

Annual Report 2021

Petrogrand AB

556615-2350

Key figures for the Group

	2021	2020	Definitions
Capital structure			
Equity, TSEK	29 964	27 701	Shareholders ' equity at end of period
Equity ratio, %	98	98	Equity in% of balance sheet total
Cashflow and liquidity			
Cash flow before investments, TSEK	-1 985	-882	Operating profit after adjustments for non-cashflow items minus the change in working capital
Cash flow after investments and financing, TSEK	3 225	-882	Operating profit after adjustments for non-cashflow items minus the change in working capital and investments, and after financing
Cash and cash equivalents, TSEK	7 775	4 608	Bank and cash balances at the end of period
Employees			
Average number of employees	3	4	
Share data			
Number of outstanding shares at end of period	40 265 898	40 265 898	Number of shares at the end of the reporting period
Average number of shares outstanding during the year	40 265 898	40 265 898	The weighted average number of shares actually outstanding during the period
Ratio, SEK	0.25	0.25	Share capital divided by the number of outstanding shares
Earnings per share, SEK	0.06	-0.12	Profit after tax divided by the average number of shares outstanding during the period
Equity per share, SEK	0.74	0.69	Shareholders ' equity divided by the number of shares outstanding at the end of the reporting period

The Board of Directors and CEO of Petrogrand AB (publ), corporate identity number 556615-2350, hereby submit the annual and consolidated accounts for the financial year January 1 - December 31, 2021.

Group structure and the nature of the company

Petrogrand AB (publ) (Petrogrand) is a Swedish company which previously held oil exploration licences in Russia. These operations have been discontinued and currently the company focus on managing its capital. Petrogrand AB has one wholly owned subsidiary in Sweden.

The parent company has its registered office in Stockholm.

In 2021 the third and last of the earlier Russian subsidiaries was liquidated. At the end of the reporting period the group consisted of the Swedish parent company and the wholly owned Swedish subsidiary Petrogrand Invest AB.

The number of shareholders in the parent company amounted to approximately 2,500 as of 31 December 2021. The parent company is affiliated to the Euroclear system in Sweden.

Significant events during the year

On 30 June 2021, the Annual General Meeting (AGM) of Petrogrand AB (publ) re-elected Gunnar Danielsson, Stefano Germani, Jesper Sevelin and Maxim Korobov as board members. Gunnar Danielsson was appointed Chairman of the Board by the AGM. Winthers Revisionsbyrå AB with Ragnar Santesson as auditor in charge, was re-elected as the company's auditor.

In early 2018, the company entered into a financing agreement with Petroneft Resources Plc. The company lent a total of 2.5 MUSD at an interest rate of Libor + 9%. As a part of the financing agreement a bonus component of 2.5 MUSD per license is included if either or both licenses are sold. The bonus component is valid for a period even after the loan is fully repaid. Petroneft is actively seeking to divest both their licenses while in parallel developing the assets. The agreement has been renegotiated and extended on several occasions, for further details see note 10. The loan matures in December 2022.

In February 2021 Petrogrand's bank at the time, Danske Bank, terminated all engagements between Petrogrand and the bank. Petrogrand is of the view that the termination was unfounded and despite Petrogrand answering all inquiries in detail, refuting the arguments of the bank, they maintained their position. A large number of companies in Sweden with operations connected to Russia or other foreign regions have been affected by similar terminations by Swedish banks. The actions by the bank put the company in a dire situation. After extensive efforts Petrogrand has established new bank relations with a large international European bank and as of the end of 2021 has a satisfactory bank engagement.

In April 2015 the then board of Petrogrand targeted a claim against the board of directors of Petrosibir AB (publ) which in December 2013 dismissed Petrogrand's request to convert a convertible bond, that had been issued by Petrosibir. Soon after the claim had been sent to the former directors of Petrosibir the claim was assigned and sold to a Russian company. The Russian company shortly thereafter further assigned the claim to a newly incorporated Cypriot company. The assignments included the right of Petrogrand to 50 % of any funds that the claim might result in. The Cypriot company, Lemerdo Limited filed a lawsuit against the former directors of Petrosibir in the Swedish Districts court (Stockholms tingsrätt). Judgement was announced in January 2019, not in favor of Lemerdo Limited. Lemerdo filed an appeal against the judgement in the Court of appeals. On the same date as the main hearing, in mid-April 2021, the parties informed the court that they had settled out of court and the case was revoked. As such Petrogrand has a claim on Lemerdo Limited amounting to 50 % of the settlement amount less legal costs. The board of directors in Petrogrand who had carefully monitored the proceedings, immediately sent claims to the legal representatives of Lemerdo in Sweden, as well as to Lemerdo in Cyprus. In addition, a claim has been sent to a former CEO of Petrogrand who according to the earlier judgement in the Districts court, is the ultimate beneficiary owner of Lemerdo Limited. None of the parties involved have confirmed receiving the claims of Petrogrand and in addition show no signs of honoring the assignment agreement.

