers customised residential and office solutions with related services. This strategy is supported by our contacts, expertise and strong relationships in the oil and gas industry.

BOARD COMPOSITION AND WORK DURING THE YEAR

The composition of the Board remained unchanged in 2019. The expertise of our Board members supports the Company's objectives and enables the Company to benefit from powerful synergies between its two business areas.

The Board's work in 2019 was devoted mainly to supporting, guiding and providing advice to management in steering our integrated operations in line with the Company's strategy.

SIGNIFICANT PROGRESS IN 2019

In conclusion, 2019 was a year in which the Company was involved in a major transaction and created value for the shareholders. We have been able to enjoy a year of strong cash flows from our operating activities.

And we have also seen progress in our main projects, in both the Asset Development and Management and Energy areas. The second half of the year showed further weaknesses in the Angolan currency, although this trend has been dampened by improvements in the Angolan economy and several new oil discoveries in the country that have certainly contributed to the economic upswing.

Pierre-Emmanuel Weil
Chairman of the Board

> WE ARE A DEBT-FREE COMPANY WITH POSITIVE CASH FLOWS FROM OPERATING ACTIVITIES, WHICH ALLOWS US TO CONTINUE BUILDING UP OUR ASSET DEVELOPMENT OPERATIONS BY OFFERING OUR CUSTOMERS CUSTOMISED RESIDENTIAL AND OFFICE SOLUTIONS WITH RELATED SERVICES.

CORPORATE GOVERNANCE REPORT

This report was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance (the Code)

INTRODUCTON

Crown Energy AB (publ) (Crown Energy or the Company) is a Swedish public limited company with its headquarters in Stockholm. The Company's ordinary shares are traded on NGM Equity.

Crown Energy's corporate governance is allocated among shareholders, the Board, the CEO and senior management. Governance is regulated mainly by the Articles of Association, the Swedish Companies Act, NGM's rules for companies whose shares are traded on NGM Equity, the Code and good practice on the stock market, as well as internal guidelines and policies.

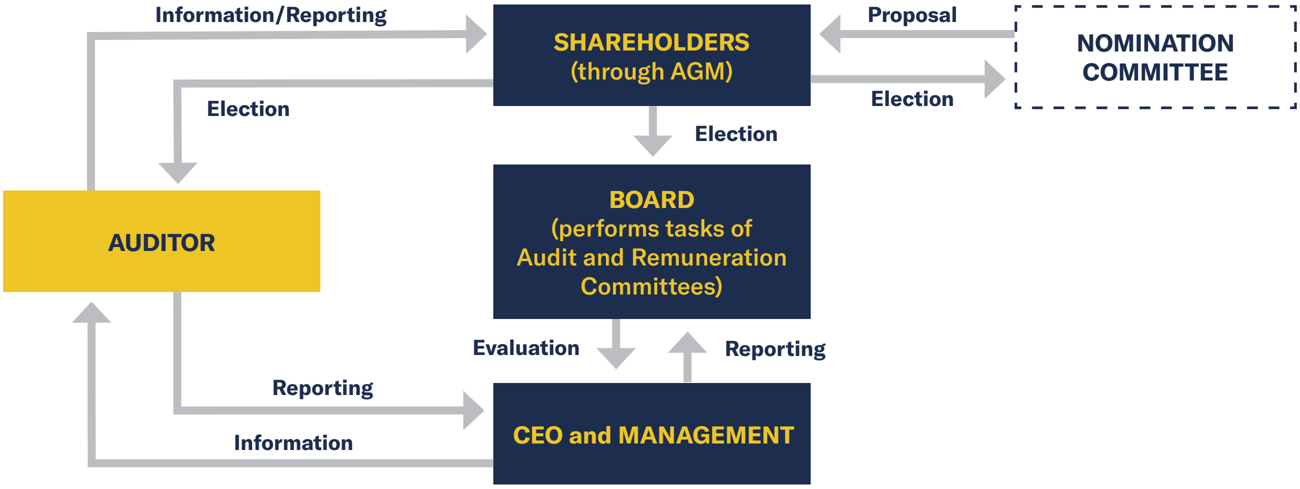
Companies whose shares are traded on a regulated market are required to implement the Code. The Code is part of self-regulation in the Swedish business community and is based on the "comply or explain" principle. This means that a company applying the Code may deviate from individual rules but must explain the reason for each deviation and provide a description of the solution that was chosen instead. The Code is available at www.corporategovernanceboard.se. In accordance with the provisions of the Annual Accounts Act and the Code, Swedish companies whose shares are traded on a Swedish regulated market must also prepare a corporate governance report. Crown Energy's corporate governance report for 2019 was prepared accordingly.

Rules of the Code from which Crown Energy deviated in 2019 are indicated in this report. The explanations and solutions that were used instead are described in each respective section of the corporate governance report.

The Company has no breaches of NGM's rules for companies whose shares are traded on NGM Equity or breaches of good practice on the stock market to report for the year.

GOVERNANCE STRUCTURE AND ACCOUNTABILITY

The shareholders of Crown Energy exercise their influence through the Annual General Meeting, the Company's highest decision-making body, while the Board of Directors and the CEO are responsible for the Company's organisation and management of the Company's affairs in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association and the Board's internal control instruments. Crown Energy's governance structure is described in the following organisational chart of the various governing bodies. A description of each governing body follows.



SHAREHOLDERS

At 31 December 2019, Crown Energy had around 1,500 shareholders. The Company's three largest owners at 31 December 2019, in terms of both share capital and votes, are Yoav Ben-Eli (through YBE Ventures Ltd) with approximately 72.0 per cent, Cement Fund SCSp with 13.2 per cent and Alan Simonian with 0.7 per cent. All outstanding shares are ordinary shares.

The three largest shareholders had combined holdings corresponding to 85.9 per cent of the shares and votes at the end of 2019. According to Chap. 6, Sec. 6, Sub sec. 2, Par. 3 of the Annual Accounts Act, corporate governance reports must present direct or indirect shareholdings that represent at least one-tenth of the number of votes for all shares in the Company. There were two shareholders with shareholdings of this type at 31 December 2019: Yoav Ben-Eli and Cement Fund SCSp. Further information about the Company's shares and shareholders can be found on pages 18-19 of this Annual Report.

GENERAL MEETING

The General Meeting is Crown Energy's highest decision-making body. By law, the Annual General Meeting (AGM) must be held within six months after the end of the financial year. At the AGM, decisions are made on issues such as adoption of the income statement and balance sheet, appropriation of profits, discharge of liability and election of Board members and auditors. The AGM also makes decisions regarding the Articles of Association, dividends and any changes in the share capital.

Notice of the AGM, as well as of an extraordinary general meeting where resolutions to amend the Articles of Association will be addressed, shall be issued no earlier than six and no later than four weeks before the meeting through a press release, a public announcement in Post- och InrikesTidningar (Post and Domestic Times) and on the Company's website. Notice of any other general meeting shall be issued no earlier than six and no later than three weeks before the meeting. In order to attend and vote at the AGM, shareholders must be entered in the register maintained by Euroclear Sweden AB on Crown Energy's behalf no later than five working days before the meeting and must have reported their attendance to the Company as described in the meeting notice. Shareholders may be represented by proxy.

Annual General Meeting

Crown Energy's 2019 Annual General Meeting was held on 14 May 2019 in Stockholm. At the meeting, 86 per cent of the Company's total number of votes and shares were represented. Among others, the following items were resolved on at the meeting:

- Adoption of the income statements and balance sheets of the Parent Company and the Group
- Discharge from liability for the Board and CEO
- Adoption of the appropriation of profits, resulting in the Company's accumulated earnings of SEK 1,604,406,734 being carried forward
- Adoption of the number of Board members (four) and election of Board members (re-election of all members)
- Adoption of Board fees of SEK 300,000, to be apportioned in an amount of SEK 150,000 for the Chairman and SEK 75,000 for each non-executive Board member
- Re-election of the auditor and adoption of audit fees in accordance with approved invoices
- Adoption of guidelines for remuneration of senior executives in the Group

The 2020 AGM will be held on 28 April 2020 at 10:00 am at the offices of the Company's office at Brahegatan 30 in Stockholm. For information on the AGM, see the Company's website at www.crownenergy.se.

Other general meetings

No extraordinary general meetings were held in 2019.

NOMINATION COMMITTEE

A nomination committee's main tasks are to present proposals for election of the Chairman of the Board and Board members, fees to Board members, election of auditors and auditor fees to the AGM. Policies for appointing a nomination committee are resolved on at the AGM.

Historically, Crown Energy has not had a nomination committee, which is a deviation from the Code of Corporate Governance. The Board, together with the principal shareholders, has decided that a nomination committee is currently not necessary in view of the composition of the shareholders. Depending on any future changes in the shareholder composition, the issue of a nomination committee may need to be raised again and Crown Energy intends to maintain an ongoing dialogue with the principal shareholders regarding this issue.

BOARD OF DIRECTORS

The Board's composition, function, and rules of procedure

The Board's work is conducted in compliance with the Companies Act, the Code and other applicable rules and regulations prescribed by the Company. The Board's overall function is to manage the Company's affairs and organisation.

According to the Articles of Association, Crown Energy's Board is to consist of at least three and no more than ten members, with no more than five deputies. The composition of the Board was unchanged during the year and consisted of four members.

Board of Directors at 31 December 2019:

- Pierre-Emmanuel Weil (Chairman)
- Alan Simonian (member)
- Jean Benaim (member)
- Yoav Ben-Eli (member)

There is no specific division of duties between the Board members. For additional information on the current Board, see the Board of Directors, senior executives and auditors section on pages 16-17 of the Annual Report.

At the statutory Board meeting after the AGM, the Board of Directors of Crown Energy establishes rules of procedure with instructions for the Board and the CEO, as well as instructions for financial reporting. The rules of procedure are reviewed and approved annually. The Board holds at least four regular meetings in addition to the statutory meeting. The meetings are scheduled to coincide with dates for financial reporting and the AGM to the greatest extent possible. Besides regular meetings, the Board convenes for additional meetings as required.

The work is led by the Chairman of the Board, who is responsible for ensuring that it is well organised and efficient. This includes ensuring that the Board has the relevant education to discharge its duties, ensuring that it receives adequate information and supporting documents, and that it is evaluated annually. The Chairman also maintains frequent contact with the Company's CEO. The Chairman is appointed by the AGM. Pierre-Emmanuel Weil was re-elected Chairman of the Board at the 2019 AGM.

The Board may establish committees to delegate certain tasks. Normally, these committees consist of audit and remuneration committees. Board committees deal with issues that fall within their respective areas and submit reports and recommendations that form the basis of decisions made by the Board. The Board decides whether a committee should be established. In accordance with the Swedish Companies Act, the Board may decide to perform the duties of a committee within itself, i.e. to address the issues within the regular work of the Board. In 2019 Crown Energy had no audit committee or remuneration committee, since the Board found it more appropriate to handle issues of these types within regular Board activities. Accordingly, the Board performs the duties of each committee.

The Code requires that most Board members be independent of the Company and its management. At least two of the independent Board members must be independent of the Company's major shareholders. Major shareholders are defined as owners who control 10 per cent or more of the shares or votes in the Company. The composition of the Board was unchanged in 2019. At the AGM in May 2019, all four Board members were re-elected. One of them is independent of the Company, its management and major shareholders. The Company deviates from the Code in that only one person is independent of both the Company's management and its major shareholders.

Work of the Board in 2019

According to the Board's rules of procedure, the Board shall convene at least four times per year in addition to the statutory meeting. The Board held 13 scheduled meetings in 2019, including one statutory meeting.

A summary of the Board members and their attendance at Board meetings can be found below:

Name	Position	Independent of Company and management	Independent of Company's major shareholders	Board meeting attendance 2019
Pierre-Emmanuel Weil	Chairman	Yes	No	13/13
Alan Simonian	Board member	No	Yes	13/13
Jean Benaim	Board member	Yes	Yes	10/13
Yoav Ben-Eli	Board member	Yes	No	13/13

Authorisation

The Company has no outstanding authorisations.

CEO AND MANAGEMENT

The CEO ensures that operations are conducted in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association, the Board's internal control instruments, and in accordance with the Board's established goals and strategies. In consultation with the Chairman of the Board, the CEO compiles the necessary informational and supporting documents for Board meetings, presents reports and motivates proposed resolutions. The CEO is Andreas Forssell.

Group management is otherwise comprised of Jenny Björk, CFO, Alan Simonian, COO, and Peter Mikkelsen, chief geologist and exploration manager. Peter Mikkelsen performs his duties as a consultant, not as an employee of Crown Energy.

See the presentation of the CEO and other senior executives on pages 16-17 of the Annual Report.

INTERNAL AUDIT

The Company has a relatively simple legal and operational structure, along with established management and internal control systems. As a result, the Board determined in 2019 that a separate internal audit function was not necessary. The Board regularly monitors the Company's assessment of internal control through contact with the Company's auditors and by other means. The Parent Company hired a controller in 2018 to increase its internal control resources. In addition, internal efforts have been made to ensure that the controls and procedures of the incorporated new property business comply with the Group's established steering and internal control documents.

AUDITOR

The auditor is appointed by the AGM, on behalf of the shareholders, for examination of Crown Energy's annual report and accounting records and the administration of the Company by the Board and CEO.

The 2019 AGM re-elected the auditing firm Öhrlings PricewaterhouseCoopers AB as Crown Energy's auditor for the period until the end of the 2020 AGM. As Auditor in Charge, authorised public accountant Bo Lagerström was appointed to sign the auditor's report.

The audit team had regular contact with the Company in 2019 in addition to the audit procedures performed. The Company's auditor examined the annual accounts and the Company's internal controls for 2019. The Company's financial nine-month report was reviewed.

REMUNERATION

Remuneration guidelines

Guidelines for remuneration of senior executives at Crown Energy are adopted by the AGM and currently cover the CEO and the CFO, who are part of the management team and are employed by the Company. The policy is to offer remuneration that is market-based and competitive. The level of remuneration should be based on position, competence, experience and performance.

Most recently approved remuneration guidelines – 2019 AGM

Ahead of the 2019 AGM, the Board proposed the following essentially unchanged guidelines which were later adopted at the AGM on 14 May 2019:

- The Board shall be entitled to deviate from the guidelines in individual cases if there are specific reasons for doing so. In the event of such a deviation, information about the deviation and the reason for it must be reported at the next AGM.
- Remuneration of the CEO and other senior executives shall consist of a fixed, market-based salary. Any benefits, where such exist, shall constitute only a limited portion of the remuneration.
- The CEO and other senior executives shall have defined contribution pension plans, which means that vesting occurs through the Parent Company's annual payment of premiums. The pension provision for the CEO shall be 30% of the CEO's annual salary. Pensions for other senior executives must be in line with the ITP plan.
- Upon termination by the Company, severance pay for senior executives can be paid in an amount corresponding to a maximum of 24 monthly salaries, including fixed salary during the notice period.
- Decisions about share and share price-related incentive schemes for senior executives shall be resolved on by the AGM. Share and share price-related incentive schemes shall be designed with the aim of achieving a greater alignment of interests between the participating executives and the Company's shareholders. Schemes that involve the acquisition of shares shall be designed to promote personal shareholdings in the Company. The vesting period, or the period from the conclusion of the agreement until shares may be acquired, shall not be less than three years. Board members who are not also employees of the Company shall not participate in schemes directed to the management or other employees. Share options shall not be included in schemes directed to the Board.
- In specific cases, the Company's Board members shall be allowed to receive fees for services rendered within their respective areas of expertise that do not constitute board work. Fees for these services shall be market-based, approved by the Board, and disclosed at the AGM.

The Board's proposed guidelines for remuneration ahead of the 2020 AGM

The Board's proposed remuneration guidelines ahead of the 2020 AGM are the same as the most recently adopted guidelines (see above).

Remuneration of the Board of Directors

Decisions regarding remuneration of the Board of Directors are resolved on by the AGM. At the AGM on 14 May 2019, it was resolved that the Chairman of the Board's remuneration would be SEK 150,000 and that the remuneration of other Board members not employed by the Company would be SEK 75,000 each.

Chairmen and Board members who are not also employees of the Company do not receive a salary from the Company and are not eligible to participate in any of the Company's future incentive schemes.

On 1 December 2019, Yoav Ben-Eli was employed by one of the Parent Company's subsidiaries in the Netherlands. Consequently, this individual received board fees only through the end of November 2019. Starting on 1 December 2019, Yoav Ben-Eli has received a monthly salary of EUR 5,000. Yoav Ben-Eli's employment is not included among the senior executives.

Remuneration of and benefits for senior executives in 2019

Decisions regarding remuneration of the CEO are made by the Board. CEO Andreas Forssell receives SEK 130,000 per month. Andreas Forssell also receives pension benefits, which, as far as the Board can determine, are comparable to those for CEOs of companies like Crown Energy.

The other senior executives of Crown Energy are Jenny Björk, CFO, Alan Simonian, COO, and Peter Mikkelsen, Exploration Manager. Decisions regarding the remuneration of other senior executives are made by the CEO. The CFO and COO receive pension benefits, which, as far as the Board can determine, are comparable to those for equivalent positions in companies like Crown Energy.

Between the Company and the CEO, there is a notice period of 24 months from the Company and six months from the employee.

Between the Company and the CFO and COO, there is a notice period of 24 months from the Company and three months from the employee.

Apart from public pension plans, Crown Energy has no contractual pension benefits other than the pension benefits of the CEO, CFO and COO. Unless otherwise stated above, the Company has not entered any agreements with members of the Company's management, governance, or supervisory bodies that entitle such members to any benefits after termination of their positions.

Peter Mikkelsen performs his management duties for the Company on a consultant basis and is hired as needed. In 2019, Peter Mikkelsen invoiced total fees amounting to SEK 47 thousand.

The remuneration of Board members and senior executives is summarised below:

REMUNERATION, BOARD OF DIRECTORS AND SENIOR EXECUTIVES:

Amounts in SEK THOUSAND	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total 2019	Total 2018
Board of Directors						
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	150	150
Jean Benaim, member	75	–	–	–	75	75
Alan Simonian, member	–	–	–	–	–	–
Yoav Ben-Eli, member*	121	–	–	–	121	75
Senior executives						
Andreas Forssell, CEO	1,597	–	–	431	2,028	2,022
Other senior executives	2,020			254	2,274	1,695
Total Board and senior management	**3,963**	**–**	**–**	**685**	**4,648**	**4,017**

* On 1 December 2019, Yoav Ben-Eli was employed by one of the Parent Company's subsidiaries in the Netherlands. Consequently, this individual received board fees only through the end of November 2019. Starting on 1 December 2019, Yoav Ben-Eli has received a monthly salary of EUR 5,000. Yoav Ben-Eli's employment is not included among the senior executives.

Remuneration of auditor

The 2019 AGM elected Öhrlings PricewaterhouseCoopers AB as the auditor, with Bo Lagerström as Auditor in Charge. Mr. Lagerström is an authorised public accountant and a member of FAR SRS, Sweden's association for accountancy professionals. Remuneration to the auditor is paid on open account. Remuneration paid to Öhrlings PricewaterhouseCoopers by the Group for fiscal year 2019 totalled SEK 1,272 thousand (2,331), of which SEK 931 thousand (1,504) pertained to audit engagements and SEK 342 thousand (828) was for other engagements. Audit services refers to the statutory examination of the annual financial statements and the bookkeeping, as well as administration by the Board of Directors and the CEO, other tasks incumbent upon the Company's auditor, and advice or other assistance occasioned by observations during such examination or the execution of other such tasks. Everything else is considered other services.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING FOR THE 2019 FINANCIAL YEAR

The Board is responsible for internal control in the Company and, according to the Annual Accounts Act, the Board must annually submit a description of the key elements of the Company's internal control and risk management system regarding financial reporting. Below is a brief description of how the internal control and financial reporting work.

Control environment

The control environment forms the basis of internal control over financial reporting. The Company's internal control structure is based on a clear division of responsibilities and duties between the Board and CEO as well as within the operating activities. In addition to steering documents such as instructions for the Board and CEO, the corporate communications policy and the financial reporting policy, there are also guidelines and policies for the operating and administrative activities. All steering documents and process descriptions are communicated within the organisation and are available and known to the personnel concerned.

