

Crown Energy AB: Half-year report 2019

PRESS RELEASE 09/08/2019

Q2 – APRIL-JUNE 2019

- ▶ Revenue amounted to SEK 12,492 thousand (19,060).
- ▶ Operating profit amounted to SEK 1,861 thousand (5,329).
- ▶ Unrealised changes in property values amounted to SEK 133,974 thousand (-27,883), of which SEK 141,877 thousand (0) relates to unrealised changes in value of property assets held for sale.
- ▶ Profit before tax amounted to SEK 151,262 thousand (181,828), and profit after tax amounted to SEK 108,572 thousand (164,320), corresponding to SEK 0.23 (0.34) per share.

HALF-YEAR PERIOD– JANUARY-JUNE 2019

- ▶ Revenue amounted to SEK 25,538 thousand (39,660).
- ▶ Operating profit amounted to SEK 4,863 thousand (12,358).
- ▶ Unrealised changes in property values amounted to SEK 103,913 thousand (-46,372), of which SEK 141,877 thousand (0) relates to unrealised changes in value of property assets held for sale.
- ▶ Profit before tax amounted to SEK 148,397 thousand (224,115), and profit after tax amounted SEK 86,333 thousand (173,687), corresponding to SEK 0.18 (0.36) per share.

KEY EVENTS DURING REPORTING PERIOD JANUARY-JUNE 2019

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

Economic control is transferred to the buyer already after the second instalment. Up until the economic control is transferred to the buyer, C-View will continue to be managed by Crown Energy, which means that it will be classified as an asset held for sale (up until the control is transferred). The asset is valued at fair value, which equals to the agreed purchase price, discounted over the payment period of three years. As per 30 June 2019, the fair value amounts to corresponding SEK 540,938 thousand.

The unrealised change in value for C-View during the second quarter amounts to SEK 141,877 thousand. When the economic control is transferred, C-View will be derecognised as an asset held for sale and instead be recognised as a receivable on the buyer. At this time, the profit from the transaction is realised.

The deferred tax liability has increased by SEK 43,152 thousand as a result of the higher valuation.

The agreement is subject to a formal regulatory registration process in Angola. This process is not finalised, which means that Crown Energy has not been able to receive the first instalment.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

During the period, Crown Energy has continued the efforts in order to generate new business. Major steps have been taken in a positive direction, leading to gains in both Energy and Asset Development and Management business areas. We hope to capitalise on this soon. The situation has been relatively stable in the oil and gas market and the energy market and we continue to have a positive outlook on new business and thus on the prospects for substantial growth for the Company.

The currency situation in Angola has stabilised significantly during 2019 compared to 2018. Therefore, the Company's net financial items are not affected to the same extent as in previous periods. This is an indication that the devaluation that was carried out in the first quarter last year, as well as other market measures implemented in Angola, is starting to have positive effects on the country's economy. This development is of course good for the part of Crown Energy's business that is attributable to this market.

The property business has been relatively steady compared with first quarter this year. The financial result, as well as key ratios have been affected during the period, mainly due to the sale of the C-View property which the Company announced the 30 April. Positive unrealized changes in value have been recorded in the income statement as a result of the C-View sale. Also, the occupancy rate has increased as a result of that C-View, which had a low occupancy rate, is excluded in the total leasable area.

For the energy business, the Company has not reported anything significant during the period, but our oil and gas projects have generally developed well in the relatively steady oil price environment, with prices of crude oil fluctuating between USD 60 and USD 70 per barrel in the quarter and up to today. Investments in the energy sector in general and in the oil and gas industry specifically are expected to increase going forward. We maintain the trust that Crown Energy's assets within the Energy business will be attractive to outside interest. Crown Energy's business model, developing assets in early stages and then introducing them to bigger players in the industry for trade sale exits or partner farm-in transaction, is very suitable in this market.

BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE

The sale of a large asset after the interim period will contribute capital for future investments in Asset Development and Management. Much time and effort are being invested in establishing Crown Energy's Asset Development concept in new markets, primarily through new customer sales.

OUTLOOK

The Company now continues its progress towards a larger and even more stable foundation to stand on. We will make use of our contacts in the oil industry to generate business in new and existing markets, and future cash flows should ensure faster development of the Company's existing assets. Our capital and organisation are and will be further adapted to accommodate an exciting continuation of Crown Energy's development efforts.

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

Andreas Forssell
CEO, Crown Energy

This information is information that Crown Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication through the agency of the contact person below on 9 August 2019 at the time stated by Crown Energy's news distributor Cision at the of publication of this press release.

MORE INFORMATION

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ABOUT CROWN ENERGY

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