It appears obvious that the main person involved in the original assignment of the claim, i.e. the earlier CEO of Petrogrand and beneficiary owner of Lemerdo, never had the intention of honoring the

agreement that stipulate the right of Petrogrand to 50 % of the claim and consequently 50 % of the settlement amount. Petrogrand has initiated legal proceedings in both Sweden and Russia. In order not to damage the ability to successfully process in both jurisdictions the company will refrain from providing further comments.

Operations

Petrogrand has discontinued its oil and gas operations and in 2020 the license Nizhnepaninsky was relinquished to the Russian state authority. The liquidation of the last remaining Russian subsidiary was completed in 2021. This means that the company's activities of exploration for oil and gas have ceased. The Company's focus is to manage the capital of the company and to maximise the return to shareholders.

Revenue and result – the Group

Petrogrand had no revenue during the year.

Administrative expenses amounted to -2,756 TSEK (-3,255) TSEK. The operating result amounted to -2,756 TSEK (-3,255) TSEK.

Financial income amounted to 2,271 (2,630) TSEK.

Net financial items during the period amounted to 5,024 (-1,376) TSEK. The positive financial net is due to interest on the loan to Petroneft and positive currency exchange effects on the Company's USD denominated assets, i.e. mainly the loan to Petroneft.

Cashflow and liquidity

Total cash and cash equivalents as per 31 December 2021 amounted to 7,775 TSEK (4,608).

As of 31 December 2021, the loan to Petroneft Resources plc amounted to 20,780 (23,519) TSEK. A partial repayment of 20 % has been made during the year.

Employees

As of 31 December 2021, the number of employees within the group were 3 (4) persons, whereof 0 (1) women and 3 (3) men.

Disputes

The company had no known ongoing disputes as of 31 December 2021.

Parent company

In 2021, the financial income amounted to 2,271 TSEK (2,630) with a result before tax of 2,132 (-4,450) TSEK. The administration costs of the company were covered by interest income and positive currency exchange effects on the Company's loan to Petroneft. The parent company's available funds as per 31 December 2021 amounted to 7,775 TSEK (4,608). The number of full-time employees at year-end was 2 (2).

Shares and ownership structure

Shares and Share Capital

The company's share capital amounted to SEK 10,066,474.50 and was distributed at 40,265,898 outstanding shares at the end of 2021, each with a quota value of SEK 0.25.

At the closing date, the limits for the share capital was a minimum of 10,000,000 SEK and a maximum of 40,000,000 SEK and the limit for the number was a minimum of 20,000,000 shares and a maximum of 80,000,000 shares. The share capital is denominated in SEK and each share entitles to one vote. All shares have equal rights to the company's assets and profits. Petrogrand owns no own shares. There are no restrictions on dividends or special procedures for shareholders residing outside Sweden. As far as the Board of Directors of Petrogrand is aware, there are no consortium agreements or other similar agreements that restrict or change the right of shareholders to vote at the Annual General Meetings of the Company.

Ownership

The number of shareholders amounted to approximately 2,500 on 31 December 2021. The table below shows the largest shareholders as at 31 December 2021.

Ownership structure in Petrogrand AB as of 31 December 2021

The largest shareholders	Number of shares	Ownership %
Natlata Partners LTD*	22 345 910	55.5
Försäkringsaktiebolaget, Avanza Pension	1 566 262	3.9
CREDIT SUISSE (SWITZERLAND) LTD	1 170 955	2.9
Mexor I Skellefteå AB	637 901	1.6
Mahmoud Zaher	600 000	1.5
ESAC DATA AB	415 000	1.0
Gunvald Berger	348 400	0.9
SEB AB, LUXEMBOURG BRANCH, W8IMY	347 236	0.9
Patrik Svensson	336 000	0.9
Sum, largest shareholders	27 767 664	69.0
Sum, others	12 498 234	31.0
Total number of shares	40 265 898	100.00

***Maxim Korobov, Director and CEO in Petrogrand AB(publ), is the ultimate beneficial owner of Natlata Partners LTD**

Board and Management

The current Board of directors was elected at the Annual General Meeting on 30 June 2021.