Risk assessment

The Company identifies, analyses, and makes decisions on how to manage the risk of errors in the financial reporting. At present, the operations are relatively small and involve a limited number of people. The Company has identified the operational processes and income statement and balance sheet items for which there is a risk that errors, omissions or irregularities could arise if the necessary control elements are not built into the routines. In its risk assessment, the Company has analysed how and where in the processes errors can arise. Issues that are important in risk assessment include whether assets and liabilities exist on a given date, accurate valuation, whether a business transaction occurred and whether items are recognised in accordance with laws and regulations. Currently, the Company's biggest risk is linked to economic developments in the markets where the Company operates.

Control activities

Based on the Company's risk assessments, several control measures have been established. These are of both a preventive nature, meaning that they are designed to avoid losses or errors in the reporting, and an investigative nature. The controls are also meant to ensure that errors are corrected.

Information and communication

Internal regulations, policies and procedural descriptions are available on the Company's internal network. Regular meetings, either in person or by phone, are used for internal communication to and from the Board and management.

To ensure that external communication with the stock market is accurate, there is a corporate communications policy that governs how investor relations are managed.

Monitoring

In 2019, monitoring took place mainly through discussion of these activities in connection with regular Board meetings.

The Company's process descriptions, policies and steering documents are updated as needed, but at least annually. The Board shall receive quarterly financial reports, including management's comments on operations. The Company's auditor participates in at least one Board meeting to present his/her observations about the Company's internal procedures and control systems.

AUDITOR’S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Crown Energy AB (publ), corporate identity number 556804-9598

Engagement and responsibility

The board of directors is responsible for the corporate governance statement for the year 2019 on pages 21-25 and for it being prepared in accordance with the Annual Accounts Act.

Focus and scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevU 16, The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 paragraph 2 items 2–6 of the Annual Accounts Act and chapter 7 section 31 paragraph 2 of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 31 March 2020

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

DIRECTORS' REPORT

The Board of Directors and CEO of Crown Energy AB (publ), 556804-8598, hereby issue the annual report for the financial year 1 January–31 December 2019.

OPERATIONS

Crown Energy AB (publ) with its subsidiaries (Crown Energy, the Company, or the Group) is an international group in the oil, gas and service industries focused on underexplored areas in Africa and the Middle East.

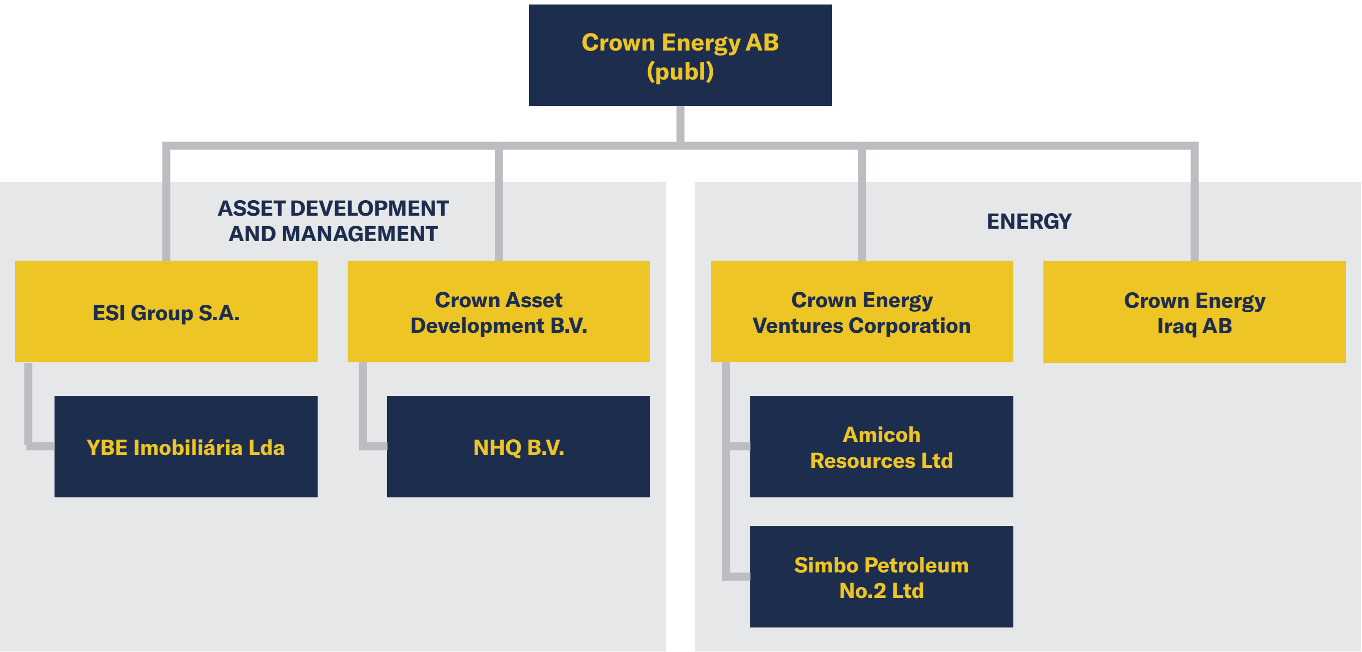
The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Crown Energy seeks good risk diversification, both geographical and geological, and pursues farmout opportunities as exit strategies to capitalise as much as possible on its assets. For a more detailed description of the Group's exploration operations and ongoing projects, see the section entitled Energy business area on pages 11–13.

The Company's Asset Development and Management business area delivers customised residential and office solutions to international companies that need to station staff abroad, primarily in Africa. This comprehensive offering of leasing and associated services enables customers to focus on their core business instead of worrying about major capital investments. For a more detailed description of the Group's Asset Development and Management business and business concept, see the section Asset Development and Management.

The Parent Company has its registered office in Stockholm, Sweden, and is listed on NGM Equity.

COMPANY STRUCTURE

Below is an overview of the Group's legal structure at 31 December 2019.



All units are wholly owned (100 per cent)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Sale of the C-View property

On 30 April 2019, Crown Energy signed an agreement for the sale of the C-View property in Angola. The buyer is the Government of Angola through its Ministry of Finance. The property will be paid for over three years in a total of six equal instalments. Payment will be made in the Angolan currency, kwanza.

The property is recognised as an asset held for sale until its title passes to the buyer. At 31 December the asset was reported at fair value, which corresponds to the contractual purchase price, discounted over the payment period of three years. At the end of the reporting period, the fair value corresponded to SEK 383,586 thousand.

For more information about the sale, see Note *30 Sale of the C-View property*.

Sharp devaluation of Angolan currency

In Q4 2019, the Angolan kwanza was devalued after nine relatively stable months. This devaluation had an impact on consolidated profit and financial position in 2019. For example, between Q3 and Q4 the SEK value of C-View fell from SEK 514,922 thousand to SEK 383,586 thousand, a decrease of 26 per cent that is solely attributable to exchange rate effects. When revenue for Q4 is compared to that for Q3, it is essentially unchanged in kwanza but has decreased in SEK, also by 26 per cent.

FINANCIAL OVERVIEW

Group, SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Operating income	51,516	76,847
Operating expenses	–52,512	–54,772
Operating profit excl. effect of reverse acquisition	–996	22,075
Net financial items	112,981	324,569
Net profit, after tax	133,599	186,909
Total assets	914,342	980,446
Earnings per share, SEK	0.28	0.39
Equity per share, SEK	1.47	1.7
Equity/assets ratio	77%	83%
Average number of employees	18.1	16.8

Parent Company, SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Operating income	14,955	10,576
Operating expenses	–23,977	–23,438
Operating profit	–9,022	–12,862
Net financial items	4,564	4,749
Net profit, after tax	–4,458	–8,112
Total assets	1,622,900	1,625,372
Number of employees	5	5

See Note *34 Key ratios for key ratio definitions*.

COMMENTS ON FINANCIAL PERFORMANCE

Operating profit

During the 2019 financial year (reporting period), net sales amounted to SEK 48,788 thousand, compared with SEK 76,633 thousand for the same period last year, which is a decrease of 36 per cent. The decrease is due in part to the devaluation of the Angolan currency in Q4 2019. In local currency, the decrease is only 18 per cent. This 18 per cent decrease is attributed largely to events that occurred in Q1 2019 when a major lease expired and was renewed for less than half the floor space. In addition, another lease expired that was not renewed, and this customer also had a major service contract, which also reduced service income.

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

Other external expenses amounted to SEK -24,054 thousand (-21,919), an increase of 10 per cent on the same period in the previous year. Up to the end of Q3 2019, external expenses decreased, primarily as a result of the use of interim staff solutions in 2018. However, expenses increased significantly in Q4 2019. This was partly due to a mandatory fee of SEK 3,964 thousand to Angola's Court of Auditors (*Tribunal de Contas*) to have the contract of sale for C-View formally stamped and approved. There were also one-off expenses of approximately SEK 4,325 thousand related to various types of legal service for exploration licences, business development and general structuring of the Group.

Employee benefit expenses for 2019 increased by 22 per cent on the comparative period of 2018. This was due to staff changes and parental leave in 2018.

Net financial items

Net financial items for the reporting period amounted to SEK 112,981 thousand (324,569). The net value of positive and negative exchange effects was SEK 116,043 thousand (319,636). Exchange effects arise primarily as a result of translations of both internal and external balances in foreign currency. They also arise as a result of property valuations being made in USD and translated to AOA.

Changes in value

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

Changes in investment properties are attributable to updated property valuations as at 31 December 2019. The earnings effect related to property assets held for sale is due to the fact that a contact to sell the C-View property was signed in Q2 and, in connection with this, the valuation was updated to be based on the contract signed. For more information about the sale, see Note *30 Sale of the C-View property*.

Tax

The deferred tax expense is primarily attributable to temporary differences between the fair value of the properties and the local taxable residual value. For more information, see comments on financial position.

The positive income tax concerns an adjustment of previous years' income tax in Angola.

Inflation adjustments in income statement

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

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

Other comprehensive income

Other comprehensive income includes total currency translation effects 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).

COMMENTS ON CONSOLIDATED FINANCIAL POSITION

Non-current assets

The carrying amount of investment properties amounts to SEK 154,395 thousand. The net change since the 2018 annual financial statements is SEK -498,678 thousand, of which reclassification of C-View amounts to SEK -435,767 thousand. In Q2, the C-View property was reclassified from an investment property to a property asset held for sale as a result of a contract of sale having been signed during the period. Unrealised changes in value in investment properties in 2019 were SEK -47,679 thousand. The valuation of properties in the 2019 annual financial statements was performed by an external party. See Note *14 Investment properties for a summary of the period's changes*.

As mentioned above, the C-View property was classified (and recognised separately) as a property asset held for sale. C-View continues to be recognised at fair value, which corresponds to the agreed consideration, discounted over the payment term of three years. Based on a discount rate of 7.75 per cent, this produces an amount of 19,853 million kwanza, which was equivalent to SEK 383,586 thousand as at 31 December 2019. The fair value does not consider the fact that the payments from the buyer will be adjusted by a price index based on official inflation determined before the final payment. As a result of the devaluation of the Angolan currency in Q4 2019, the balance in SEK fell by a full 26 per cent between 30 September and 31 December. This was entirely attributable to exchange rate effects. If this devaluation also affects inflation in the long term, Crown Energy will receive a payment in reference to the above inflation compensation. Annual inflation in Angola in 2019 was 16.9 per cent. For more information about the sale and its recognition in the accounts, see Note *30 Sale of the C-View property*.

Intangible assets now includes rights of use for the head office premises. See Note 1 for a description of the transition to IFRS 16 Leases.

Exploration and evaluation assets totalled SEK 215,741 thousand. The change compared with the annual financial statements for 2018 consists of investments of SEK 7,200 thousand and translation and revaluation effects of SEK 4,390 thousand. See Note 15 Exploration and evaluation assets for a summary of the changes for the period.

Due to the uncertainty of the Angolan currency, the Angolan subsidiary invests cash funds 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 remaining maturity of more than one year were recognised as financial assets. For more information, see Note *16 Financial assets measured at amortised cost*.

Current assets

Accounts receivable comprise invoiced rent and service to customers as contracted. Several large accounts receivable from 2018 were paid in 2019, and the balance sheet item therefore decreased from SEK 23,655 thousand to SEK 16,216 thousand. The decrease is also due to the fact that invoicing was lower in 2019 compared to 2018.

Other receivables primarily concerns a receivable from ESI Angola Lda amounting to SEK 28,811 thousand. For more information about this receivable, see Note *27 Transactions with related parties*.

Prepaid expenses and accrued income amounted to SEK 27,022 thousand and increased by SEK 22,956 thousand since the 2018 annual financial statements. This is due to the prepaid expenses attributable to business development projects in progress and prepaid transaction costs attributable to the C-View transaction.

Non-current liabilities

Deferred tax liabilities amounted to SEK 115,743 thousand and are attributable to surplus values in properties and surplus values in exploration and evaluation assets. Deferred tax increased by SEK 30,336 thousand since the 2018 annual financial statements. The increase is primarily because C-View was revalued in Q2 2019. In addition, one of the properties (Maria) changed in February 2019 from being leased to being partly owned. This means that this property is now included in the calculation of deferred tax.

Other provisions of SEK 3,602 thousand concern an additional consideration attributable to an exploration asset. See Note 21 Other provisions for further information.

Current liabilities

Consolidated lease liabilities amount to SEK 4,535 thousand and concern only leased investment properties in the 2019 annual financial statements, as the lease for the head office expires in March 2020 and has been paid in advance. Lease liabilities decreased by SEK 44,835 thousand since the 2018 annual financial statements. The decrease is due to significant contract changes at the start of 2019.

Contract liabilities normally only concern income invoiced in advance. In December 2019, the Group received a payment from the Angolan Ministry of Finance (MINFIN) for the C-View sale, which is also included in contract liabilities. This payment is recognised as prepaid income until financial control is transferred to MINFIN. This happens when the second payment (of six) has been made in full. Contract liabilities attributable to the C-View sale amounted to SEK 62,925 thousand at 31 December 2019. For more information about the C-View sale and its recognition in the accounts, see Note *30 Sale of the C-View property*.

COMMENTS ON CHANGES IN EQUITY

An adjustment of SEK -37 thousand was made in 2019 attributable to the fact that the head office premises in Stockholm have been recognised since 1 January 2019 in accordance with IFRS 16 Leases. For more information about new accounting policies, see Note *32 Effects of changed accounting policies as of 1 January 2019*.

Other changes concern Other comprehensive income and the exchange differences of SEK -234,866 thousand resulting from translation of subsidiaries and the total inflation adjustment for the year of SEK -9,544 thousand as a result of Angola being classified as a hyper-inflation economy.

COMMENTS ON CASH FLOWS

Interest income in 2019 of SEK 1,702 thousand (1,936) concerns interest on Angolan government bonds.

Cash flow from investing activities for the full year 2019 was SEK -52,755 thousand (-19,011) and relates to additional investments in Angolan government bonds and investments in exploration and evaluation assets.

Dividend tax paid of SEK -5,797 thousand relates to withholding tax on dividends from Angola.

A total of SEK -4,934 thousand (-13,292) was paid in rent to landowners during the period. The reduction is due to two of the properties having been partly owned since the start of 2019, meaning that there are no longer any lease expenses for them.

DISPUTES

There were no disputes between Crown Energy and other parties as at this annual report's publication date.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Events after the end of the financial year are only presented in notes. See Note 33 Events after end of reporting period.

OUTLOOK

Operations

Crown Energy is well-positioned with a balanced portfolio of exciting projects with great development potential.

The Company continues its expansion to achieve a larger and even more stable foundation to stand on. We will make the most of our contacts in the oil industry, our collaboration with Proger, the positive oil and gas market trend and our cash flows to accelerate the development of Crown Energy's assets and operations. Capital, processes and our organisation will be further adapted to continue these development efforts.

Financing and going concern

As the Group has positive cash flows from operating activities, the Group continues to have adequate working and investment capital for the future.

The Company's main plan is to fulfil all outstanding obligations, both investments and day-to-day management, using existing funds in the next 12 months. However, it cannot be ruled out that the Company may need or wish to raise capital from existing shareholders for investments beyond those described thus far. This may be done through new share issues, private placements or preferential rights issues, or through other offers to existing shareholders, or by raising loans/issuing corporate bonds, or a combination of these.

Effects and measures resulting from COVID-19

From January 2020 until the release of this annual report, the spread of the COVID-19 virus has had major effects on the global economy. Among other things, travel has decreased drastically as a result of global restrictions and oil prices and stock exchanges around the world have collapsed. The effects are difficult to foresee at present and conditions change daily. Crown Energy is monitoring the course of events surrounding the spread of the virus and is following the recommendations of the authorities. The situation is unpredictable, and Crown Energy cannot currently quantify any effects that the virus has or could have on the Group's operations. The next financial update will be made in connection with the interim report for Q1, which is scheduled to be presented on 8 May 2020. The following is a summary of the Group's two business areas and how the outbreak of COVID-19 may affect them.

Asset Development and Management

The business area currently only operates in Angola, which has only a few reported cases of COVID-19. The country has closed its borders and a 15-day quarantine is in place from 26 March 2020. Crown Energy is following the authorities' recommendations.

As a result of travel restrictions, a falling oil price (see more on this below) and a general downturn in the global economy, there is a risk that international companies will have to scale down their operations temporarily or even long term in Angola. Angola is a country that is highly dependent on international companies and depending on the effects of the COVID-19 outbreak on these companies, the Group's property operations could also be affected going forward. For example, there is the risk that when short-term leases expire, current tenants must refrain from extending them. Such a situation can affect both the Group's income and the valuation of property assets in the short and long term. Property operations are crucial to the Group as that is what currently generates cash flow. If business slows as a result of the effects of COVID-19, it could also affect the Group's ability to raise financing. Crown Energy has not taken any specific measures at present in the property business, except that we continuously review our cost structure and try to reduce it.

Energy

Since January 2020, oil prices have plummeted dramatically, from around USD 60 to just under USD 30 per barrel. The fall in the price of oil can be explained by several events. Initially, demand from China dropped in January as a result of both COVID-19 and a general decline in the country's growth. Around the same time, a price war began between the players in the oil market since there are different opinions on supply and demand and since they are all defending their market share. In February and March, travel restrictions were introduced in large parts of the world and factories etc. had to be closed as a result of COVID-19, which directly affected general demand for oil and fuel. As stated in the Group's risks (see Note 3 Operational risks and Note 4 Financial risk management), a long-term decline in oil prices may affect the valuation of the Group's exploration assets. If the exploration projects can no longer be considered economically viable, the assets must be written down. Crown Energy has not taken any measures so far but will continuously review the underlying financial calculations that form the basis for the valuation of each exploration asset.

SIGNIFICANT RISKS AND RISK MANAGEMENT

See Note 3 Operating risks and Note 4 Financial risk management for a summary of the Group's significant risks and risk management.

SHARES AND OWNERSHIP STRUCTURE

Share capital

For more detailed information about the Company's shares, see the Shares, shareholders and share capital section on pages 18–19.

Ownership structure

For information about the Company's ownership structure, see the Shares, shareholders and share capital section on pages 18–19.

AGM

The AGM will be held on 28 April 2020 at 10:00 am at the Company's premises at Brahegatan 30 in Stockholm.

PARENT COMPANY

Comments on financial performance

The Parent Company's sales for 2019 amounted to SEK 14,742 thousand (10,545). The sales related to re-invoicing of expenses and subsidiary management fees.

Other external expenses of SEK -16,926 thousand (-17,432) decreased slightly on the previous year. The decrease is partly due to lower consultancy expenses. In the previous year, more external consultants were hired for accounting and business development, and to replace a position in the Parent Company due to parental leave. Other external expenses for the year include nonrecurring costs of approximately SEK 3,593 thousand related to various types of legal services for exploration licences, business development and general structuring of the Group.

Employee benefit expenses increased by 17 per cent from the 2018 comparative period. This was due to staff changes and one staff member being on parental leave in 2018.

Comments on financial position

Participations in Group companies increased by SEK 2,200 thousand as a result of a shareholder contribution to subsidiary Crown Energy Iraq AB.

PROPOSED APPROPRIATION OF PROFITS

The Board proposes that SEK 1,599,948,792 be carried forward.

Amounts in SEK	
Accumulated earnings	−42,699,257
Share premium reserve	1,647,105,998
Net profit for the year	−4,457,949
Total	**1,599,948,792**

CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Net sales		48,788	76,633
Rental income	7	*34,155*	*53,349*
Service income	7	*14,633*	*23,284*
Other operating income	7, 10, 11	2,728	214
Property-related expenses		-17,121	-23,883
Other external expenses	8	-24,054	-21,919
Employee benefit expenses	9	-10,502	-8,620
Depreciation/amortisation and impairment		-835	-273
Other operating expenses	10, 11	–	-77
Operating profit		**-996**	**22,075**
Finance income	10, 11	130,198	425,060
Finance expenses	10, 11	-17,217	-100,491
Net financial items		**112,981**	**324,569**
Profit before tax and changes in value		**111,985**	**346,643**
Changes in value:		94,198	-82,612
Property, unrealised	14	*-47,679*	*-82,612*
Assets held for sale, unrealised	14, 30	*141,877*	
Profit before tax		**206,183**	**264,032**
Income tax	12	3,162	-4,874
Deferred tax	12, 20	-75,746	-72,249
Net profit		**133,599**	**186,909**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Net profit	**133,599**	**186,909**
Other comprehensive income		
Items that can be reclassified to profit or loss:		
Currency translation effects	-234,866	-242,523
Adjustments for inflation – IAS 29	-9,545	-6,857
Total Items that can be reclassified to profit or loss	**-244,411**	**-249,380**
Other comprehensive income, net of tax	**-244,411**	**-249,380**
Total comprehensive income for the period	**-110,812**	**-62,471**
Comprehensive income for the period attributable to Parent Company shareholders	**-110,812**	**-62,471**

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
ASSETS			
Non-current assets			
Investment property	14	154,395	653,073
Property assets held for sale	30	383,586	–
Equipment, tools, fixtures and fittings		456	768
Intangible assets	32	484	54
Exploration and evaluation assets	15	215,741	204,151
Financial assets measured at amortised cost	16	43,208	7,672
Deferred tax assets	20	3	–
Total non-current assets		**797,872**	**865,718**
Current assets			
Trade receivables	4, 17	16,216	23,655
Other receivables	16	30,655	29,347
Prepaid expenses and accrued income		27,022	4,066
Cash and cash equivalents	18	42,576	57,659
Total current assets		**116,469**	**114,727**
TOTAL ASSETS		**914,342**	**980,446**
EQUITY			
Capital and reserves attributable to Parent Company shareholders			
Share capital	19	14,033	14,033
Other paid-in capital		624,657	816,730
Reserves		-294,299	-294,299
Accumulated earnings		223,061	88,526
Net profit		133,599	186,909
Total equity		**701,051**	**811,899**
LIABILITIES			
Non-current liabilities			
Lease liabilities	4, 22, 23	–	176
Deferred tax liabilities	20	115,743	85,407
Other provisions	4, 21	3,602	3,272
Total non-current liabilities		**119,345**	**88,854**
Current liabilities			
Lease liabilities	4, 22, 23	4,535	49,194
Trade payables	4, 23	9,899	6,131
Current tax	12	–	3,905
Other current liabilities	4, 23	6,770	4,555
Accrued expenses and deferred income	25	3,880	15,907
Contract liabilities	24	68,862	–
Total current liabilities		**93,945**	**79,692**
TOTAL EQUITY AND LIABILITIES		**914,342**	**980,446**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to Parent Company shareholders				
Amounts in SEK thousand	**Note**	**Share capital**	**Other paid-in capital**	**Reserves**	**Accumulated earnings**	**Total equity**
Opening balance at 1 Jan 2018		**14,033**	**775,275**	**-32,753**	**15,555**	**772,110**
Error correction	31			-19,023	121,277	**102,254**
Adjusted opening balance at 1 Jan 2018		**14,033**	**775,275**	**-51,776**	**136,832**	**874,364**
Comprehensive income						
Net profit for the year		–	–		186,909	**186,909**
Other comprehensive income		–	–	–	–	**–**
Exchange differences		–	–	-242,523	–	**-242,523**
Inflation adjustments – IAS 29		–	41,448		-48,305	**-6,857**
Total comprehensive income		**–**	**41,448**	**-242,523**	**138,604**	**-62,471**
Transactions with shareholders						
Issue expenses (reversed reserve)			7			**7**
Total transactions with shareholders		**–**	**7**	**–**	**–**	**7**
Closing balance at 31 Dec 2018		**14,033**	**816,730**	**-294,299**	**275,435**	**811,899**
Opening balance at 1 Jan 2019		**14,033**	**816,730**	**-294,299**	**275,435**	**811,899**
Change due to IFRS 16 Leases	32				-37	**-37**
Adjusted opening balance at 1 Jan 2019		**14,033**	**816,730**	**-294,299**	**275,398**	**811,862**
Comprehensive income						
Net profit for the year		–	–		133,599	**133,599**
Other comprehensive income		–	–	–	–	**–**
Exchange differences		–		-234,866	–	**-234,866**
Inflation adjustments – IAS 29		–	42,793		-52,337	**-9,545**
Total comprehensive income		**–**	**42,793**	**-234,866**	**81,262**	**-110,812**
Transactions with shareholders						
Total transactions with shareholders		**–**	**–**	**–**	**–**	**–**
Closing balance at 31 Dec 2019		**14,033**	**859,523**	**-529,165**	**356,660**	**701,051**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Cash flow from operating activities			
Operating profit before financial items		-996	22,075
Adjustments for items not included in cash flow:			
Depreciation		835	273
Exchange rate effects in operating profit		-2,454	-3,194
Interest received		1,702	1,936
Interest paid		-57	-212
Exchange rate effects realised		-2,991	–
Tax paid		–	–
Cash flow from operating activities before change in working capital		**-3,961**	**20,878**
Changes in working capital:			
Increase/decrease in current receivables		-18,060	-275
Increase/decrease in current liabilities		76,951	-14,179
Total changes in working capital		**58,891**	**-14,455**
Cash flow from operating activities		**54,930**	**6,423**
Cash flow from investing activities			
Capital expenditures on investment properties	14	-2,995	-4,404
Capital expenditures on exploration and evaluation assets	15	-7,200	-5,975
Capital expenditures on property, plant and equipment		-11	-848
Investments in financial assets (government bonds)		-36,753	-7,783
Dividend tax paid		-5,797	–
Cash flow from investing activities		**-52,755**	**-19,011**
Repayment of lease liability		-4,934	-13,292
Cash flow from financing activities		**-4,934**	**-13,293**
Cash flow for the period		**-2,759**	**-25,881**
Cash and cash equivalents at start of period	18	57,659	102,183
Cash flow for the period		-2,759	-25,881
Exchange losses on cash and cash equivalents		-12,324	-18,643
Cash and cash equivalents at end of period	18	**42,576**	**57,659**

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Net sales	27	14,742	10,545
Other operating income	10, 11	213	31
Total operating income		**14,955**	**10,576**
Other external expenses	8	-16,926	-17,432
Employee benefit expenses	9	-6,821	-5,821
Depreciation/amortisation and impairment		-36	-36
Other operating expenses	10, 11	-194	-149
Total operating expenses		**-23,977**	**-23,437**
Operating profit		**-9,022**	**-12,862**
Interest income and similar items	10, 11	534	1,596
Interest income from Group companies	10, 27	4,059	3,274
Interest expenses and similar items	10, 11	-28	-120
Profit from financial items		**4,564**	**4,750**
Profit before tax		**-4,457**	**-8,112**
Tax	12	–	–
Net profit		**-4,458**	**-8,112**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Net profit		-4,458	-8,112
Other comprehensive income		–	–
Other comprehensive income, net of tax		**–**	**–**
Total comprehensive income for the year		**-4,458**	**-8,112**
Comprehensive income for the period attributable to Parent Company shareholders		**-4,458**	**-8,112**

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
ASSETS			
Non-current assets			
Participations in Group companies	28	1,387,998	1,385,798
Intangible assets		18	54
Property, plant, and equipment		–	–
Receivables from Group companies		223,157	213,060
Total non-current assets		**1,611,173**	**1,598,913**
Receivables from Group companies		2,213	2,911
Other current receivables		229	229
Prepaid expenses and accrued income		5,083	672
Cash and bank balances	18	4,203	22,648
Total current assets		**11,727**	**26,460**
TOTAL ASSETS		**1,622,900**	**1,625,372**
EQUITY			
Equity			
Restricted equity			
Share capital	19	14,033	14,033
Total restricted equity		**14,033**	**14,033**
Non-restricted equity			
Share premium reserve	19	1,647,106	1,647,106
Accumulated earnings		-42,699	-34,587
Net profit for the year		-4,458	-8,112
Total non-restricted equity		**1,599,949**	**1,604,407**
Total equity		**1,613,982**	**1,618,440**
Current liabilities			
Trade payables		4,495	1,428
Other current liabilities		2,515	3,469
Accrued expenses and deferred income		1,910	2,036
Total current liabilities		**8,920**	**6,932**
TOTAL EQUITY AND LIABILITIES		**1,622,900**	**1,625,372**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Attributable to Parent Company shareholders				
Amounts in SEK thousand	**Note**	**Share capital**	**Other paid-in capital**	**Accumulated earnings**	**Net profit for the year**	**Total equity**
Opening balance at 1 Jan 2018		**14,033**	**1,647,099**	**-29,950**	**-4,637**	**1,626,545**
Unappropriated net income as per AGM resolution		–	–	-4,637	4,637	–
Comprehensive income						
Net profit for the year		–	–	–	-8,112	-8,112
Other comprehensive income						–
Total comprehensive income		**–**	**–**	**–**	**-8,112**	**-8,112**
Transactions with shareholders						
Issue expenses (reversed reserve)		–	7	–	–	7
Total transactions with shareholders		**–**	**7**	**–**	**–**	**7**
Closing balance at 31 Dec 2018		**14,033**	**1,647,106**	**-34,587**	**-8,112**	**1,618,440**
Opening balance at 1 Jan 2019		**14,033**	**1,647,106**	**-34,587**	**-8,112**	**1,618,440**
Unappropriated net income as per AGM resolution				-8,112	8,112	–
Comprehensive income						
Net profit for the year		–	–	–	-4,458	-4,458
Other comprehensive income		–	–	–	–	–
Total comprehensive income		**–**	**–**	**–**	**-4,458**	**-4,458**
Total transactions with shareholders		**–**	**–**	**–**	**–**	**–**
Closing balance at 31 Dec 2019		**14,033**	**1,647,106**	**-42,699**	**-4,458**	**1,613,982**

PARENT COMPANY STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Cash flow from operating activities			
Operating profit before financial items		-9,022	-12,862
Adjustments for items not included in cash flow:			
Depreciation		36	36
Exchange rate effects in operating profit		194	–
Interest received		–	–
Interest paid		-28	-120
Tax paid		–	–
Cash flow from operating activities before change in working capital		**-8,820**	**-12,946**
Changes in working capital:			
Increase/decrease in current receivables		-4,411	-324
Increase/decrease in current liabilities		1,987	-9,327
Total changes in working capital		**-2,424**	**-9,651**
Cash flow from operating activities		**-11,244**	**-22,597**
Cash flow from investing activities			
Loans to Group companies		-7,200	-15,684
Cash flow from investing activities		**-7,201**	**-15,685**
Cash flow from financing activities		–	–
Cash flow for the period		**-18,445**	**-38,282**
Cash and cash equivalents at start of period	18	22,648	60,929
Cash flow for the period		-18,445	-38,282
Cash and cash equivalents at end of period	18	**4,203**	**22,648**

NOTES

1 GENERAL INFORMATION

Crown Energy AB (publ) (the Parent Company), corporate identity number 556804-8598, with its subsidiaries (Crown Energy, the Company, or the Group), is an international group in the oil, gas and property industries focused on underexplored areas in Africa and the Middle East. The Parent Company is a public company registered in Sweden and domiciled in Stockholm. The Parent Company is listed on NGM Equity. The street address of the main office is Norrlandsgatan 18, 111 43 Stockholm.

On 31 March 2020, the Board of Directors approved these consolidated accounts for publication. All amounts are recognised in SEK thousands unless otherwise stated. Figures in parentheses refer to the previous year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the reports

Crown Energy's consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Consolidated Accounting Standards, International Financial Reporting Standards (IFRS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The financial statements of the Parent Company were prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Cases for which the Parent Company applies different accounting policies than the Group are listed separately at the end of this note. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Note 5, Critical accounting estimates and judgements, discloses the areas that require a more thorough assessment, are complex, or for which assumptions and estimates are very significant to the consolidated accounts. The principal accounting policies applied to these consolidated accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 New standards that came into force in 2019

IFRS 16 Leases

The new standard, which came into force on 1 January 2019, means that a lessee's previous operating leases will be recognised in the balance sheet. The Group applied the standard from 1 January 2019. Crown Energy applied the new standard going forward and thereby used the approach of recalculating retrospectively with the combined effect of a first application as an adjustment of the opening balance for retained earnings at 1 January 2019. Accordingly, comparative information has not been recalculated.

Before 1 January 2019, the Group already recognised its rights of use regarding investment properties as an asset and a liability (in accordance with IAS 17 Leases and IAS 40 Investment Property), so the introduction of IFRS 16 did not entail any significant changes to the accounting of the Group's property leases.

However, the new standard affected the Group's intangible assets and interest-bearing liabilities related to the Parent Company's lease for the head office in Stockholm. At 1 January 2019, intangible assets totalled SEK 711 thousand and the related interest-bearing liabilities SEK 616 thousand.

The Group does not hold any other leases that affected the consolidated accounts.

The Parent Company does not recognise the lease in accordance with IFRS 16. The Parent Company complies with RFR 2 and uses the exception there in respect of IFRS 16, instead recognising leases in accordance with RFR 2, which will not affect current accounting.

See Note *2.6 Leases* in accordance with IFRS 16 for detailed accounting policies from 1 January 2019 and Note *32 Effects of changed accounting policies as from 1 January 2019* for a breakdown of the adjusted opening balance at 1 January 2019.

Standards, amendments and interpretations of existing standards that have not yet become effective and that the Group has not applied early

IASB has made changes to *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* which contain a uniform definition of the term material and guidance on whether information about policies is material information or not. An author of a financial report must only provide information about accounting policies that is material information for a reader of the report. The new rules were applied from 1 January 2020. The changes will not materially affect the Group's financial reports but may affect information about accounting policies in the 2020 annual report.

Crown Energy has assessed that other future changes will not affect the Group.

2.3 Consolidated accounts

Subsidiaries

Subsidiaries are all entities (including structured companies) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity.

Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are deconsolidated from the date that control ceases. In the event of the acquisition of a subsidiary, the Group determines whether the acquisition is a business combination, i.e. whether the acquired assets and assumed liabilities are an operation/business. If the acquired subsidiary cannot be defined as an operation/business, the transaction is recognised as an acquisition of assets.

Acquisition of operations

The acquisition method is used to recognise consolidated business combinations. The consideration for acquisition of a subsidiary is defined as the fair value of transferred assets, liabilities that the Group incurs from previous owners of the acquired company and the shares issued by the Group. The consideration includes the fair value of all assets or liabilities that are the result of a contingent consideration agreement. Identifiable acquired assets and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. For each acquisition, the Group determines whether non-controlling interest in the acquired company should be recognised at fair value or at its proportional share of the carrying amount of the acquired company's identifiable net assets. Expenses that are directly attributable to the acquisition are expensed as they are incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from remeasurement is recognised in profit/loss. Each contingent consideration to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes to the fair value of contingent consideration that is classified as an asset or liability are recognised in profit or loss. A contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Identifiable acquired assets, liabilities assumed and contingent liabilities in a business combination are measured initially at their fair values on the acquisition date regardless of the scope of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable acquired assets, liabilities, and contingent liabilities is recognised as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's assets, liabilities, and contingent liabilities, the difference is recognised directly in the income statement.

Acquisition of subsidiaries that are not operations/businesses
In cases where the acquired subsidiary is not deemed to meet the criteria for an operation/business, the transaction is accounted for as an acquisition of assets and will then follow the accounting for each asset's accounting standard. The cost of acquisition is divided among the individual identifiable assets and liabilities based on their relative fair values at the time of acquisition. Such an acquisition does not give rise to goodwill. Expenses directly attributable to the acquisition are capitalised as part of the cost of acquisition.

Joint arrangements
A holding in a joint arrangement is classified as either a joint operation or a joint venture depending on the contractual rights and obligations of each investor. A joint operation arises when the parties that have joint control over the arrangement have direct rights to the assets and responsibility for the liabilities in an arrangement.

In such an arrangement, assets, liabilities, income and expenses are recognised based on the holders' share of these, that is, as per the proportional method. A joint venture arises when the parties that have joint control have rights to the net assets in an arrangement. In such an arrangement, the holder recognises its share as per the equity method.

The Group currently has two joint arrangements that relate to the interest in the Block P (PDA) licence in Equatorial Guinea and Block 2B in South Africa. Based on the joint operating agreements' terms and Crown Energy's working interest, the Group does not have joint control over these arrangements and is thus not a party to a joint operation. In both cases, Crown Energy is deemed party to a joint arrangement.

In both cases, Crown Energy has rights to the assets and obligations with respect to the liabilities originating from the joint operation. As a result, Crown Energy recognises its working interest in these licences in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

See section 2.7, Exploration and evaluation assets, for more information about how these joint arrangements are managed in the accounts.

Other
Intra-Group transactions, balance sheet items and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, but any losses are viewed as an indication that assets may be impaired. Accounting policies for subsidiaries were modified as applicable to ensure the consistent application of Group policies.

2.4 Translation of foreign currencies

Functional and presentation currencies
Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's subsidiaries Amicoh Resources Ltd, Simbo Petroleum No.2 Ltd, ESI Group S.A., Crown Energy Asset Development BV, and NHQ BV use USD as their functional currency. In addition, the Company's indirectly owned subsidiary YBE Imobiliária Angola Lda uses the Angolan currency kwanza (AOA) as its functional currency.

The consolidated accounts are presented in SEK, which is the Parent Company's functional and presentation currency. The balance sheets and income statements of foreign Group companies are translated using the current rate method. All assets and liabilities of subsidiaries are translated at the closing day rate, while the income statements are translated at average rates for the year, except where it is considered more appropriate to use the transaction date rate. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are also translated at the closing day rate. Translation differences arising from the translation of foreign operations are recognised directly in the currency translation reserve in other comprehensive income.

Transactions and balance sheet items
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognised in the income statement. Exchange differences on lending and borrowing are recognised in net financial items, while other exchange differences are included in operating profit.

Exchange rates
The following exchange rates were used to prepare the financial statements (consolidation, annual accounts, etc.) in this report:

Currency	Closing day rate, 2019	Average rate, 2019	Closing day rate, 2018	Average rate, 2018
USD 1 in SEK	9.317	9.446	8.971	8.691
AOA 1 in SEK	0.019	0.026	0.029	0.035

2.5 Revenue

The Group has two regular income streams: rental income from leases and income from service contracts with tenants. Rental income, which makes up most of the Group's income, is covered by IAS 17 Leases. Service income is strongly linked to leases but originates in separate contracts with tenants and is recognised in accordance with IFRS 15 Revenue from Contracts with Customers. Other operating income is not significant and refers primarily to exchange rate effects attributable to the business. The Group may also generate income from property sales, and this is also recognised in accordance with IFRS 15.

Rental income
Rental income is attributable to the Group's operating leases with tenants and is recognised in accordance with IAS 17 Leases. Rental income is accrued and recognised as income on a straight-line basis over the term of the lease if the terms and conditions of the lease are not of such a nature that another method of accrual reflects the change over time in the economic benefits attributable to leasing the investment property to lessees. Rent payments received in advance are recognised as deferred income.

The Group does not have any income-based leases.

Service income
Service is normally performed for tenants who have a lease, but this is governed in a separate service agreement. Although the service is strongly linked to the lease, it is not a lease component and must therefore be recognised separately from the lease.

The income is recognised when the Group has fulfilled its performance commitment, in other words over time and as the service is performed, which is normally assessed once a month. In some cases, the service is invoiced immediately after it is performed, and sometimes it is invoiced in advance. In cases where the service has been invoiced in advance, in other words meaning that the Group has not yet fulfilled its performance commitments, it is recognised as a contract liability.