Gunnar Danielsson, Chairman of the Board

Gunnar Danielsson, born 1960, is the deputy CEO and board director in Petrosibir AB. He has spent over twenty years within the audit division of Ernst & Young. Seven of those were in Moscow.

Gunnar Danielsson holds a degree in Business Administration from Stockholm University.

Board member of Petrogrand since June 2019. Chairman since January 2020.

Maxim Korobov, Managing Director and Board member

Maxim Korobov, born in 1957, is a Russian businessman with over 25 years of experience in the oil & gas sector and the largest shareholder in Petrogrand.

Board member since September 2019. CEO since January 2020.

Stefano Germani, Board member

Board member since March 2020.

Jesper Sevelin, Board member

Board member since June 2019.

Auditor

The company's auditors are Winther's Revisionsbyrå AB, which was elected as the company's auditors at the 2021 annual general meeting until the end of the annual general meeting held in 2022. Responsible auditor is Ragnar Santesson.

Finance policy

Petrogrand is affected by a number of financial risks and the company has formed a financial policy with a regulatory framework for how the company will handle its financial assets and operations. The policy also clarifies the division of responsibilities between the management and the board. The following is the main content of the finance policy.

Currency Management

As the Russian operations have been discontinued the Group's functional currency is the Swedish Krona (SEK). The Group also has USD exposure both from cash held in USD and the loan to Petroneft, which is USD denominated. Other currencies are only used in

exceptional cases and for specific purposes. The need for SEK is to cover administrative and group related costs in Sweden.

Liquidity management

Liquidity management aims at ensuring the availability of working capital and that the Company is able to meet all financial commitments on time. Liquid funds are held available on bank accounts in a large international bank in Austria. Surplus liquidity is defined as cash and cash equivalents that are not required for the Company's normal operations, over a three-month period. The objectives for investment of surplus liquidity are:

- 1) Maintaining capital
- 2) To ensure access to liquidity
- 3) To yield a return in accordance with market requirements. In the case of investment decisions, consideration should be given to currency risks, counterparty risks and the relationship between expected return and time to maturity. The possibility of early redemption of a placement and the cost shall also be taken into account.

Excess liquidity can be invested as fixed-rate investments or be placed under asset management at banks or trustees in Sweden or abroad. When placing funds under asset management, the company specifies the framework within which the trustee can act and in doing so the bulk of the investments will be made in the bond market, but also in a small part of the stock market.

Counterparties

All counterparties such as banks, brokers and other financial institutions must be approved by the Board before any business relationship can begin. Approved counterparties are listed in a counterparty list that is continuously updated.

Dividend Policy

There is currently no plan for dividends payment in 2022.

Significant risks and uncertainties

Petrogrand has discontinued all its oil related operations in Russia. The majority of the Company's assets consist of a loan denominated in USD to a company active in the oil and gas industry in Russia. Petrogrand is therefore still exposed to significant risks. Some of these are industry-specific while others are general or Russia-related. Below are some of the biggest uncertainties according to the Board's assessment:

Bureaucracy and political risks

Russia has a legal system that differs from that in Sweden. Exploration

rights and related agreements are governed by the Russian legislation. Rules, regulations and legal principles may differ in both substantive law and in matters such as court proceedings and enforcement.

Geological risk (related to the loan to Petroneft)

All estimates of recoverable oil reserves in the field are largely based on probability assessments. There are therefore no guarantees that estimated oil reserves will remain unchanged over time. In addition, the reserves are affected by the economic viability. All else unchanged a lower oil price translates to lower reserves.

Third party risk

The Group may, on certain occasions, be dependent on third party services such as access to equipment and assistance in construction to complete its business plans. This dependence on third parties may adversely affect the Group's earnings and the time for implementation of business plans.

License Risk (related to the loan to Petroneft)

All Russian oil companies must comply with the license agreements. These usually contain requirements of various kinds, such as, minimum production volume, environmental commitments, etc.