Compensation for the service is fixed and the income is recognised at an amount that reflects the compensation that the Company is expected to be entitled to in exchange for the service rendered.

The Group does not recognise any assets related to contract costs for acquiring the contracts or those directly attributable to fulfilment of the contract.

All service income is attributable to the Asset Development and Management segment. At present, this segment only covers the Group's operations in Angola. Since income comes entirely from Angola, the current service income entails a currency risk due to the very high inflation Angola has suffered from in recent years. See the description of currency risks in Note 4 Financial risk management

Income from property sales
Income generated on disposal of a property asset must be recognised when control over the property can be considered to have been transferred to the buyer. The income is normally recognised on the transfer date unless control (risks and rewards) was transferred at an earlier date. Control of the asset may have been transferred at an earlier date than the closing date and, if so, the income from the property sale is recognised at this earlier date. When assessing the income recognition date, consideration is given to the agreements between the parties regarding risks and rewards as well as involvement in current administration. In addition, consideration is given to factors that may affect the outcome of the transaction which are beyond the control of the seller and/or buyer. When selling properties with rent guarantees, the present value of the probable outflow of guarantee payments is calculated and recognised as a provision.

Other income
Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right of the shareholders to receive payment has been established.

2.6 Operating segments

An operating segment is that part of a group that runs operations from which it can generate income and incur costs for which independent financial information is available. The performance of an operating segment is monitored by the Company's chief operating decision-maker to evaluate the results and to allocate resources to the operating segment and evaluate its short-term and long-term results. Segment information is presented based on the chief operating decision-maker's perspective, which means that it is presented in the same way as in internal reporting.

The Group has two segments matching the two business areas: Energy (oil and gas exploration) and Asset Development and Management (property and service operations). The chief operating decision-maker is deemed the Board of the Parent Company.

2.7 Leases

A lease transfers the right to decide how an identified asset is used in exchange for compensation over a specific period. A lessee must recognise a right-of-use asset and a lease liability. A lessor must classify each lease as either an operating lease or a finance lease. A finance lease essentially transfers the economic risks and rewards incidental to ownership of the underlying asset. These risks and rewards are not transferred under an operating lease.

Crown Energy is a lessor when it leases premises to tenants and a lessee for investment properties and the right of use to premises.

Lessees
A lessee must recognise a right-of-use asset and a lease liability. The right of use is measured at cost on the start date of the lease. The cost includes the total amount the lease liability was originally recognised at, all lease payments paid at or before the start date and the lessee's initial immediate expenses. At the start date, the lease liability is measured at the present value of the lease payments not yet paid at that time. The lease payments are discounted using the implicit interest rate of the lease, if this interest rate can be easily established. Otherwise, the lessee's incremental borrowing rate of interest is used. The lease payments included are the fixed payments (including in-substance fixed payments), variable lease payments that vary depending on an index or price, residual value guarantees that are expected to be paid, exercise prices for options to purchase the asset and any penalties payable upon known termination.

After the start date, the right of use is measured at cost less accumulated amortisation and impairment losses along with any revaluations. The amortisation is in line with the provisions of IAS 16 Property, Plant and Equipment.

Given that the Group measures its investment properties at fair value, this method is also used for rights of use that meet the definition of investment property.

The lease liability is measured after the start date by adding the interest on the lease liability to the carrying amount and subtracting the value of the lease payments made.

After the start date, lease payments are divided between interest and amortisation. Amortisation and interest expenses are recognised in the statement of comprehensive income. Variable payments are recognised as an operating expense in profit or loss. Given that investment property is measured at fair value, the asset is not amortised. Instead, the lease payment is divided between interest and value changes in the property.

Lessors
Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Crown Energy's leases
Leases for right of use to buildings and land (property)
Crown Energy holds several leases covering both buildings and land that come under the definition of investment properties. This means that the asset is recognised at fair value and the lease payment is divided between interest and change in value of the investment property.

Leases for rights of use to office equipment/machinery
Crown Energy has opted to not recognise a right of use and a lease liability for leased office equipment and machinery in consideration of the low values of the underlying assets.

Leases for right of use to premises
The Group recognises a right of use and a lease liability for the Group's head office in Stockholm in accordance with the policies for lessees above.

Lease of premises to tenants
Crown Energy leases premises to tenants under operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. See the description of rental income under section 2.5 Income.

2.8 Earnings per share

The calculation of earnings per share is based on the consolidated earnings (in total, from continuing and discontinued operations) for the period attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the period. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to reflect the effects of diluting potential ordinary shares. Dilution from options arises only when the exercise price is lower than the market price. Convertibles and options are not considered dilutive if they cause earnings per share from continuing operations to be better (larger gain or smaller loss) after dilution than before dilution.

2.9 Employee benefits

Personnel are employed by the Swedish Parent Company as well as in indirectly owned subsidiary YBE Imobiliiária Angola Lda.

Retirement benefits
The Parent Company only has defined contribution pension plans. In defined contribution plans, the Parent Company pays fixed contributions into a separate legal entity and has no obligation to pay any additional contributions. Expenses are charged to Parent Company earnings as the benefits accrue. No pension contributions are paid in the subsidiary in Angola.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary termination in exchange for such benefits. A provision is recognised in connection with termination of employment only if the Group is demonstrably committed to terminate employment before the normal retirement date, or when benefits are offered to encourage voluntary termination.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.10 Current and deferred tax

Current tax expense is calculated using the tax rules that at the end of the reporting period were enacted or for all practical purposes enacted in the countries in which the Parent Company's subsidiaries are active and generate taxable income. Deferred tax is recognised in full using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is not recognised if it arises from a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that at the time of the transaction affects neither accounting nor taxable earnings. Deferred income tax is determined using tax rates (and tax laws) that were enacted or substantively enacted by the end of the reporting period and that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Taxes related to property operations in Angola

In Angola, taxes are deducted from gross income from property management, i.e. rental income and service income. These taxes are recognised as property expenses in operating profit. The obligation to pay taxes is based on customer payments and is due one month after payment. If the customer is a company, which most of the Group's customers are, responsibility for making these payments to local tax authorities lies with them. In practice, this means that the landlord receives a net payment after tax from the customer. This type of tax, as well as expenses directly attributable to service operations, are counted as deductible expenses when calculating income tax for the year, which means that the Angolan service business is expected to have no or very low income tax.

Other property-related taxes, such as local property taxes, are recognised as property expenses.

2.11 Hyper inflationary economies

A country which, in accordance with *IAS 29 Financial Reporting in Hyperinflationary economies*, is defined as a hyperinflationary economy, must adjust financial statements for inflation. Inflation adjustments are made using a general price index that reflects changes in purchasing power.

All amounts in the statement of comprehensive income, apart from unrealised changes in value attributable to investment properties, for example, are adjusted.

In the statement of financial position, non-monetary assets and liabilities are adjusted unless they are linked to price changes under contracts. Adjustments are made by adjusting the cost of acquisition and any accumulated amortisation/depreciation for changes in the general price index from the acquisition date to the end of the reporting period. Monetary items are not adjusted.

When a country ceases to be a hyperinflationary economy, the amounts recognised in the financial statements at the end of the previous reporting period are deemed to be the carrying amounts for the subsequent financial statements, i.e. the translated amounts are the expense base for any non-monetary items in subsequent financial statements.

Angola

Due to the inflationary trend in Angola in recent years, the country was classified as a hyperinflationary economy in 2018, and Crown tEnergy applied IAS 29. IMF data from October 2019 now shows that the three-year cumulative inflation rate was below 100 per cent in 2019. Local inflation data is consistent with the IMF forecasts for 2019. The qualitative indicators are mixed, but they show that Angola no longer has high inflation. While the uncertainties remain, Crown Energy will continue to apply inflation adjustments in its accounts in accordance with IAS 29, and will continue to follow developments in 2020. If most of the qualitative indications continue to show that the country is no longer a hyperinflationary economy, Crown Energy will stop accounting in accordance with IAS 29.

The consumer price index in Angola was 241.08 (base: December 2014) at the end of December 2019 compared with 241.08 at 31 December 2018.

Annual inflation in Angola was approximately 16.9 per cent in December 2019. (Source: Banco National de Angola).

2.12 Investment property

Properties owned or leased and held primarily for the purpose of generating rental income and service income are classified as investment property. Investment properties include buildings, land, land improvements and fixtures and fittings. Properties under construction and refurbishment intended to be used as investment properties when the work is completed are also classified as investment properties. Investment properties are measured at fair value in accordance with IAS 40. Initially, investment properties are recognised at cost of acquisition, which includes expenses directly attributable to the acquisition. Fair value is based on market value and represents the estimated amount that would be received in a transaction at the time of the valuation between competent, independent parties who have an interest in the transaction being conducted as is customary on the market and where both parties are expected to have acted insightfully, wisely and without obligation. The valuation is conducted in accordance with level 3 in the IFRS valuation hierarchy.

The valuation model consists of a cash flow model discounting the future cash flows that the investment properties are expected to generate. In the event of significant changes, the valuation is updated at each accounting period. A description of the valuation methods applied and significant inputs in the value assessments can be found in Note 5 Critical accounting estimates and judgements.

Both realised and unrealised changes in value are recognised in profit or loss. Realised changes in value refer to changes in value from the most recent measurement at fair value until the disposal date for properties disposed of during the period, considering capitalised investment expenses for the period. Unrealised changes in value refer to other changes in value that are not due to acquisitions or capitalised investment expenses.

Property sales and purchases are recognised when the risks and rewards associated with ownership are transferred from the seller to the buyer (see Note 2.5 Revenue).

Subsequent expenses are added to the carrying amount of investment properties only if it is probable that the future economic benefits associated with the expenses will flow to the Company and the cost of acquisition can be calculated reliably. All other subsequent expenses are recognised as expenses in the periods in which they arise. Expenses for replacement of identified components and the addition of new components are added to the carrying amount when they meet the above criteria. Repairs and maintenance are expensed as the expenses arise.

The fair value of an investment property held through a lease reflects expected cash flows. This means that if a valuation includes the payments that are expected to be paid, any recognised liabilities must be reversed so that they are not double counted in the accounts. The Group's valuation of properties includes these payments, which is why the double counting must be adjusted.

2.13 Property, plant, and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the asset. Subsequent expenditures are added to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary. The asset is depreciated on a straight-line basis over its useful life. The depreciation amount is recognised for each period in operating profit or loss.

Leasehold improvements are capitalised as property, plant and equipment. The cost includes expenses that are directly attributable to the acquisition of the asset.

Useful life of property, plant and equipment:

Equipment, tools, fixtures and fittings	5 years
Leasehold improvements	10 years

2.14 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are measured using the cost method, which means that the asset is recognised following initial recognition at cost less accumulated amortisation and impairment losses. The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary. The asset is amortised on a straight-line basis over its useful life. The amortisation amount is recognised for each period in operating profit or loss. The useful life of current intangible assets is five years.

2.15 Exploration and evaluation assets

The Group complies with IFRS 6, Exploration for and Evaluation of Mineral Resources when recognising any exploration and evaluation expenses that arise.

Recognition of costs for exploration, evaluation and development

Exploration and evaluation assets are initially recognised at cost if it is probable that they will generate future economic benefits. All costs for acquiring concessions, licences or working interests in production sharing contracts and for technical surveys, drilling, and development of such interests are capitalised. This includes capitalisation of future decommissioning and restoration costs. Exploration and evaluation assets can be classified as both property, plant, and equipment and intangible assets. Classification is done consistently over time. The Group currently only has intangible assets.

Amortisation

Exploration and evaluation assets classified as intangible assets are not amortised. Instead, the assets are regularly evaluated to determine whether any impairment exists. As the Group only holds intangible assets, no amortisation occurred during the reported periods.

Impairment

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Examples of circumstances that may indicate an impairment exists are when the deadline for the exploration period has expired or will expire soon, there are no plans for further exploration, exploration and evaluation have not led to any discoveries of commercial size, or when conditions have deteriorated in terms of recovery of value from a sale. Impairment is tested for each cash generating unit, which in the Group's case consists of each individually acquired licence and concession along with stakes in any oil discoveries in the country in which they operate. An impairment loss is recognised in accordance with IAS 36 when an asset or cash generating unit's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement. If assets were previously impaired, an assessment is made at least once a year to determine whether there are any indications that the impairment should be reversed.

Reclassification to oil and gas assets

When the technical feasibility and commercial viability of extracting oil and gas can be proven, assets are no longer classified as exploration and evaluation assets. Instead, they are classified as an oil or gas asset. They are then reclassified, after which they are recognised according to IAS 16 and IAS 38. Oil and gas assets comprise reclassified exploration and evaluation assets and capitalised development costs. Depreciation/amortisation of the relevant asset begins in conjunction with the start of production. The assets are tested for impairment regularly and if it is established that they are impaired, the asset is written off in the form of an impairment loss via the income statement.

Oil and gas assets are categorised as either producing or non-producing. The Company applies the successful efforts method, which means that when the exploration of a project is completed, the project is tested to determine whether it should be transferred to producing assets or be abandoned. If the project is abandoned, all expenses incurred are expensed at that time. The Group does not hold any assets classified as oil and gas assets at this time.

Jointly owned assets in the form of licences

The Group's working interests in jointly controlled assets in the form of licences are based on the proportion of the licence. Licences that the Group holds are deemed wholly or jointly owned assets. The consolidated financial statements reflect the Group's share of investments in the licences. Exploration and evaluation are mostly managed by the operator. A budget for the licence is set annually, which all partners must approve. Based on these projected expenses, the operator then performs the agreed work. The expenses for this work are charged to the other partners based on each partner's working interest. The Group capitalises these expenses as exploration and evaluation assets.

Farmouts

Farmouts are subject to the policies of IFRS 6 in the event they involve exploration and evaluation assets. Crown Energy recognises cash payments directly against the asset and retains the recognised share of the asset less cash payments received. As a result, no income is recognised in conjunction with farmouts unless the cash payment exceeds the carrying amount of the farmed-out asset. Future payments are not recognised at the transaction date. If a farmout involves oil and gas assets, recognition is subject to the policies of IAS 16. Crown Energy then derecognises the carrying amount of the asset in proportion to the share of ownership farmed out and recognises any future payments in the balance sheet. Once a payment that is part of a transaction is received and posted, a capital gain or loss is recognised in the income statement. After completion of the transaction, Crown Energy assesses whether the cash generating units are impaired. Impairment losses impact the income statement.

2.16 Non-current assets held for sale

The implication of a non-current asset or disposal group being classified as held for sale is that its carrying amount will be recovered largely through sale and not through use. An asset or disposal group is classified as held for sale if it is available for immediate sale in its current state and it is very likely that the sale will be made. These assets or disposal groups are recognised on a separate line as current assets and current liabilities, respectively, in the statement of financial position. For depreciable assets, depreciation ceases after reclassification to assets held for sale.

Immediately prior to classification as held for sale, the carrying amount of the assets and all assets and liabilities in a disposal group is determined in accordance with applicable standards. At initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less selling expenses. Certain assets, such as financial assets and deferred tax assets, either individually or in a disposal group, are exempt from the above-mentioned valuation rules.

2.17 Financial instruments

Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, loans receivable, trade receivables, other current receivables and financial investments. The liability side has loans payable, other provisions, lease liabilities, trade payables and other current liabilities.

Recognition and derecognition from the balance sheet

A financial asset or liability is recognised in the balance sheet when the Company becomes a party to the contractual terms and conditions of the instrument. Trade receivables are recognised when an invoice is sent. Liabilities are recognised when the counterparty has delivered and there is a contractual obligation to pay, even if the invoice has not yet been received.

A financial asset is derecognised from the balance sheet when the rights of the contract are realised, lapse or the Company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when contractual obligations are fulfilled or otherwise lapse.

A financial asset and a financial liability are offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to sell the items at a net amount or to simultaneously realise the asset and settle the liability.

Classification and measurement

At initial recognition, financial assets are to be classified at fair value through profit or loss, amortised cost or fair value through other comprehensive income. This classification is based on the Group's business model for managing financial assets and the characteristics of the contractual cash flows from the financial asset. A financial asset is measured at amortised cost if it is held for the purpose of collecting contractual cash flows and the terms and conditions of the asset give rise to cash flows at certain points in time that are strictly payments of principal and interest on the outstanding principal (hold to collect). If the asset is held for the purpose of collecting contractual cash flows and selling financial assets (hold to collect and sell), then the asset is measured at fair value through other comprehensive income. Financial assets measured neither at amortised cost nor through other comprehensive income are measured at fair value through profit or loss.

All financial liabilities are classified as measured at amortised cost, with one exception. This exception is contingent consideration arising in connection with a business combination in accordance with IFRS 3 Business Combinations, and this provision is measured at fair value through profit or loss.

The Group uses a simplified method with respect to impairment losses on lease receivables, contract assets and trade receivables. Crown Energy calculates expected credit losses based on the expected credit loss for the remaining term. The Group has established an impairment model based on the Group's historical credit losses adjusted for factors specific to the customer/tenant and the financial situation. See note 4.2 Credit risk for a breakdown of trade receivables and credit loss reserves by age.

Financial assets

The following are considered financial assets:

- Financial investments
- Trade receivables
- Other receivables
- Cash and cash equivalents

All financial assets are measured at amortised cost.

Financial liabilities

The following are considered financial liabilities:

- Lease liabilities
- Trade payables
- Other current liabilities
- Other provisions

All financial liabilities are measured at amortised cost, except for Other provisions, which comprise contingent consideration (business combination), and are measured at fair value through profit or loss.

2.18 Trade receivables

Trade receivables comprise rent and service invoiced pursuant to contracts with customers. Trade receivables are initially measured at fair value and subsequently at amortised cost. The carrying amount of trade receivables is assumed to approximate their fair value, as this item is short-term in nature.

Provisions for bad debts are calculated using a model based on the expected credit loss for the remaining term. The Group has established a provision model based on the Group's historical credit losses adjusted for factors specific to the customer/tenant and the financial situation. Impairment losses on trade receivables are recognised in operating profit or loss. See note 4.2 Credit risk for a breakdown of trade receivables and credit loss reserves by age.

2.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank balances and other short-term investments with maturities of three months or less from the acquisition date.

2.20 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised in equity as a deduction from the proceeds.

2.21 Provisions

Provisions for contingent considerations that arose in connection with a business combination and are recognised in accordance with IFRS 3 are measured at fair value through profit or loss.

2.22 Lease liabilities

Lease liabilities are measured at amortised cost. See Note 2.7 for more information about the recognition of lease liabilities

2.23 Trade payables

Trade payables are recognised initially at fair value and subsequently at amortised cost. The carrying amount of trade payables is assumed to approximate their fair value, as this item is short term in nature. This means that trade payables are measured without discounting at nominal cost.

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the loan term using the effective interest method.

2.25 Parent Company accounting policies

The Parent Company applies RFR2 Accounting for Legal Entities. The Parent Company applies different accounting policies from the Group in the following cases.

Presentation of income statement and balance sheet

The Parent Company uses the formats listed in the Annual Accounts Act, which among other things means that a different presentation of equity is applied and that provisions are recognised under a separate heading in the balance sheet.

Shares in subsidiaries

Shares in subsidiaries are carried at cost less any impairment losses. Dividends received are recognised as income when the right to receive payment is established. Thereafter, the shares to which the dividend relates are tested for impairment. When there is an indication that shares and participations in subsidiaries have decreased in value, an estimate of the recoverable amount is made. If it is lower than the carrying amount, an impairment is made. Impairment losses are recognised under profit from participations in Group companies. Cost also refers to transaction-related expenditures, unlike in the Group where transaction expenditures are normally expensed in the period in which they occur.

Shareholder contributions
Shareholder contributions are recognised as an increase in the value of shares and participations. An assessment is then made of whether the value of the shares and participations in question needs to be impaired.

Leases
The Parent Company does not recognise leases in accordance with IFRS 16. The Parent Company complies with RFR 2 and uses the exemption there in respect of IFRS 16, instead recognising leases in accordance with RFR 2.

Financial instruments
The Parent Company does not apply IFRS 9, as per the exemption rule in RFR 2.

Financial instruments are measured at cost considering the measurement provisions in the Swedish Annual Accounts Act for current assets and for non-current assets.

Interest income and expenses are recognised using the effective interest method and dividend revenue is recognised when the dividend is established, it is probable that the economic benefits will flow to the Parent Company and the dividend can be measured reliably.

The Parent Company uses the same policies as the Group for recognising and derecognising financial instruments in the balance sheet. In addition, the same IFRS 9 policies are used as for the Group for assessing and calculating whether receivables need to be impaired.

3 OPERATIONAL RISKS

Crown Energy's operations are subject to all the risks and uncertainties with which businesses focused on exploration and the acquisition, development, production and sale of oil and gas are associated. Even with a combination of experience, knowledge and careful evaluation, these risks cannot be completely avoided.

3.1 Operational and industry-related risks

Description of risks	Risk management	2019 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Revoked or suspended licences			
The Company's exploration activities depend on concessions and/or permits granted by governments and authorities. If the Company fails to meet the obligations and conditions related to operations and costs that are necessary for obtaining concessions and permits, then it may result in a smaller working interest in, or loss of, such permits and claims for damages, which may have a negative effect on the Company's business, earnings and financial position.	Crown Energy has a good dialogue with all the relevant authorities. Clear communication occurs regularly through meetings with the authorities and any other licence partners.	No licences were revoked in 2019 and Crown Energy is not in default on any licence. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	High
>>> Contract risks/joint ownership and partnerships			
Crown Energy is a partner in several licences with other companies. In these cases, it is difficult to influence how the licence is operated, especially in cases where Crown Energy only holds a small working interest and thus is unable to influence important decisions. If the Company or any of its partners should be deemed to have not fulfilled their obligations under a concession, licence or other agreement, it could also cause the Company's rights under them to be fully or partially eliminated, or cause Crown Energy to incur costs or obligations to meet the other party's obligations.	For licences where other partners besides Crown Energy are the operators, there are joint operating agreements containing standards and requirements for how the operator is to conduct operations and how decisions are made within the partnership. In cases where Crown Energy farms out assets, the general rule is to only farm out assets to companies that are deemed to have strong business, financial and technical capacity.	There are not any known uncertainties or disputes regarding licences Crown Energy is involved in at this time. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium

Description of risks	Risk management	2019 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Geological risks			
Any valuation of oil and gas reserves and resources contains a degree of uncertainty. In many cases, exploration activities never lead to development and production. Although oil companies try to minimise risks through seismic surveys, they can be very costly and require significant effort without leading to drilling. There is always a risk that the estimated volumes do not correspond to reality. Costly investigations that do not lead to drilling could negatively affect the Company's business and financial position.	Crown Energy has engaged employees that are highly competent in geology to reduce the risk of possible miscalculations. Crown Energy's valuations of reserves and resources are always prepared in accordance with established rules and standards. Internally prepared competent persons reports (CPR) are always certified by an independent appraiser to minimise the risk of incorrect assessments.	Exposure to this type of risk is considered comparable to other companies in the same industry. Crown Energy had an internal CPR prepared in 2017. This CPR encompassed all assets in the Energy business area. The report was certified by an independent appraiser. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Oil price risk			
Oil and gas prices are set on the world market and depend on many different factors beyond the control of the Group. Crown Energy is not currently in a production phase, which limits its oil price risk. However, a significant and prolonged decline in prices relative to average historical oil price levels may lead to difficulties in arranging financing for Crown Energy and reduced interest in farmout projects and similar arrangements. Operations in Angola involve a large proportion of customers active in the oil and gas industry. The Angolan economy and its development are strongly associated with demand and price trends in the oil market, and low demand for oil and low oil prices have an immediate impact on the Angolan property market. The oil price could indirectly impact Crown Energy's financing and refinancing capabilities. See the description of financial risks in Note 4.	As the Company is not currently involved in production, no oil price hedges are taken out. However, investment calculations are reviewed on an ongoing basis considering the current market situation to ensure that the decline in oil prices does not cause the Group's exploration and evaluation assets to be impaired. It is common for investments to be postponed during periods of lower oil prices. Crown Energy regularly tracks developments in Angola and attempts to adapt its operations to the prevailing situation. Among other actions, Crown Energy attempts to achieve flexibility in rental and service agreements in terms of contract periods. At present, short contracts enable Crown Energy to wait and see how the Angolan market performs.	The oil price fluctuations in recent years have not caused impairment of any of the Company's exploration and evaluation assets. See the Company's estimates in Note 5, Critical accounting estimates and judgements. In recent years, Crown Energy has been able to see some change in terms of customers operating in the oil industry. Among other things, Crown Energy has noted that this type of customer tends to reduce floor space and/or renegotiates to press down rent levels. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Low–High
>>> Property risk			
Rental income and the market value of property in general are affected by general economic conditions, such as GDP growth, employment, inflation and changes in interest rates. Both the property value and rental income can also be affected by competition from other property companies, or perceptions of potential buyers or tenants concerning the attractiveness, convenience and security of the properties. If one or more of the above factors were to develop negatively, this could have a material adverse effect on the Group's business, financial position and earnings.	Crown Energy regularly tracks developments in Angola and attempts to adapt its operations to the prevailing situation. Among other actions, Crown Energy attempts to achieve flexibility in rental and service agreements in terms of contract periods. At present, short contracts enable Crown Energy to wait and see how the Angolan market performs.	In 2019, investment properties decreased by SEK 47 million. The change in value is mainly based on generally lower market expectations in Angola, given the prevailing Angolan economy. Assumptions about market rents and vacancy rates therefore continue to be cautious. A sensitivity analysis is conducted in conjunction with valuation of the properties. The value range of the Group's property portfolio is SEK 129-168 million. The parameters used to produce the value range for the sensitivity analysis are ±0.5 per cent for yield requirements and WACC and ±5 per cent for current market rents.	Medium–High

3.2 Political and societal risks

<table>
<tr><th>Description of risks</th><th>Risk management</th><th>2019 outcome/Sensitivity analysis</th><th>Financial impact if risk occurs</th></tr>
<tr><td colspan="4"><i>>>> Political, social and economic instability</i></td></tr>
<tr><td>Given that Crown Energy is engaged in and may expand its activities in developing countries, the Company may be affected by political, social and economic instability, such as terrorism, military coercion, war and general social or political unrest. This includes the occurrence of corruption. Political, social and economic instability may thus have a very negative impact on the Company’s operations, particularly as regards permits and partnerships.</td><td>In terms of new licences/new countries, Crown Energy attempts to avoid getting involved in countries where the political and security risks are too high.
For existing licences, the risks are assessed as they arise.

Crown Energy uses the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones to seek guidance where needed.</td><td>It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test. However, below is an overview of political and security risks prepared by Marsch/BMI Research:
<table>
<tr><th></th><th>Political risk</th><th>Operational Security risk</th></tr>
<tr><td>Angola</td><td>Medium</td><td>High</td></tr>
<tr><td>Equatorial Guinea</td><td>Medium</td><td>High</td></tr>
<tr><td>Iraq</td><td>High</td><td>High</td></tr>
<tr><td>Madagascar</td><td>High</td><td>High</td></tr>
<tr><td>South Africa</td><td>Medium</td><td>Medium</td></tr>
</table>
Regarding the Company’s activities in Iraq, Crown Energy has ongoing discussions with the regional government of Salah ad-Din. Although the security situation has improved in recent years, Crown Energy has put activities in the licence area on hold for security reasons.</td><td>Low–High</td></tr>
</table>

4 FINANCIAL RISK MANAGEMENT

Crown Energy is exposed to various financial risks in its operations. The Company’s overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance and liquidity due to financial risks.

4.1 Description of financial risks

Description of risks	Risk management	2019 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Financing and refinancing risk			
Financing risk is defined as the risk of the financing of Crown Energy’s capital needs and refinancing of outstanding loans becoming more difficult or more expensive. Oil and gas exploration and property development are capital-intensive businesses. Depending on operational developments in general, Crown Energy may need additional capital to acquire assets, to develop new projects, to further develop the assets under conditions favourable for Crown Energy or to continue its operating activities. If the Group cannot raise enough funds, the extent of its operations may be limited, which in the long run could result in the Company being unable to implement its long-term exploration plan. In addition, new shares may be issued under less favourable market conditions where interest is low and/or the cost of implementing the share issue is too high.	Crown Energy monitors and assesses financing and refinancing options on an ongoing basis to manage this risk.	No additional financing was raised in 2019. The Company’s main plan for the next 12 months is to fulfil all outstanding obligations, including investments, day-to-day management and repayment of loans using regular cash flows from the Angola operations. The annual report was prepared with a going concern assumption considering the Company’s current business, its activities for the next 12 months and existing cash and cash equivalents. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High

4.1 Description of financial risks

Description of risks	Risk management	2019 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Liquidity risk			
Liquidity risk is defined as the risk of not being able to fulfil commitments and pay debts on time or at a reasonable cost. This risk is related to the financing and refinancing risk.	Management carefully monitors rolling forecasts of the Group's cash and cash equivalents. As mentioned above, Crown Energy reviews financing options on an ongoing basis to be able to meet its obligations.	Through the acquisition of ESI Group S.A., the Group has a positive cash flow from operating activities. This cash flow comes from the property business in Angola. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Credit risk			
Credit risk is defined as the risk of the Group not receiving payment for recognised trade receivables.	Crown Energy regularly tracks its credit exposure to minimise losses attributable to unpaid trade receivables. This risk is managed via regular contact with the relevant customers and necessary provisions are made for bad debts.	Historically, the property business has not had any substantial bad debt losses. The provision model for credit loss reserves is presented in Note 4.2. At present, the Group estimates that the risk of incurred bad debt losses is not high.	Low–Medium
>>> Market risk – interest rate risk			
Net interest expenses are affected by the proportion of financing that has variable and fixed interest rates in relation to changes in market interest rates. The effect of a change in interest rates on earnings depends on the contractual terms of the loans and investments. Future increases in interest rates may therefore have an adverse effect on the Group's earnings and future business opportunities.	Crown Energy has no interest-bearing liabilities with variable interest rates, so there is no interest rate risk related to cash flows. Borrowings with fixed interest rates only expose the Group to interest rate risk in respect of fair value.	As the Group has no borrowings at variable interest rates, interest rate risk is not expected to be significant. Because of this, a sensitivity analysis was not prepared either.	Low
>>> Market risk – currency risk			
Currency risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.	Following the acquisition of ESI Group S.A., the company primarily has a significant exposure to the Angolan currency kwanza (AOA) and directly and indirectly to the USD. The company evaluates on an ongoing basis the needs, opportunities and costs for hedging the Group's currency risks.	At present, the Group has no borrowing in foreign currency. The Group's main transaction currencies, apart from SEK, are USD and AOA. See the sensitivity analysis of currency exposure in section 4.3 below.	Low–Medium
>>> Translation risk			
Currency exposure arising from holdings in a foreign subsidiary that has a functional currency different from the Group's reporting currency is a translation risk. Translation impacts both earnings and equity (currency translation reserve). Exploration and evaluation assets as well as property assets acquired via a foreign operation are treated as assets of this operation and are therefore translated at the closing day rate. As a result, the acquired exploration and evaluation assets and property assets are translated at each reporting period. The translation difference impacts the currency translation reserve in equity.	All translation risks refer to the USD/SEK and AOA/SEK exchange rates. Crown Energy does not currently hedge translation risk. As a result, there may be major fluctuations in the Group's earnings, the value of assets in foreign currency and in the currency translation reserve in equity between reporting periods.	At the end of 2019, the Angolan currency was significantly devalued, which had a material impact on consolidated earnings and financial position. For example, between Q3 and Q4 the SEK value of C-View fell from SEK 514,922 thousand to SEK 383,586 thousand, a decrease of 26 per cent that is solely attributable to exchange rate effects. When revenue for Q4 is compared to that for Q3, it is essentially unchanged in kwanza but has decreased in SEK, also by 26 per cent. In section 4.4, a sensitivity analysis has been prepared for the translation exposure.	High

4.2 Credit risk

The Group uses an impairment model based on historical credit losses adjusted for factors specific to the customer/tenant and the financial situation.

Group **Amounts in SEK thousand**	**Not overdue**	**1–90 days**	**91–180 days**	**Overdue >180 days**	**Total**
TOTAL TRADE RECEIVABLES					
31 December 2019					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	2,462	4,995	712	8,478	**16,646**
Credit loss reserve	**12**	**25**	**7**	**386**	**430**
TRADE RECEIVABLES ATTRIBUTABLE TO RENTAL INCOME					
31 December 2019					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	2,327	3,100	639	5,438	**11,504**
Credit loss reserve	**11**	**16**	**6**	**234**	**267**
TRADE RECEIVABLES ATTRIBUTABLE TO SERVICE INCOME					
31 December 2019					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	135	1,896	73	3,039	**5,143**
Credit loss reserve	**1**	**9**	**1**	**152**	**163**

Group **Amounts in SEK thousand**	**Not overdue**	**1–90 days**	**91–180 days**	**Overdue >180 days**	**Total**
TOTAL TRADE RECEIVABLES					
31 December 2018					
Expected loss level in %	0.0%	0.0%	1%	5%	
Gross carrying amount, trade receivables	126	10,506	3,692	9,861	**24,185**
Credit loss reserve	**–**	**–**	**37**	**493**	**530**
TRADE RECEIVABLES ATTRIBUTABLE TO RENTAL INCOME					
31 December 2018					
Expected loss level in %	0.0%	0.0%	1%	5%	
Gross carrying amount, trade receivables	114	5,733	2,480	4,867	**13,195**
Credit loss reserve	**–**	**–**	**25**	**243**	**268**
TRADE RECEIVABLES ATTRIBUTABLE TO SERVICE INCOME					
31 December 2018					
Expected loss level in %	0.0%	0.0%	1%	5%	
Gross carrying amount, trade receivables	12	4,772	1,212	4,994	**10,990**
Credit loss reserve	**–**	**–**	**12**	**250**	**262**

4.3 Sensitivity analysis, currency exposure

Crown Energy mainly executes transactions in the Swedish krona (SEK), US dollar (USD), euro (EUR) and Angolan kwanza (AOA). Small transactions are also made on an ongoing basis in other foreign currencies, but they are not expected to have any significant impact on currency exposure. Transactions in foreign currencies mainly involve expenses attributable to the Company's exploration and evaluation assets as well as the service business. There are intra-Group receivables and liabilities in foreign currencies but given that settlement is not planned or probably will not occur within the foreseeable future, they are considered to constitute a net investment in a foreign operation. As a result, they are not included in the sensitivity analysis for currency exposure. Crown Energy may from time to time be dependent on available external financing for further development of its business. External capital can be raised in various currencies but will be continuously translated and recognised in SEK, resulting in the possibility of an exchange rate risk. There were no liabilities of this type at year-end 2019. The Group's risk exposure in foreign currencies at the end of the reporting period expressed in thousands of SEK was as follows:

	31 December 2019			31 December 2018		
	AOA	USD	EUR	AOA	USD	EUR
Trade receivables	16,646	–	–	24,177	–	–
Other receivables	–	34,267	–	–	27,741	–
Trade payables	9	5,283	131	–	5,425	258
Net exposure	**16,637**	**28,984**	**-131**	**24,177**	**22,316**	**-258**
Impact on profit after tax						
Change in SEK exchange rate, +10%	1,664	2,898	-13	2,418	2,232	-26
Change in SEK exchange rate, -10%	-1,664	-2,898	13	-2,418	-2,232	26

4.4 Sensitivity analysis, translation exposure

Exchange rate changes impact the Group in conjunction with the translation of foreign subsidiary income statements to SEK when the Group's earnings are impacted and when net assets in foreign subsidiaries are translated to SEK, which impacts equity. The Group does not hedge this risk and it cannot be ruled out that fluctuating exchange rates could impact the Group's earnings and financial position negatively. As previously mentioned, the Group has translation exposure due to an earlier business combination, which resulted in an intangible asset in USD. This is translated in all reporting periods and impacts the Group's exploration and evaluation assets, deferred tax and equity. Below is a summary of the Group's translation exposure for 2019:

Group, amounts in SEK thousand	31 December 2019		31 December 2018	
Exploration and evaluation assets in the financial statements (SEK thousand)	215,741	215,741	204,151	204,151
Change in SEK/USD	+10%	-10%	+10%	-10%
Total impact on exploration and evaluation assets	**15,921**	**-15,921**	**15,660**	**-15,660**
Investment properties in the financial statements	537,981	537,981	653,073	653,073
Change in SEK/AOA	+10%	-10%	+10%	-10%
Total impact on investment properties	**53,798**	**-53,798**	**65,307**	**-65,307**
Deferred taxes in the financial statements	115,743	115,743	85,407	85,407
Change in SEK/USD	+10%	-10%	+10%	-10%
Total impact on deferred tax	**1,617**	**-1,617**	1,557	-1,557
Change in SEK/AOA	+10%	-10%	+10%	-10%
Total impact on deferred tax	**9,957**	**-9,957**	**6,983**	**-6,983**
Equity in the financial statements	701,051	701,051	811,899	811,899
Change in SEK/USD	+10%	-10%	+10%	-10%
Total impact on equity	**8,250**	**-8,250**	**-987**	**987**
Change in SEK/AOA	+10%	-10%	+10%	-10%
Total impact on equity	**47,693**	**-47,693**	**58,843**	**-58,843**
Profit/loss in the financial statements	133,599	133,599	186,909	186,909
Change in SEK/USD	+10%	-10%	+10%	-10%
Total impact on net profit/loss for the year	**-1,786**	**1,786**	**-1,247**	**1,247**
Change in SEK/AOA	+10%	-10%	+10%	-10%
Total impact on net profit/loss for the year	**15,956**	**-15,956**	**18,505**	**-18,505**

4.5 Liability terms

The following table presents the non-discounted cash flows of consolidated liabilities in the form of financial instruments based on the remaining contract terms at the end of the reporting period. As a result, the amounts do not always match the amounts reported in the balance sheet. Amounts falling due within 12 months correspond to their carrying amounts, as the impact of the discount rate is immaterial. Amounts in foreign currency were estimated using the exchange rates and interest rates applicable at the end of the reporting period.

Group Amounts in SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2019				
Finance lease liability	3,580	955	–	–
Other provisions	–	3,727	–	–
Trade payables	9,899	–	–	–
Other liabilities	6,770	–	–	–
Total	**20,248**	**4,682**	**–**	**–**
At 31 December 2018				
Finance lease liability	49,194	35	141	–
Other provisions	–	3,588	–	–
Trade payables	6,131	–	–	–
Other liabilities	4,555	–	–	–
Total	**59,880**	**3,624**	**141**	**–**

Parent Company Amounts in SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2019				
Trade payables	4,495	–	–	–
Other liabilities	2,515	–	–	–
Total	**7,010**	**–**	**–**	**–**
At 31 December 2018				
Borrowings	3,133	–	–	–
Trade payables	1,428	–	–	–
Other liabilities	335	–	–	–
Total	**4,896**	**–**	**–**	**–**

4.6 Fair value estimation

Crown Energy classifies fair value measurement using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. In accordance with IFRS 13, disclosures on fair value measurement at each level are required for financial instruments. The fair value hierarchy consists of these levels:
Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived prices, for example.
Level 3 – Inputs for the asset or liability that are not based on observable information. The appropriate level is determined based on the lowest level of input that is significant to measuring the fair value.

For reconciliation of opening and closing balances, see Note 14 (Investment property) and Note 21 (Other provisions).

For information about measurement processes and sensitivity analyses, see Note 5 Critical accounting estimates and judgements.

Amounts in SEK thousand Closing balance at 31 Dec 2019	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss:					
Investment properties held under operating leases	5, 14			57,000	57,000
Total assets		**–**	**–**	**57,000**	**57,000**
Liabilities					
Financial liabilities measured at fair value through profit or loss:					
Provision for additional consideration, commercial discovery	5, 21, 27	–	–	3,602	3,602
Total liabilities		**–**	**–**	**3,602**	**3,602**

Amounts in SEK thousand Closing balance at 31 Dec 2018	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss:					
Investment properties held under operating leases	5, 14			175,861	175,861
Total assets		**–**	**–**	**175,861**	**175,861**
Liabilities					
Financial liabilities measured at fair value through profit or loss:					
Provision for additional consideration, commercial discovery	5, 21, 27	–	–	3,272	3,272
Total liabilities		**–**	**–**	**3,272**	**3,272**

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions about the future. The accounting estimates that result from them, by definition, seldom correspond to the actual results.