Remuneration to management

The starting point for the Board is that remuneration and other terms of employment for the company management should be on market terms. Senior executives refer to the CEO and members of the management team.

Fixed salary

The fixed salary ("Basic Salary") should be market-based and based on responsibility, competence and performance. The fixed salary will be revised each year.

Variable salary

The variable salary shall, where appropriate, be related to the Company's return on equity, reserve and production growth and specific targets within the respective areas of responsibility of the respective executives. Variable salary shall, on a case-by-case basis, be paid on an annual basis and may not exceed the annual basic salary.

Insurance benefits

Old-age pensions, sickness benefits and medical benefits shall, if appropriate, be designed to reflect rules and practices in their country of origin. If possible, pension plans must be defined contribution plans. In individual cases, depending on the tax and / or social security laws applicable to the individual, other balanced pension plans or pension plans may be approved.

Other benefits

Other benefits may be provided to individual members of Group Management or the entire Group Management. These benefits should

not constitute an essential part of the total remuneration. The benefits shall furthermore correspond to what is normal on the market.

Termination and severance pay

The notice period shall be a maximum of three months on termination initiated by the Company and a maximum of three months in the case of termination initiated by a member of the Group Management.

In individual cases, the board must be able to approve severance pay in excess of notice period. Severance pay can only be paid after termination by the Company or when a member of the Group Management resigns due to material change in his work situation, which results in the fact that he or she cannot perform a satisfactory job.

Deviations from the guidelines

The Board shall be entitled to deviate from these guidelines if there are special reasons for such in an individual case.

Annual General Meeting

The Annual General Meeting is Petrogrand's highest decision-making body. The Annual General Meeting shall be held every year in Stockholm. The last annual general meeting was held on 30 June 2021. The Annual General Meeting is held in Swedish. At the AGM, all registered shareholders have the right to participate either personally or through agents. At the AGM, the Board, Management and Auditors are available to answer questions relating to the Company and its activities. Shareholders wishing to have a particular issue dealt with shall send such request or proposal to the Board no later than 7 weeks before the AGM, or later but in such time that it can be included in the notice for the AGM.

Financial situation and 2022 outlook

At the date of this annual report the Board assesses that, provided that no unforeseen events occur, that the Group has sufficient working capital to continue operating for the next 12 months.

Proposed distribution of surplus

At year-end 2021, the Group's equity amounted to 29,964 TSEK (27,701), of which the share capital amounted to 10,066 TSEK. The parent company's available equity was distributed at the year-end of 2021 as follows:

Retained earnings	17,768,560 SEK
Current year Result	2,132,182 SEK
Total	19,900,743 SEK

The Board of Directors proposes that no dividends are paid for the 2021 fiscal year, that retained earnings and the current year result are carried forward.

Petrogrand AB (publ)

Org nr 556615-2350

Consolidated statement on comprehensive income

(All amounts in TSEK)

	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Revenue			
Net revenue		-	-
Total revenue		-	-
Operating costs			
Administration costs	2, 3	-2 756	-3 255
Operating result		-2 756	-3 255
Result from financial items			
Financial income	4	2 271	2 630
Exchange rate differences	5	2 747	-4 006
Result after financial items		2 262	-4 631
Result before tax		2 262	-4 631
Tax	7	-	-
Result for the Year		2 262	-4 631
Attributable to the shareholders of the parent company		2 262	-4 631
Earnings per share	6	0.06	-0.12

Petrogrand AB (publ)

Org nr 556615-2350

Consolidated statement of comprehensive income		2021-01-01	2020-01-01
		2021-12-31	2020-12-31
(All amounts in TSEK)	Note		
Result for the year		2 262	-4 631
Other comprehensive income			
<i>Items which have been or can be reclassified to net income</i>			
Translation differences		0	-2
Total comprehensive income		2 262	-4 633
Total comprehensive income attributable to:			
Shareholders of the parent company		2 262	-4 633
Comprehensive income per share		0.06	-0.12

Petrogrand AB (publ)