5.1 Fair value

The fair value of financial instruments not traded in an active market is determined using discounted cash flows. The carrying amount, less any impairment losses, of trade receivables and trade payables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is calculated for disclosure purposes by discounting the future contractual cash flow at the current market interest rate available to the Group for similar financial instruments.

5.2 Deferred tax

The Group recognises a deferred tax liability on acquired exploration and evaluation assets since they are considered an asset to local know-how, which in synergy with the knowledge found within Crown Energy can facilitate exploitation of exploration rights. In addition, the Group reports a deferred tax liability relating to unrealised changes in value of properties. No deferred tax revenue was recognised in the income statement in this financial year or the prior year due to revaluation and capitalisation of tax losses. See Note 20 *Deferred tax* for detailed information on amounts.

5.3 Classification on acquisition of subsidiaries

When a company is acquired, an analysis must be made to determine whether the acquisition is to be regarded as a business combination or an asset acquisition. It is common for companies to acquire exploration licences. In such acquisitions, an analysis is performed to determine whether the acquisition meets the criteria for a business combination. Crown Energy investigates the intention of acquisitions, i.e. whether it is a business being acquired or merely an asset. Companies with only one or more exploration licences and no related management/administration are normally classified as asset acquisitions.
The following is a breakdown of Crown Energy's subsidiary acquisitions since 2011:

Date of acquisition	Type of asset	Classification
2011	100% of shares in Crown Energy Ventures Corporation BVI	Asset acquisition
2011	100% of shares in Amicoh Resources Ltd	Business combination
2013	100% of shares in Crown Energy Iraq AB	Asset acquisition
2015	100% of shares in Simbo Petroleum No. 2 Ltd	Asset acquisition
2017	100% of shares in ESI Group S.A.	Business combination

5.4 Provisions related to the acquisition of licences and subsidiaries

In the exploration industry, it is common for the parties negotiating acquisition of a licence to agree on future additional considerations that are dependent on future events. Typically, additional considerations involve payments to the seller in the event of a commercial discovery. A probability assessment must be made every year-end for each potential future additional consideration. The following is a description of the potential future additional considerations that existed at 31 December 2019.

Manja Block 3108 (Madagascar)
Besides the settled consideration for the acquisition of the licence (via Amicoh Resources Ltd) in 2011 and 2012, an additional consideration was agreed upon in the event of a commercial discovery in Madagascar. Under the acquisition agreement, the seller will receive USD 4,000 thousand in the event of a commercial discovery. When calculating the cost of acquisition of the licence, a provision was made for this additional consideration. Based on the geological reports that Crown Energy received, the average probability of a commercial discovery in the licence area is 10%. Based on this report, it was assessed that the probability that an additional consideration will be paid to the seller corresponds to the geological probability of a commercial discovery, i.e. 10%. In calculating the present value of the provision for the additional consideration, a discount factor before tax of 6.0% (6.0) was used. At 31 December 2019, the estimated amount totalled USD 400 thousand (400) corresponding to SEK 3,727 thousand (3,588) at the closing day rate. The portion paid in the event of a commercial discovery is recognised at a value of SEK 3,602 thousand (3,272) after present value calculation. The discount and revaluation effect on the provision for the year was SEK -207 thousand (-400).

Block P (Equatorial Guinea)
In connection with the asset acquisition of the 5% working interest in Block P in Equatorial Guinea, a purchase agreement was signed that included several potential future additional considerations. The additional considerations depend on several factors. The maximum additional consideration totals USD 9.6 million. Crown Energy estimates at present that it is unlikely that any of these additional considerations will be paid in the future and has therefore not recognised them in the financial statements as a provision or outside of the financial statements as a contingent liability. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models, etc.).

Block 2B (South Africa)
A separate agreement was signed in addition to the purchase agreement in connection with the acquisition of Simbo Petroleum No. 2 Ltd (Simbo No.2), which owns the working interest in Block 2B. This agreement stipulates that an additional consideration be paid if the licence leads to production. The additional

consideration will be paid to the sellers of Simbo No.2. The first payment is due upon the start of production. The amount of the payment depends on the price of oil at the time of initial production. If oil prices are below USD 50 (minimum) at the start of production, the total payment will be SEK 66,828 thousand. The maximum additional consideration will amount to SEK 102,813 thousand if oil prices are and remain over USD 65. The payments will be made in instalments based on a share of Crown Energy's net revenue from production. There is currently great uncertainty about whether the previously mentioned additional consideration will be paid. There are several factors impacting the probability of settlement of the additional consideration that are beyond the control of Crown Energy: the probability of successful drilling (and advancing to production), the fact that the operatorship has changed, and that Africa Energy Plc will essentially have control over the asset. At present, Crown Energy assesses the probability of settlement to be low, and the additional consideration does not meet the requirements for recognition as a provision. Instead, it is recognised as a contingent liability, outside of the statement of financial position. Recognition of the additional consideration will be assessed on an ongoing basis and may change as the conditions of the licence change, e.g. in the event of successful test drilling. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models, etc.). The contingent liability is recognised at the maximum possible amount of the additional consideration, i.e. SEK 102,813 thousand.

5.5 Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment testing is done by cash generating unit, which in Crown Energy's case consists of each individually acquired licence. Crown Energy has evaluated each individual licence and assessed that the recoverable amounts exceed the carrying amounts. The facts and circumstances considered in this assessment include current oil prices. The following is a summary of Crown Energy's assessments of these circumstances. The following is a summary of Crown Energy's assessment of oil prices.

Oil prices

Oil price and fluctuation factors may indicate that an exploration and evaluation asset is impaired. Since Crown Energy is not currently in production, oil prices have not had a direct impact on asset values, as the carrying amounts are based on costs incurred, not on oil prices. However, a fall in oil prices could impact the entire industry by increasing the uncertainty of future investments. A significant effect of a fall in oil prices is the fact that the overall level of costs falls for exploration activities and development of discoveries for production. Provided that supplier agreements are negotiated based on current depressed costs and that long-term oil prices of USD 60-65 per barrel remain, development cost estimates could become even more profitable. Based on the nature of Crown Energy's assets, their geographical location, etc. combined with the types of investment currently being made in the industry and the general fall in exploration costs, the current assumptions about the long-term oil price are not deemed to indicate that the fair value of the Company's assets is lower than their carrying amount. See also the comments on oil prices in Note 3 Operational risks.

5.6 Valuation of investment property

Valuation process

The property portfolio is valued internally each quarter, whereby independent external valuation consultants and experts in the local property market have quality assured assumptions about market rents, operating costs, vacancies and yield requirements. The portfolio is valued by an independent external valuation consultant at least once a year.

Basis of property valuation

The valuations are based on observable and non-observable inputs. Examples of observable inputs are current rent figures, actual operating and maintenance costs, planned investments and current vacancy rates. Non-observable inputs include yield requirements, expected rent and vacancy levels and expected inflation and exchange rate trends. Given that the Group conducts property operations in Angola, which is considered a hyperinflationary economy, careful analyses and discussions with independent external consultants are required for assumptions about inflation and future market rent levels.

Valuation method

Each property is valued individually without considering any portfolio impact. The valuation is based on a cash flow model with individually assessed yield requirements for each property. The yield requirement is used to assess the value through a present value calculation during the calculation period and through a present value calculation of the residual value at the end of the calculation period. The calculation period is five years for owned properties, and the calculation period for leased properties is based on the lease period for the right of use. During the calculation period, income consists of agreed rent levels until the lease expires or is up for renegotiation. For the subsequent period, the rental income is calculated at the estimated market rent.

Factors impacting the valuation include existing rent levels and market rent figures, existing tenants and contract structures, current and future vacancies, operating and maintenance costs in the long term (based on actual costs) and assumptions about inflation.

Sensitivity analysis, property valuation

The valuation was performed by an external independent consultant at 31 December 2019. Yield requirements were determined separately for residential and office premises and were set at 12 and 13 per cent respectively. The weighted average cost of capital (WACC) for the market was estimated at 16.7 per cent for the period, before tax.

In connection with preparation of the valuation of the properties, a sensitivity analysis was carried out. According to the most recent valuation, the value range of the Company's property portfolio is SEK 129-168 thousand. The parameters used to produce the value range for the sensitivity analysis are ±0.5 per cent for yield requirements and WACC and ±5 per cent for current market rents.

6 SEGMENT INFORMATION

The Group has two segments matching the two business areas: Energy (oil and gas exploration) and Asset Development and Management (property and service operations). The chief operating decision-maker is deemed the Board of the Parent Company.

In the Asset Development and Management operating segment, the Company had two customers in 2019, each of which accounted for more than 10 per cent of sales. Together, these two customers represented approximately 33 per cent of total sales.

The following is a summary of the Group's carrying amounts for non-current assets by segment:

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

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

7 REVENUE

The Group has two main income streams: rental income from leases and income from service contracts with tenants. Rental income, which makes up most of the Group's income, is covered by IAS 17, which is why it is excluded from IFRS 15 and its disclosure requirements. Other operating income is not significant and refers to exchange rate effects.

Below is a summary of the Group's income categories, based on income from contracts with customers. The summary is based on the Group's operating segments:

Operating segments Group, amounts in SEK thousand	**Energy 2019**	**Property development and services 2019**	**Other and eliminations 2019**	**Total 2019**
Rental income	–	34,155	–	**34,155**
Service income	–	14,633	–	**14,633**
Other income	32	2,677	19	**2,728**
Total income	**32**	**51,465**	**19**	**51,516**
Of which revenue from contracts with customers, subject to IFRS 15	**–**	**14,633**	**–**	**14,633**
Time of revenue recognition				
At a specific time	–	–	–	–
Over time	–	14,633	–	14,633
	–	**14,633**	**–**	**14,633**

Operating segments Group, amounts in SEK thousand	**Energy 2018**	**Property development and services 2018**	**Other and eliminations 2018**	**Total 2018**
Rental income	–	53,349	–	**53,349**
Service income	–	23,284	–	**23,284**
Other income	19	-264	459	**214**
Total income	**19**	**76,369**	**459**	**76,847**
Of which revenue from contracts with customers, subject to IFRS 15	**–**	**23,284**	**–**	**23,284**
Time of revenue recognition				
At a specific time	–	–	–	–
Over time	–	23,284	–	23,284
	–	**23,284**	**–**	**23,284**

8 REMUNERATION OF AUDITORS

Group, amounts in SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
PwC:		
Audit engagements	931	1,504
Auditing aside from audit engagements	220	397
Tax consulting	28	325
Valuation services	–	46
Other services	94	59
Other audit firms:	–	
Audit engagements	154	150
Auditing aside from audit engagements	–	–
Tax consulting	–	–
Other services	–	–
Group total	**1,427**	**2,481**
Of which PwC	*1,272*	*2,331*

Parent Company, amounts in SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
PwC:		
Audit engagements	439	623
Auditing aside from audit engagements	220	397
Tax consulting	28	325
Valuation services	–	46
Other services	94	59
Parent company total	**780**	**1,450**

An audit involves reviewing the Annual Report and bookkeeping along with the administration of the Board of Directors and CEO, other tasks incumbent upon the Company's auditor to perform, and advice or other assistance prompted by observations made during the audit or the performance of other tasks. Everything else is tax consulting or other services.

9 SALARIES, FEES, OTHER REMUNERATION AND PAYROLL OVERHEAD

REMUNERATION OF AND TERMS FOR SENIOR EXECUTIVES AND THE BOARD

Remuneration 2019

Amounts in SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Board of Directors					
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	**150**
Jean Benaim, member	75	–	–	–	**75**
Alan Simonian, member	–	–	–	–	**–**
Yoav Ben-Eli, member*	121	–	–	–	**121**
Senior executives		–	–	–	
Andreas Forssell, CEO	1,597	–	–	431	**2,028**
Other senior executives	2,020			254	**2,274**
Total Board and senior management	**3,963**	–	–	**685**	**4,648**

* On 1 December 2019, Yoav Ben-Eli was employed by one of the Parent Company's subsidiaries in the Netherlands. Consequently, this individual received board fees only through the end of November 2019. Starting on 1 December 2019, Yoav Ben-Eli has received a monthly salary of EUR 5,000. Yoav Ben-Eli's employment is not included among the senior executives.

Remuneration 2018

Amounts in SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Board of Directors					
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	**150**
Jean Benaim, member	75	–	–	–	**75**
Alan Simonian, member	See below.	–	–	–	**–**
Yoav Ben-Eli, member 1)	75	–	–	–	**75**
Senior executives		–	–	–	
Andreas Forssell, CEO	1,589	–	–	433	**2,022**
Other senior executives	1,437			257	**1,695**
Total Board and senior management	**3,326**	**–**	**–**	**690**	**4,017**

Terms and guidelines relating to remuneration of and benefits for senior executives
See the Corporate Governance Report.

GENDER BREAKDOWN OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2019		2018	
Gender breakdown of board members and other senior executives	**Number at end of reporting period**	**Of whom men**	**Number at end of reporting period**	**Of whom men**
Group				
Board members	4	4	4	4
CEO and other senior executives	3	2	3	2
Group total	**7**	**6**	**7**	**6**
Parent Company				
Board members	4	4	4	4
CEO and other senior executives	3	2	3	2
Parent Company total	**7**	**6**	**7**	**6**

SALARIES, REMUNERATION AND PAYROLL OVERHEAD

	Group		Parent Company	
Salaries, remuneration and payroll overhead, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Salaries, fees and benefits				
Fees to Board members	294	300	294	300
CEO	1,597	1,589	1,597	1,589
Other senior executives	2,020	1,437	2,020	1,437
Other employees	4,401	3,285	995	678
Total salaries, fees and benefits	**8,312**	**6,611**	**4,906**	**4,004**
Contractual pension expenses				
CEO	431	433	431	433
Other senior executives	254	257	254	257
Other employees	97	30	97	30
Total pension expenses	**782**	**721**	**782**	**721**
Payroll overhead, incl. special employer's contribution				
Board members	–	–	–	–
CEO	–	604	606	604
Other senior executives	441	260	441	260
Other employees	612	412	336	220
Total payroll overhead, incl. special employer's contribution	**1,053**	**1,277**	**1,384**	**1,085**

AVERAGE NUMBER OF EMPLOYEES

	2019		2018	
Average number of employees	**Average number of employees**	**Of whom men**	**Average number of employees**	**Of whom men**
Group				
Sweden	5.0	3.0	4.3	1.5
Angola	13.0	7.0	14.0	8.5
The Netherlands	0.1	0.1	–	–
Group total	**18.1**	**10.1**	**18.3**	**10.0**
Parent Company				
Sweden	5.0	3.0	4.3	1.5
Parent Company total	**5.0**	**3.0**	**4.3**	**1.5**

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FINANCE INCOME AND EXPENSES

Group, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Finance income		
Exchange gains	125,367	419,004
Interest income	4,825	5,257
Provisions, reversal of discount effect	–	400
Other finance income	6	398
Total finance income	**130,198**	**425,060**
Finance expenses		
Exchange losses	-9,324	-99,341
Interest expenses, leases	-434	-938
Other interest expenses	-190	-212
Provisions, reversal of discount effect	-207	–
Dividend tax	-7,063	–
Total finance expenses	**-17,217**	**-100,492**
Net profit from financial items	**112,981**	**324,568**

Parent Company, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Interest income and similar items		
Exchange differences		
Exchange gains	534	1,242
Interest income, Group Companies	–	3,274
Other finance income	–	354
Total interest income and similar items	**534**	**4,870**
Interest expenses and similar items		
Exchange losses	–	–
Other finance expenses	-28	-120
Total interest expenses and similar items	**-28**	**-120**
Net profit from financial items	**506**	**4,750**

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NET EXCHANGE DIFFERENCES

Exchange differences are recognised in the income statement as follows:

Group, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Exchange differences on operating receivables and liabilities	2,585	-27
Net financial items	116,043	319,663
Total exchange differences	**118,629**	**319,636**

Parent Company, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Exchange differences on operating receivables and liabilities	19	-118
Net financial items	534	1,242
Total exchange differences	**552**	**1,124**

12 TAX

Tax reported in profit/loss:

Group, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Current tax	3,162	-4,874
Deferred tax	-75,746	-72,249
Total tax	**-72,584**	**-77,123**

Parent Company, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Current tax	–	–
Deferred tax	–	–
Total tax	**–**	**–**

Differences between the recognised tax expense and estimated tax expense based on current tax rates are as follows:

Group, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Profit before tax	206,183	264,032
Income tax calculated as per the Group's current tax rate	-45,360	-58,087
Tax effects of:		
Non-taxable income	11,645	19,180
Non-deductible expenses	-33,601	-22,790
Expenses to be deducted but not included in net profit	-266	-743
Tax losses for which no deferred income tax asset was recognised	-5,511	-4,649
Effect of foreign tax rates	467	-9,791
Adjustment of current tax for previous years	–	288
Other adjustments	42	-531
Recognised tax	**-72,584**	**-77,123**

Parent Company, amounts in SEK thousand	**01/01/2019 31/12/2019**	**01/01/2018 31/12/2018**
Profit before tax	-4,457	-8,112
Income tax calculated as per the current tax rate	981	1,785
Tax effects of:		
Non-taxable income	–	–
Non-deductible expenses	-6	-31
Expenses to be deducted but not included in net profit	-271	–
Taxable income not included in recognised profit/loss	–	-558
Tax losses for which no deferred income tax asset was recognised	-703	-1,197
Recognised tax	–	**–**

13 EARNINGS PER SHARE

The Company's earnings per share key ratio is calculated as: Earnings after tax divided by average number of shares for the period. This ratio is calculated both with and without dilutive effects.

DILUTIVE EFFECT

At 31 December 2019, the Parent Company did not have any warrants or other equity-related instruments issued.

EARNINGS PER SHARE AND NUMBER OF SHARES

At 31 December 2019, the Parent Company had 477,315,350 shares outstanding and no outstanding warrants or derivatives, resulting in no dilutive effect. The average number of shares in 2019 was 477,315,350. Profit before tax was SEK 206,183 thousand (264,032), and profit after tax was SEK 133,599 thousand (186,909), corresponding to SEK 0.28 (0.39) per share.

14 INVESTMENT PROPERTY

The Group's properties are held for the purpose of generating rental income and service income. For more information about how fair value was calculated, see Note 5 Critical accounting estimates and judgements.

At 31 December 2019, four of the Group's 15 properties were owned fully or partially and the rest were held under leases with the property owner.

For information about lease liabilities attributable to the investment properties, see Note *22 Leases.* For information about the Group's operating leases where Crown Energy is the lessor, see Note *22 Leases.*

Changes in carrying amount:

Group, amounts in SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Opening carrying amount	**653,073**	**720,597**
+ Capital expenditure for the period	2,995	4,404
- Disposals/depreciation for the period		–
+/- Unrealised changes in value:		
+/- Change in fair value	-43,279	-70,257
+/- Change in lease liability	-4,400	-12,354
Change in leases not affecting income	-43,052	
Reclassification to property assets held for sale	-435,767	–
+/- Exchange rate effects*	24,825	10,683
Closing carrying amount	**154,395**	**653,073**

* Exchange rate effects due to the revaluation from the US dollar to the Angolan kwanza and then to the Swedish krona.

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Owned properties	97,395	477,212
Investment property held under lease	57,000	175,861
Total carrying amount	**154,395**	**653,073**

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

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Fair value, investment properties	149,860	603,703
Reversal of lease expenses recognised as lease liabilities	4,535	49,370
Carrying amount at end of reporting period	**154,395**	**653,073**

The amounts recognised in profit or loss are as follows (note that service income and expenses attributable to service are included in this breakdown):

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Rental income	34,155	53,349
Service income	14,633	23,284
Direct expenses for the investment properties that generated rental income during the period	-16,212	-22,454
Direct expenses for the investment properties that did not generate rental income during the period	-909	-1,429
Amount recognised in profit/loss	**31,667**	**52,750**

15 EXPLORATION AND EVALUATION ASSETS

Changes in carrying amount:

Group, amounts in SEK thousand	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Opening carrying amount	**204,151**	**188,888**
Capital expenditure for the period	7,200	5,975
Increase through business combination	–	–
Translation and revaluation effects	4,390	9,288
Closing accumulated cost of acquisition	**215,741**	**204,151**

16 FINANCIAL ASSETS MEASURED AT AMORTISED COST

The following is a breakdown of the Group's financial assets measured at amortised cost, with fair values for disclosure purposes.

Due to the uncertainty of the Angolan currency, the Angolan subsidiary invests cash funds in Angolan government bonds indexed against the USD, which reduces the Group's currency risk somewhat. The bonds carry an interest rate of 7.0-7.75 per cent. Bonds with a maturity of more than one year were recognised as financial assets.

The receivable from ESI Angola Lda carries a market interest rate, which is recognised as accrued income.

Other current receivables mostly comprise prepaid preliminary tax and VAT receivable.

	31/12/2019		31/12/2018	
Group, amounts in SEK thousand	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:				
Government bonds	43,208	42,405	7,672	9,024
Current assets:				
Receivable from ESI Angola Lda	28,811	28,811	27,742	27,742
Other current receivables	1,844	1,844	1,605	1,605
Financial assets measured at amortised cost	**73,864**	**73,060**	**37,020**	**38,371**

17 TRADE RECEIVABLES

Carrying amount, trade receivables:

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Trade receivables	16,646	24,177
Allowance for bad debts	-430	-522
Carrying amount, trade receivables	**16,216**	**23,655**

Changes in trade receivables:

Group, amounts in SEK thousand	2019	2018
1 January	**23,655**	**29,415**
Net changes during the year	219	8,698
Change for the year in allowance for bad debts	-132	-530
Exchange rate effects	-7,525	-13,929
Closing carrying amount at 31 December	**16,216**	**23,655**

Carrying amount of trade receivables by income type (rental and service income):

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Trade receivables attributable to income recognised under IAS 17:		
Trade receivables attributable to rental income	11,504	13,195
Allowance for bad debts attributable to rental income	-267	-268
Carrying amount of trade receivables attributable to rental income	**11,236**	**12,926**
Trade receivables attributable to revenue recognised under IFRS 15:		
Trade receivables attributable to service income	5,143	10,990
Allowance for bad debts attributable to service income	-163	-262
Carrying amount of trade receivables attributable to service income	**4,980**	**10,728**

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in balance sheet and cash flow statement:

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Cash and bank balances	42,576	48,539
Bank deposits	–	2,968
Short-term investments	–	6,152
Total cash and cash equivalents in balance sheet and cash flow statement	**42,576**	**57,659**

Parent Company, amounts in SEK thousand	31/12/2019	31/12/2018
Cash and bank balances	4,203	22,648
Total cash and cash equivalents in balance sheet and cash flow statement	**4,203**	**22,648**

19 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

The share capital consists of 477,315,350 shares with a quota value of SEK 0.029.

Parent Company, amounts in SEK thousand	Number of shares	Share capital	Other paid-in capital	Total
Opening balance at 1 January 2018	**477,315,350**	**14,033**	**1,647,099**	**1,661,132**
Issue expenses	–	–	7	**7**
Closing balance at 31 December 2018	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**
Opening balance at 1 January 2019	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**
Closing balance at 31 December 2019	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**

20 DEFERRED TAX

The deferred tax liability recognised is expected to be settled after 12 months.
Deferred tax assets and liabilities are allocated in the balance sheet as follows:

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Deferred tax liability		
Deferred tax on surplus value in exploration assets	16,173	15,572
Deferred tax on surplus value in investment properties	99,570	69,834
Deferred tax on leased right of use	3	–
Total deferred tax liabilities	**115,746**	**85,407**

The Parent Company does not recognise any deferred tax.

Changes in deferred tax assets and liabilities for the year:

Group, amounts in SEK thousand	Surplus values in exploration and evaluation assets	Surplus values in investment properties	Rights of use, premises	Total deferred tax liability
At 1 January 2018	**14,290**	**17,639**	**–**	**31,929**
Recognised in income statement	–	72,249	–	72,249
Recognised in other comprehensive income	1,282	-20,054	–	-18,771
Recognised in equity	–	–	–	–
At 31 December 2018	**15,572**	**69,834**	**–**	**85,407**
At 1 January 2019	**15,572**	**69,834**	**–**	**85,407**
Change due to IFRS 16 Leases	–	–	9	9
Adjusted opening balance at 1 January 2019	**15,572**	**69,834**	**9**	**85,415**
Recognised in income statement	–	75,576	-6	75,570
Recognised in other comprehensive income	601	-45,840	–	-45,239
Recognised in equity	–	–	–	–
At 31 December 2019	**16,173**	**99,570**	**3**	**115,746**

21 OTHER PROVISIONS

Group, amounts in SEK thousand	Acquisition of Amicoh Resources Ltd Additional considerations	Total provisions
At 1 January 2018	**3,361**	**3,361**
Recognised in income statement:		
Discount and revaluation effect	-400	-400
Exchange differences	312	312
At 31 December 2018	**3,272**	**3,272**
At 1 January 2019	**3,272**	**3,272**
Recognised in income statement:		
Discount and revaluation effect	207	207
Exchange differences	123	123
At 31 December 2019	**3,602**	**3,602**

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Long-term component	3,602	3,272
Total provisions	**3,602**	**3,272**

For more information and a detailed description of the Company's assessments and assumptions regarding these provisions, see Note 5 *Critical accounting estimates and judgements*.

22 LEASES

Crown Energy as lessee

Breakdown of future minimum lease payments and their present value:

Group, amounts in SEK thousand	2019	2018
Future cumulative minimum leasepayments for finance leases:		
Within 1 year	3,664	29,939
Between 1 and 5 years	1,049	35,357
More than 5 years	–	6,422
Total minimum lease payments	**4,713**	**71,718**
Future financial expenses for finance leases	-178	-22,348
Present value of liabilities for finance leases	**4,535**	**49,370**

The present value of finance lease liabilities is as follows:

Group, amounts in SEK thousand	2019	2018
Within 1 year	3,580	-25,211
Between 1 and 5 years	955	-19,809
More than 5 years	–	-4,349
Total minimum lease payments	**4,535**	**-49,370**

Expenses attributable to finance leases that are included in net profit:

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Variable payments included in operating profit for the period	–	1,627
Changes in value in leased properties included in unrealised changes in value for the period	4,400	12,354
Financial expenses relating to finance leases for the period	424	938
Expenses attributable to finance leases that are included in net profit	**4,824**	**14,919**

Crown Energy as lessor

Breakdown of future minimum lease payments to be received from tenants:

Group, amounts in SEK thousand	2019	2018
Future cumulative minimum lease payments attributable to non-terminable operating leases:		
Within 1 year	16,253	25,540
Between 1 and 5 years	9,265	7,107
More than 5 years	–	–
Total minimum lease payments	**25,519**	**32,646**

23 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The following is a breakdown of the Group's financial liabilities measured at amortised cost, with fair values for disclosure purposes.

	31/12/2019		31/12/2018	
Group, amounts in SEK thousand	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Lease liabilities	4,535	4,535	49,370	49,370
Trade payables	9,899	9,899	6,131	6,131
Other current liabilities	6,770	6,695	4,555	4,406
Financial liabilities measured at amortised cost	**21,203**	**21,129**	**60,056**	**59,906**

Other current liabilities mainly comprise local taxes in the form of employee-related taxes and property-related taxes.

24 CONTRACT LIABILITIES

Below is a presentation of contract assets attributable to income recognised in accordance with IFRS 15:

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Deferred service income	5,937	–
Prepaid payment for C-View	62,925	–
Total contract liabilities	**68,862**	**–**

The performance commitment for service income is met on delivery of the service, which is normally once a month.

The payment for C-View is divided into six equal six-monthly payments over three years. Commitments relating to the prepaid payment for C-View are met when economic control has passed to the buyer. This occurs when the buyer has transferred the first two instalments, which had not happened by 31 December 2019.

As there were no opening balances, there is no income recognised in 2019 that was included in opening balances. At 31 December 2019, all contract liabilities were current.

25 ACCRUED EXPENSES AND DEFERRED INCOME

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Payroll overhead and other employee-related expenses	685	223
Various consultancy expenses	764	699
Audit fees	1,268	592
Board fees	500	200
Other accrued expenses	662	1,471
Deferred income	–	12,722
Total accrued expenses and deferred income	**3,880**	**15,907**

Parent Company, amounts in SEK thousand	31/12/2019	31/12/2018
Payroll overhead and other employee-related expenses	524	500
Various consultancy expenses	275	699
Audit fees	602	592
Board fees	500	200
Other accrued expenses	9	46
Total accrued expenses and deferred income	**1,910**	**2,037**

The Parent Company does not recognise any deferred income.

26 FINANCIAL INSTRUMENTS – CLASSIFICATION AND MEASUREMENT CATEGORIES

All of Crown Energy's financial assets are held for the purpose of collecting contractual cash flows, which means that they are measured at amortised cost. Most of Crown Energy's financial liabilities are measured at amortised cost. However, the provision attributable to additional consideration (in accordance with IFRS 3 Business Combinations) is measured at fair value through profit or loss.

		Measurement category			
Group, amounts in SEK thousand	**Note**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**
31/12/2019					
Financial assets					
Financial assets measured at amortised cost	18	–	43,208	–	–
Trade receivables	19	–	16,216	–	–
Other receivables		–	30,655	–	–
Cash and cash equivalents	20	–	42,576	–	–
Total financial assets		**–**	**132,655**	**–**	**–**
Financial liabilities					
Lease liabilities	24	–	4,535	–	–
Trade payables	25	–	9,899	–	–
Other current liabilities	25	–	6,770	–	–
Other provisions	23	3,602	–	–	–
Total financial liabilities		**3,602**	**21,204**	**–**	**–**

		Measurement category			
Group, amounts in SEK thousand	**Note**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**
31/12/2018					
Financial assets					
Financial assets measured at amortised cost	18	–	7,672	–	–
Trade receivables	19	–	23,655	–	–
Other receivables		–	29,347	–	–
Cash and cash equivalents	20	–	57,659	–	–
Total financial assets		**–**	**118,333**	**–**	**–**
Financial liabilities					
Lease liabilities	24	–	49,370	–	–
Trade payables	25	–	6,131	–	–
Other current liabilities	25	–	4,555	–	–
Other provisions	23	3,272	–	–	–
Total financial liabilities		**3,272**	**60,056**	**–**	**–**

27 TRANSACTIONS WITH RELATED PARTIES

The Parent Company and its subsidiaries are deemed to be related parties. Related parties are also defined as Board members, senior executives and their close relatives. Senior executives are defined as individuals who, with the CEO, comprise the management team. At Crown Energy, the employed senior executives comprise the CEO, COO and CFO.

PURCHASES AND SALES WITHIN THE GROUP

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

LOANS GRANTED TO RELATED PARTIES

In accordance with the acquisition agreement for ESI Group SA, all financial rights and obligations from properties and leases would be passed on to YBE Imobiliária Angola Lda as from 1 January 2017. Owing mainly to prepaid rent in 2016 for 2017, this resulted in YBE Imobiliária Angola Lda acquiring a receivable from ESI Angola Lda. ESI Angola Lda. is controlled by Yoav Ben-Eli, who is both a Board member and principal owner of the Parent Company. At 31 December 2019, this receivable amounted to the equivalent of SEK 28,811 thousand (25,456) and carries a market interest rate. The interest accrued amounted to SEK 4,613 thousand (2880).

PURCHASE OF SERVICES

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

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. (Simco). Alan Simonian, Board member and Company employee, currently owns 33 per cent of Simco via a family member and sits on Simco's board. Services from Simco are purchased on normal commercial terms. The consultancy agreement with Simco expired on 28 February 2019.

As part of the acquisition of ESI Group, the Company entered an agreement with ESI Angola Lda regarding property services for the properties in Angola. The agreement contains a fixed cost per property per month.

The Company also has an agreement with Betco Trading Services International Ltd (Betco) for various management services. Yoav Ben-Eli, Board member and the largest shareholder in the Company, is employed by Betco. Since 1 December 2019, Yoav Ben-Eli is an EU citizen and employed by one of the Group's subsidiaries in the Netherlands. The services provided by Betco will no longer include Yoav Ben-Eli, which is why the company will no longer be considered related.

REMUNERATION OF SENIOR EXECUTIVES

For information on the remuneration of senior executives, see Note 9 Salaries, fees, other remuneration and payroll overhead.

The following is a summary of services purchased from related parties in 2019 and 2018. The amounts at 31 December were calculated based on an average exchange rate for the year.

Key personnel in senior positions received the following remuneration:

Group, amounts in SEK thousand	Invoicing currency	Amounts in thousands of the invoicing currency		Amounts in SEK thousand	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
Remuneration for consulting (technical services), Peter Mikkelsen	GBP	4	9	47	109
Remuneration for consulting (technical services, etc.), Simco Petroleum Ltd	USD	20	122	189	1,056
Remuneration for consulting (technical services), ESI Angola Ltd.	AOA	537,655	519,732	14,156	18,605
Remuneration for consulting (management services), Betco Trading Services International Ltd	USD	336	336	3,174	2,920
Total				**17,566**	**22,690**

28 PARTICIPATIONS IN GROUP COMPANIES

Parent Company, amounts in SEK thousand	31/12/2019	31/12/2018
Opening cost	1,385,798	1,384,483
Shareholder contribution, Crown Energy Iraq AB	2,200	1,300
Acquisition of ESI Group S.A.	–	15
Closing carrying amount	**1,387,998**	**1,385,798**

The following is a breakdown of the Parent Company's subsidiaries:

	Corporate identity number	Principle place of business	Share of equity	No. of shares	Carrying amount, amounts in SEK thousand	
					31/12/2019	31/12/2018
Crown Energy Ventures Corporation	79456	British Virgin Islands	100%	100	500	500
Crown Energy Iraq AB	556673-5329	Stockholm	100%	100	24,204	22,004
ESI Group S.A.	B-179346	Luxembourg	100%	50,000	1,363,294	1,363,294
Crown Asset Development BV	73937673 (tax ID no. 859716582)	The Netherlands	100%	1,000	–	–
NHQ BV	73937673 (tax ID no. 859716855)	The Netherlands	100%	1,000	–	–
Closing carrying amount					**1,387,998**	**1,385,798**
Indirectly owned Group companies						
Amicoh Resources Ltd	667642	British Virgin Islands				
Simbo Petroleum No.2 Ltd	8542642	UK				
YBE Imobiliaria Lda.	2079-17	Angola				

29 PLEDGED ASSETS AND CONTINGENT LIABILITIES (PARENT COMPANY)

Contingent liabilities refer to the additional consideration for Simbo Petroleum No.2 Ltd and the Group has recognised it at the maximum amount that may be paid at the time of settlement. For more information on the additional consideration, see Note 5

Critical accounting estimates and judgements. No changes to the estimate of the contingent liability have been made since the previous financial year. The following is a summary of pledged assets and contingent liabilities:

Group, amounts in SEK thousand	31/12/2019	31/12/2018
Pledged assets	–	–
Contingent liabilities		
Additional consideration Block 2B	102,813	102,813
Total pledged assets and contingent liabilities	**102,813**	**102,813**

Parent Company, amounts in SEK thousand	31/12/2019	31/12/2018
Pledged assets	–	–
Contingent liabilities	–	–
Total pledged assets and contingent liabilities	**–**	**–**

30 SALE OF THE C-VIEW PROPERTY

Background

On 30 April 2019, Crown Energy signed an agreement for the sale of the C-View property in Angola. The buyer is the Angolan government via the Ministry of Finance (MINFIN).

The transaction will be made in Angolan kwanza and paid over three years in a total of six equal six-monthly payments. The payments are adjusted by a price index based on official inflation. The inflation compensation is determined before the final instalment is paid.

The Angolan Ministry of Finance will have title to the property in year three (3) after having paid the entire purchase price. Economic control passes to the buyer after the second instalment has been paid. In the spring and summer, the contract underwent a formal registration process at the Ministry of Finance in Angola, and the process ended in August 2019.

Due to delays in the registration process, the payment process for the transaction was also delayed. In December 2019, Crown Energy received the first payment from MINFIN. However, as mentioned above, economic control passes to the buyer only after the second payment.

Recognition

Until economic control passes to MINFIN, C-View will continue to be managed by Crown Energy, which means that the property is classified as an asset held for sale (as per IFRS 5) as from 30 April 2019. The asset was initially recognised in the quarterly report of 30 June 2019 at fair value (as per IAS 40 Investment Property), corresponding 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 an amount of 19,853 million kwanza. The fair value does not consider the fact that the payments from the buyer will be adjusted by a price index based on official inflation determined before the final payment. In the quarterly report of 30 June 2019, the fair value was equivalent to SEK 540,938 thousand. Due to the major devaluation of the Angolan currency, the value in SEK has fallen dramatically since initial recognition at 30 June 2019. At 31 December 2019, the fair value was SEK 383,586 thousand. These translation effects are recognised in other comprehensive income as exchange differences.

An unrealised profit of SEK 141,877 thousand arose in Q2 2019 as a result of the reclassification and revaluation of C-View between 31 March and 30 June 2019. Profit from the C-View sale will be realised only after economic control has passed to the buyer. When economic control has passed to the buyer, C-View will cease to be recognised as an asset held for sale and will be recognised as a receivable from the buyer.

Transaction expenses will be recognised as part of the net profit from the transaction in connection with the transfer of economic control.

In Q4, Crown Energy paid a mandatory fee of SEK 3,964 thousand to the Angolan Court of Auditors (Tribunal de Contas) as part of the conclusion of the formal registration process. This fee is classified as Other external expenses in the income statement.

The payment from MINFIN in December 2019 is recognised as deferred income (classified as a contract liability) until economic control has been transferred to MINFIN. The contract liability attributable to the C-View sale amounted to SEK 63,925 thousand as at 31 December 2019.

Deferred tax liabilities increased due to the change in valuation of the property.

31 CORRECTION OF ERRORS IN ACCOUNTING OF LEASES

In Q4 2018, it was noted that IAS 40 was misinterpreted as regards the accounting of leases. The fair value of an investment property held through a lease reflects expected cash flows. This means that if a valuation includes the payments that are expected to be paid, any recognised liabilities must be reversed so that they are not double counted in the accounts. The Group's valuation of properties includes these payments. Due to the misinterpretation, the carrying amount of investment properties corresponded to fair value without adjustment for the lease liability, which was also recognised under liabilities on the balance sheet. The effect of this is that the carrying amount of the Group's investment properties has been too low with an amount corresponding to lease liabilities for rented investment properties. The error occurred at 1 January 2016.

The misinterpretation occurred as a result of an incorrect Swedish translation of IAS 40 in FAR's IFRS volume. The incorrect translation involves the treatment of fair value of a rented investment property and results in a specific point (in IAS 40) being possible to interpret as the exact opposite of what the English original says.

The error was corrected by recalculating all affected items retrospectively. Correction of equity totalled SEK 102,253 thousand. For more information on the correction, see Note 32 in the 2018 Annual Report.

32 EFFECTS OF CHANGED ACCOUNTING POLICIES AS OF 1 JANUARY 2019

As from 1 January 2019, IFRS 16 is applied to the accounting of leases. The change from IAS 17 to IFRS 16 did not affect the Group's accounting of rights of use to buildings and land (investment properties). However, the change affects the Group's property, plant and equipment and interest-bearing liabilities related to the Parent Company's lease for the head office in Stockholm. The effects are presented as of 1 January 2019 below.

Consolidated balance sheet (excerpt), all amounts in SEK thousand	Closing balance at 31 Dec 2018	Adjustment for IFRS 16	Opening balance at Jan 2019
ASSETS			
Rights of use, premises (intangible assets)	–	711	711
Deferred tax assets	–	9	9
Total property, plant, and equipment	**865,718**	**720**	**866,438**
Prepaid expenses and accrued income	4,066	-142	3,924
Total current assets	**114,727**	**-142**	**114,585**
Total assets	**980,446**	**579**	**981,025**
EQUITY AND LIABILITIES			
Accumulated earnings	88,526	-37	88,489
Total equity	**811,899**	**-37**	**811,862**
Lease liability (non-current)	176	–	176
Total non-current liabilities	**88,855**	**–**	**88,855**
Lease liability (current)	49,194	616	49,810
Total current liabilities	**79,692**	**616**	**80,308**
Total equity and liabilities	**980,446**	**579**	**981,025**

33 EVENTS AFTER END OF REPORTING PERIOD

Africa Energy signs farmout agreement for Block 2B

On 25 February 2020, Africa Energy Corp (Africa Energy), Crown Energy's partner and the operator of Block 2B in South Africa, announced that it is signing two farmout contracts in which Africa Energy transfers a 62.5 per cent share of the exploration licence in return for payment in the form of financing (carry) of the next exploration well, Gazania-1, where drilling is expected to start at the end of 2020. Africa Energy will retain a 27.5 per cent share in the Block 2B licence.