Org nr 556615-2350

Consolidated statement of Financial position		2021-12-31	2020-12-31
(All amounts in TSEK)	Note		
Current Assets			
Loan receivables	10	20 780	23 519
Other receivables	11	1 881	217
Cash and Bank		7 775	4 608
Total Current Assets		30 435	28 344
Total Assets		30 435	28 344
Equity and Liabilities			
Equity			
Share Capital	13	10 066	10 066
Other Capital		0	1 432 114
Reserves		0	-102 350
Retained earnings including current year result		19 898	-1 312 129
Total Equity		29 964	27 701
CURRENT LIABILITIES			
Accounts payable		1	11
Tax liabilities		-	-
Other current liabilities		82	92
Accrued costs and prepaid income		388	540
Total current liabilities		471	643
Total Equity and Liabilities		30 435	28 344

Petrogrand AB (publ)

Org nr 556615-2350

STATEMENT OF CHANGES IN EQUITY (GROUP)

(All amounts in TSEK)	Attributable to Parent Company Shareholders				Total
	Share capital	Additional paid in capital	Other reserves*	Retained Earnings, incl result for the period	
Opening balance on 1 January 2020	10 066	1 432 114	-102 347	-1 307 498	32 336
Result for the period		-		-4 631	-4 631
Translation difference			-2		-2
Closing balance on 2020-12-31	10 066	1 432 114	-102 350	-1 312 129	27 701
Result for the period		-		2 262	2 262
Transfers within equity		-1 432 114	102 350	1 329 764	
Closing balance on 31 December 2021	10 066	0	0	19 898	29 964

*Other reserves consist of translation differences on wholly owned operations

Petrogrand AB (publ)

Org nr 556615-2350

Consolidated cashflow statement		2021-01-01 - 2021-12-31	2020-01-01 - 2020-12-31
(All amounts in TSEK)	Note		
Cashflow from operating activities			
Result before tax		2 262	-4 631
Adjustment for items not included in cashflow	12	-4 053	3 180
Cashflow from operating activities before changes in operating capital		-1 791	-1 451
Cashflow from changes in operating capital			
Decrease (+) / increase (-) in receivables		-22	477
Decrease (-) / increase (+) in liabilities		-172	92
Total changes in operating capital		-194	569
Cash flow from operating activities		-1 985	-882
Investing activities			
Repayment on issued loans	10	5 210	0
Cashflow from investment activities		0	0
Financing activities			
Decrease (-)/increase (+) in cash		3 225	-882
Cash at beginning of period		4 608	5 487
Exchange differences on cash		-58	3
Cash at end of period		7 775	4 608

Petrogrand AB (publ)

Org nr 556615-2350

Parent Company Income statement		2021-01-01	2020-01-01
		2021-12-31	2020-12-31
(All amounts in TSEK)			
	Note		
<hr/>			
Revenue			
Other revenue		-	-
Total revenue		-	-
Gross profit or loss		-	-
Administration costs	2, 3	-2 789	-2 802
Operating result		-2 789	-2 802
Result from financial items			
Financial income	4	2 271	2 630
Exchange rate differences	5	2 753	-4 006
Other financial costs		-103	-271
Result before tax		2 132	-4 450
Tax	7	-	-
Year result		2 132	-4 450
Parent Company Comprehensive income		2021-01-01	2020-01-01
		2021-12-31	2020-12-31
(All amounts in TSEK)			
<hr/>			
Result for the year		2 132	-4 450
Total comprehensive income		2 132	-4 450

Petrogrand AB (publ)

Org nr 556615-2350

Parent Company Statement of Financial position		2021-12-31	2020-12-31
(All amounts in TSEK)			
	Note		
FIXED ASSETS			
Financial Fixed Assets			
Shares in Subsidiaries	8	50	50
Loans to Subsidiaries	9	-	-
Total Fixed Assets		50	50
Current assets			
Loan receivable	10	20 780	23 519
Other current receivables		110	30
Receivable on group companies		0	0
Accrued income and prepaid costs	11	1 771	184
Cash and bank		7 775	4 608
Total Current assets		30 435	28 341
TOTAL ASSETS		30 485	28 391
Equity and Liabilities			
Total Equity			
Share Capital	13	10 066	10 066
Restricted Equity		10 066	10 066
Premium fund		0	1 343 165
Retained Earnings		17 769	-1 320 946
Current year result		2 132	-4 450
Unrestricted equity		19 901	17 769
Total Equity		29 967	27 835
Current Liabilities			
Accounts payable		1	2
Tax liabilities		-	-
Other Liabilities		82	26
Debt to subsidiaries		47	47
Accrued costs and prepaid income		388	481
Total current liabilities		518	556
Total Equity and Liabilities		30 485	28 391