Under the terms of the two farmout contracts, made with Azinam Limited (Azinam) and Panoro Energy ASA (Panoro), Africa Energy will farm out 50 per cent and 12.5 per cent of its shares and transfer the operatorship of Block 2B to Azinam.

Azinam is a private oil and gas exploration company focusing on Southern Africa and is financed by Seacrest Capital. Azinam is part of a group of oil and gas companies with upstream operations and extensive operational experience, including drilling several wells in the North Sea. Panoro is an independent oil and gas exploration and production company focusing on Africa and listed on the Oslo Stock Exchange.

Crown Energy's 10 per cent share is financed for future drilling and additional expenses for well testing.

For more information about Africa Energy and its farmout contracts, please see Africa Energy's website: www.africaenergycorp.com.

Global spread of COVID-19

From January 2020 until the release of this annual report, the spread of the COVID-19 virus has had major effects on the global economy. Among other things, travel has decreased drastically as a result of global restrictions and oil prices and stock exchanges around the world have collapsed. The effects are currently difficult to foresee, and conditions change daily, which is why Crown Energy cannot quantify any effects that the virus has or could have on the Group's operations. If the oil price continues to decline and this affects the long-term forecasts for the oil price, the Group's exploration assets may need to be written down. If the effects of the virus (declining oil prices, decrease in international presence in Angola etc.) also affect demand for housing and offices, then this could also affect the Group's property operations through reduced rental income and lower property valuations. The effects and measures resulting from COVID-19 are discussed on page [xx] of the Directors' Report in more detail.

Crown Energy ia closely monitoring reports on COVID-19, the oil price and the situation in the countries in which we operate. The next financial update will be made in connection with the interim report for Q1, which is scheduled to be presented on 8 May 2020.

34 KEY RATIOS

Amounts in SEK thousand unless otherwise stated	NOTE	01/01/2019 31/12/2019	01/01/2018 31/12/2018	01/01/2017 31/12/2017	01/01/2016 31/12/2016
PROFIT					
Rental and service income		48,788	76,633	110,483	150,161
Other operating income		2,728	214	811	–
Operating profit		-996	22,075	-105,254	99,191
Operating profit excl. items affecting comparability		-996	22,075	69,332	99,191
Net profit, after tax		133,599	186,909	-67,275	158,097
PROPERTY-RELATED KEY RATIOS					
Rental income		34,155	53,349	67,160	99,332
Service income		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, SEK thousand		31,145	51,222	*	*
Rent backlog, SEK thousand		25,519	32,646	*	*
Contractual annual rental revenues, SEK thousand		25,302	60,374	*	*
Contractual annual rental and service revenues, SEK thousand		34,503	78,865	*	*
Area occupancy rate, %***		73%	55%	73%	87%
Economic occupancy rate, %***		58%	44%	*	*
WAULT, months		12.1	6.7	14.3	**
Market value of portfolio		149,860	603,703	618,344	631,108
Leasable area, thousands of square metres***		20.0	31.7	40.1	30.2
Number of properties at end of period		15	16.00	16.00	19.00
FINANCIAL KEY RATIOS					
Return on equity (ROE), %		2.5%	22%	neg.	7%
Return on assets (ROA), %		2.0%	18%	neg.	5%
EBITDA		-8,186	22,348	-105,212	99,191
Adjusted EBITDA		-8,186	22,348	69,374	99,191
EBITDA margin, %		neg.	19%	neg.	66%
Adjusted EBITDA margin, %		neg.	19%	62%	66%
Equity/assets ratio, %		77%	83%	82%	72%
Total assets		914,342	980,446	1,070,642	790,320
Equity		701,051	811,900	874,363	579,913
Average equity		756,475	843,132	727,138	499,339
Average assets		947,394	1,025,544	930,481	678,763
DATA PER SHARE					
Basic shares outstanding, thousand	3	477,315	477,315	477,315	353,268
Diluted shares outstanding, thousand	3	477,315	477,315	477,315	353,268
Average number of shares, thousand	3	477,315	477,315	401,297	353,268
Average no. of shares after dilution, thousand	3	477,315	477,315	401,297	353,268
Basic earnings per share, SEK	3	0.28	0.39	-0.17	0.45
Equity per share, SEK	3	1.47	1.70	1.83	1.64
EMPLOYEES					
Average number of employees		18.1	16.8	15.5	15.0

* From Q3 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 stands for weighted average unexpired lease term. The average unexpired lease term was not weighted for periods before Q3 2018. Key figures were not calculated for the full year 2016.

*** The key figures in terms of floor space/economic occupancy rate and leasable area do not include the C-View property in 2019.

The Board and CEO ensure that the consolidated accounts were prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and earnings. The Annual Report was prepared using generally accepted accounting practices and provides a true and fair view of the Parent Company's financial position and earnings. The Directors' Report for the Group and Parent Company provides a true and fair summary of the performance of Group and Parent Company operations, along with their financial positions and earnings, and describes significant risks and uncertainties faced by the Parent Company and Group companies.

Earnings from Group and Parent Company operations and their financial positions at the end of the financial year are indicated in the income statements, balance sheets, cash flow statements and related notes.

Balance sheets and income statements will be presented for approval at the AGM to be held on 28 April 2020.

Stockholm, 31 March 2020

Pierre-Emmanuel Weil
Chairman of the Board

Alan Simonian
Board member

Jean Benaim
Board member

Yoav Ben-Eli
Board member

Andreas Forssell
CEO

Our audit report was submitted on 31 March 2020
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

AUDITOR’S REPORT

To the general meeting of the shareholders of Crown Energy AB (publ), corporate identity no. 556804-8598

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Crown Energy AB (publ) for the 2019 financial year. The annual accounts and consolidated accounts of the company are included on pages 27–71 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Directors’ Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend to the Annual General Meeting that the income statement and the balance sheet for the Parent Company and the Group be adopted.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report submitted to the Parent Company’s and the Group’s Board in accordance with Article 11 of EU Regulation 537/2014 on statutory audits.

Basis for opinions

We conducted the audit according to International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the ‘Auditor’s responsibility’ section. We are independent of the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have fulfilled our ethical responsibility under these standards. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of EU regulation 537/2014 on statutory audits were provided to the audited company or, as the case may be, its Parent Company or the companies under its control within the EU.

We consider that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered the areas in which the CEO and the Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Board and the CEO overriding internal controls, including consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to perform an appropriate examination to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

Operations in Sweden consist of the Parent Company and four subsidiaries in Sweden and the UK. The companies are managed, administered and supervised from the head office in Stockholm, Sweden. The subsidiaries are only the legal owners of oil and exploration rights. We have therefore focused our audit on the operations conducted by the Parent Company, taking into consideration the company’s control environment and existing business processes and the Group management’s supervising controls.

Operations in Angola consist of a company that owns and leases homes and offices and leases them to other legal entities in Angola. Angolan operations are owned via a holding company in Luxembourg. We visited the business in Angola in 2018.

We have audited the annual financial statements for the Crown Group, including the Parent Company, consolidation and the subsidiaries. We also conducted a limited review of the interim report as of September 30 and performed an assessment of the key controls over financial reporting based on the company’s scope and organization. The central audit team also performed statutory audits in Sweden for all Sweden subsidiaries. The statutory audit of the subsidiary in the UK is performed by a local auditor. Operations in Angola are audited by the local team in Angola based on separate instructions from the Group team. The units covered by the audit of Group reporting represent 100 per cent of the Group’s assets, income, expenses and earnings.

Materiality

The scope of our audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free of material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or together, they could reasonably be expected to influence the financial decisions made by users based on the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including for the financial reporting as a whole. Using these thresholds and qualitative considerations, we determined the scope of our audit and the nature, timing and extent of our audit procedures, and assessed the effect of misstatements, both individually and together, on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of our audit of, and our opinion on, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of exploration and evaluation assets We refer to Note 2.15 Exploration and evaluation assets (intangible assets), Note 5 Critical accounting estimates and judgements and Note 17 Exploration and evaluation assets. The consolidated balance sheet includes exploration and evaluation assets for a total of SEK 215.7 million. The assets comprise approximately 23.6 per cent of the consolidated balance sheet. The assets relate to four different regions and comprise both contingent and prospective assets. Crown Energy's valuation of exploration and evaluation assets is based on a Competent Person's Report (CPR) on Crown Energy's assets. The most recent available report is dated 28 September 2017 and includes all assets. The report was prepared by Dunmore Consulting and is based on previous reports from 2016 and updated data from experts at Crown, ERC Equipoise and Netherland, Sewell & Associates, Inc. (NSAI). The CPR and the company's own valuation show that the company's oil and gas assets are unchanged compared with the corresponding report from Dunmore Consulting in July 2016. In 2019, in accordance with the requirements of IFRS 6 and IAS 36, the company tested whether there were indications of a need to impair the assets in any region. The company's assessment did not indicate any need to impair exploration and evaluation assets in any region.	In our audit we carried out a number of audit procedures to verify that the impairment tests carried out by Crown Energy were based on generally accepted valuation methods and reasonable assumptions of factors such as future cash flows and discount rates. Our audit procedures included a review of the company's forecasts and assumptions related to oil prices and exploitation expenses. We verified that the assumptions applied in the forecast of future cash flows are consistent with the forecasts given in the CPR of 28 September 2017. We also evaluated the company's analysis of the sensitivity of the valuation to changes in key parameters, which could result in a need for impairment.
Valuation of investment properties We refer to Crown Energy's discussion of the valuation of investment properties in the Directors' Report, in Note 2.12 Investment properties and Note 14 Investment properties. The value of investment properties as at 31 December 2019 was SEK 154 million. Investment properties represent a significant item on the balance sheet. The valuation of investment properties is subjective in nature and subject to management assessments of factors such as the location, condition and future rental income of each property. All investment properties were valued in 2019 by an external valuer. As of 31 December 2019, eight of the total of 15 properties were subject to external valuation by EY in Portugal. Other properties were valued internally by the company. When determining the fair value of a property, the valuers take into consideration the latest information about each property such as current leases, rental income and operating expenses. To arrive at the final valuation, the valuers apply assumptions and make assessments of future cash flow, net operating profit and estimated market rent, plus assumptions about prevailing yield requirements and comparable market transactions. The significance of the estimates and assessments used to determine fair value, plus the fact that the amounts are significant, means that the valuation of investment properties is a key audit matter.	The audit team, including our valuation specialists in Sweden, obtained and reviewed the valuation reports for all properties and ensured that the valuations are in accordance with the accepted valuation method. We also tested and challenged the management data used in the valuation models. We did this to ensure that the information on which the external valuations were based is correct, complete and verifiable. We held meetings with those responsible for the valuation and discussed significant assumptions and assessments. Our work included all investment properties in the portfolio. We assessed the reasonableness of the yield requirements before tax that the external valuer used by comparing them with the estimated range of expected yield requirements and benchmarks with available market data for Angola. The valuations are based on assessments and are inherently uncertain by their very nature. Based on our audit, our opinion is that the assumptions used by the Crown Energy Group are within a reasonable range.
Property assets held for sale We refer to Crown Energy's discussion of the valuation of investment properties in the Directors' Report, in Note 2.12 Investment properties and Note 14 Investment properties. On 30 April 2019, via its subsidiary YBE Imobiliaria LDA, Crown Energy made a contract with the Angolan Ministry of Finance for the sale of the company's most important property, C-View, for AOA 21.750?? million. As from Q2 2019, the property was classified as an asset available for sale under the requirements in IFRS 5. The transaction price will be paid over three years in six equal six-monthly payments, with the transfer of economic control to the buyer after the second payment and transfer of title after payment of the full purchase price has been received. The asset available for sale as at 31 December 2019 was valued at the initially agreed purchase price given in the contract, translated into SEK as at the balance sheet date, discounted by a risk-free rate of 7.5%, which is based on Angolan government bonds.	The audit team obtained the approved contract for the sales transaction and assessed relevant terms and conditions. Our opinion is that the reclassification from investment properties to assets available for sale was in accordance with the requirements in IAS 40 and IFRS 5. The calculation of fair value for the property was obtained, key parameters used in the calculation were confirmed, and its mathematical accuracy was assessed. We also assessed the possibility of receiving the sales price based on discussions with the company management and observations of relevant information available at the time of our auditor's report. Based on our work, we did not observe any facts or circumstances that could indicate that the purchase price will not be received.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts. This is on pages 1–26 and 75–76. The Board and the CEO are responsible for this other information.

Our opinion concerning the annual accounts and consolidated accounts does not include this information and we do not give an assured opinion on this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this review, we also take into account the knowledge we have obtained during the audit and assess whether the information appears to contain material misstatements in other respects.

If, based on the work performed concerning this information, we conclude that the other information contains a material misstatement, we are liable to report this. We have nothing to report in this respect.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and ensuring that they provide a true and fair view in accordance with the Annual Accounts Act and, for the consolidated accounts, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control they deem necessary for the preparation of annual accounts and consolidated accounts that contain no material misstatements, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's and the Group's ability to continue as a going concern. Where appropriate, they disclose circumstances that may affect the ability to continue business operations and to apply a going concern assumption. However, a going concern assumption is not applied if the Board of Directors and the CEO intend to wind up the company or cease operations or have no realistic alternative to exercising one of these options.

Responsibility of the auditor

Our objective is to obtain reasonable assurance that the annual accounts and consolidated accounts do not contain any material misstatements, whether due to fraud or error, and to submit an auditor's report that contains our opinions. Reasonable assurance is a high level of assurance, but is no guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always identify a material misstatement if such a misstatement is present. Misstatements may arise due to fraud or error and are regarded as material if, individually or together, they may reasonably be expected to affect the financial decisions that users make based on the annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have examined the administration by the Board of Directors and the CEO of Crown Energy AB (publ) for the 2018 financial year and the proposed appropriation of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the Directors' Report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the 'Auditor's responsibility' section. We are independent of the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have fulfilled our ethical responsibility under these standards.

We consider that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss. Proposing a dividend involves, among other things, an assessment of whether the dividend is reasonable with regard to the requirements that the nature, scope and inherent risks of the business operations of the company and the Group make of the size of the equity, consolidation needs, liquidity and financial position as a whole of the Parent Company and the Group.

The Board of Directors is responsible for the organisation of the company and management of the company's affairs. Among other things, this involves continually assessing the company's and the Group's financial position and ensuring that the company is well organised so that the bookkeeping, asset management and other financial affairs of the company are adequately monitored. The CEO is responsible for ongoing management in accordance with the guidelines and instructions issued by the Board of Directors and for taking the measures necessary to ensure that the company's accounts are completed in accordance with the law and the company's assets are managed adequately.

Responsibility of the auditor

Our objective with regard to our audit of the management of the company, and thus our opinion on discharge from liability, is to obtain audit evidence to be able to assess, with a reasonable level of assurance, whether any Board member or the CEO has, in any material respect:

- taken any action or been guilty of any negligence that may lead to the company being liable for damages,
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective in our audit of the proposed appropriation of the company's profit or loss, and thus our opinion on this, is to assess with reasonable assurance whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always identify actions or negligence that may result in liability for damages to the company, or identify that a proposal for appropriation of the company's profit or loss is not consistent with the Swedish Companies Act.

A further description of our responsibility for the audit of the management is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, Sweden, was appointed Crown Energy AB (publ)'s auditor by the AGM on 14 May 2019 and has been the company's auditor since 27 August 2010.
Stockholm, 31 March 2020

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

GLOSSARY AND KEY RATIO 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

Total assets
Total assets at the end of the period. Total assets is a measure of the value of Crown Energy's assets at the end of the period.

Return on equity (ROE)
The amount of net income returned as a percentage of shareholders' equity. Return on equity is used to highlight Crown Energy's ability to generate profit on shareholders' capital in the Group.

Return on assets (ROA)
This ratio measures profitability relative to total assets. Return on assets is used to highlight Crown Energy's ability to generate profit on the Group's assets, unaffected by the Group's financing.

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

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

EBITDA margin
Measurement of the company's operating profit as a percentage of sales. The EBITDA margin is used to compare EBITDA in relation to sales.

Equity, SEK
Equity at end of period.

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

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

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

Operating profit excl. effect of 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 incl. effect of reverse acquisition
Earnings before financial income and expenses and taxes. Used to measure operating profitability.

Equity/assets ratio, %
Equity including the minority as a percentage of total assets. Equity/assets ratio is used by Crown Energy to highlight its i nterest rate sensitivity and financial stability.

Data 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.

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.

*Earnings per share, SEK**
Earnings after tax divided by average number of shares for the period. Used to show the shareholders' share of a company's earnings per share.

Employees
*Average number of employees***
Average number of employees during the period.

PROPERTY-RELATED DEFINITIONS AND GLOSSARY

Economic occupancy rate**
Calculated by dividing contracted annual rental income by rental value. This figure is used to help facilitate the assessment of rental income in relation to the total value of available, unleased area. Note that this calculation does not include service income.

Rental value means rental income plus assessed market rent for unleased area.

Operating net
Total income less property costs.

Rental income*
Billed rent, rent surcharges and rental guarantees less rent discounts.

Rent backlog**
Outstanding rental income during remaining contract term. Rent backlog is used to highlight the Group's remaining contract value for rental income at a given point in time. Cannot be derived from the Company's financial reporting.

Revenue backlog**
Outstanding rental and service income during remaining contract term. 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 income*
Service billed in accordance with client contract. Service may, depending on how the contract is designed, include everything from operating costs to internet and catering costs.

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 income. Calculated by dividing contracted rental income until expiry by annual contracted rent. Normally expressed in years, but Crown Energy uses months.

Area occupancy rate**
Leased area in relation to total leasable area at the end of the period.

Leasable area, sqm**
Leased area plus leasable vacant area.

Surplus ratio**
Operating net divided by total income.

CONCEPTS AND MEASUREMENTS RELATED TO THE OIL INDUSTRY

Block/Concession/Licence
A country's exploration and production areas are divided into different geographical blocks. Agreements are entered with the host country that grant the company the right to explore and produce oil and gas within the specified area in exchange for the company paying a licence fee and royalties on production.

Farm in
Farm in means that a company reaches an agreement with another company concerning the financing of part or all of the other company's project in return for a participating interest in the project.

Farmout
Farmout means that a company reaches an agreement with a partner that bears the cost of part or all of a project in return for a participating interest in the project.

MBOE/MMBOE
Thousand barrels of oil equivalents/Million barrels of oil equivalents.

Onshore
Refers to operations on land.

Offshore
Refers to operations at sea.

Operator
A company that has the right to explore for oil in an area and to pursue production at an oil discovery. Small operators often let other companies buy working interests in their rights to reduce the risk and share costs.

Prospect
A geographical exploration area in which commercial quantities of oil or gas have been found.

Exploration
Identification and investigation of areas that may contain oil or natural gas reserves.

Reserves and resources
Oil assets are divided into reserves and resources. The difference is in how far the oil company has come in working on the licence, if the discoveries are of a commercial nature, etc. In short, resources are considered reserves when they are deemed commercially recoverable and a development plan has been approved by the local licensing authority. Reserves are divided into proven, probable and possible. Resources are divided into contingent and prospective categories. Crown Energy calculates reserves and resources in accordance with the Society of Petroleum Engineers Petroleum Resources Management System of 2007.

Reservoirs
Accumulated oil or gas in a porous type of rock with good porosity, such as sandstone or limestone.

Seismic data
Seismic surveys are conducted to describe geological structures in the bedrock. Sound signals (blasts) are sent from the surface of the ground or the sea and the reflections are captured by special measuring instruments. Used to localise hydrocarbons.

* Measure defined by IFRS/IAS.

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

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