Petrogrand AB (publ)

Org nr 556615-2350

Parent company changes in equity

(All amounts in TSEK)	Restricted equity	Unrestricted equity			Total Equity
	Share capital	Premium fund	Profit/loss Carried Forward	Year's Result	
Balance on 1 January 2020	10 066	1 343 165	-1 321 528	581	32 285
Reallocation			581	-581	-
Result for the period				-4 450	-4 450
Balance on 2020-12-31	10 066	1 343 165	-1 320 947	-4 450	27 835
Reallocation		-1 343 165	1 338 715	4 450	-
Result for the Year				2 132	2 132
Balance on 2021-12-31	10 066	0	17 769	2 132	29 967

Petrogrand AB (publ)

Org nr 556615-2350

Parent Company Statement of cashflow

		2021-01-01	2020-01-01
		- 2021-12-31	-2020-12-31
(All amounts in TSEK)	Note		
<hr/>			
Cashflow from operating activities			
Result before tax		2 132	- 4 450
Adjustment for items not included in cashflow	12	-3 955	3 457
Cashflow from operations before changes in operating capital		-1 823	-993
Cashflow from changes in operating capital			
Decrease (+) / increase (-) in receivables		-80	430
Decrease (-) / increase (+) in liabilities		-37	86
Total changes in operating capital		-117	516
Cashflow from operating activities		-1 939	-477
Investing activities			
Repayment of loans	10	5 210	0
Loan to subsidiaries		-103	-271
Cash flow from investments		5 107	-271
Financing activities		-	-
Cashflow from Financing activities		-	-
Decrease(-)/increase(+) in cash		3 167	-748
Cash at beginning of period		4 608	5 356
Cash at end of period		7 775	4 608

Note 1 Accounting principles

1. Basis for the preparation of reports

The consolidated accounts of the Petrogrand Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The consolidated accounts have been prepared in accordance with the acquisition method and include the parent company and its subsidiaries.

The parent company applies, in all significant aspects, the same accounting principles as the Group. In addition the parent company applies the Swedish Financial Accounting Standards Council Recommendation RFR 2 Reporting of Legal Entities.

2. Basis for consolidation

Subsidiaries are all companies over which the Group has controlling influence. The Group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements as of the date when the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date when the controlling influence ceases.

The consolidated accounts are prepared according to the acquisition method. This means that the subsidiaries' equity at the acquisition, determined as the difference between the fair value of the assets and liabilities, is eliminated in its entirety. In the consolidated accounts, therefore, only the part of the subsidiaries 'shareholders' equity that has been added after the acquisition date is included. The consolidated accounts comprise those companies in which the Parent Company directly or through subsidiaries holds more than 50% of the voting rights, or otherwise has a controlling influence.

Intra-Group transactions, balance sheet items, income and expenses on transactions between Group companies are eliminated. Gains and losses resulting from intra-group transactions and which are reported in assets are also eliminated. The accounting principles for subsidiaries have been amended, if necessary, to ensure consistent application of the Group's principles.

Acquisition-related costs are expensed when incurred.

Divested companies are included in the consolidated accounts up to and including the date of disposal. Companies acquired during the current year are included in the consolidated accounts as of the acquisition date.

3. Translation of foreign currency

Items included in the financial statements of the various entities in the Group are valued in the currency used in the economic environment in which each company is primarily active (functional currency). The consolidated accounts are presented in SEK, which is the Swedish Parent Company's functional and reporting currency.

Income and financial position for all Group companies that have a different functional currency than the reporting currency, are translated into the Group's reporting currency as follows:

(A) Assets and liabilities for each of the balance sheets are translated at the closing date rate,

(B) Income and expenses for each of the Income Statements are translated at the average exchange rate (unless this average rate represents a reasonable approximation of the cumulative effect of the rates applicable on the transaction date, otherwise revenues and expenses are translated at the transaction date rate), and

(C) all exchange rate differences that occur are reported for each period as a component in other comprehensive income. The cumulative effect of exchange rate differences is reported as a separate part of equity.

At the time of consolidation, exchange rate differences arising from the

translation of net investments in foreign operations and borrowings and other currency instruments identified as hedges of such investments are recognized in equity. Upon disposal of a foreign operation, in whole or in part, the exchange rate differences recognized in equity are recognized in the income statement and recognized as part of the capital gain / loss.

Receivables and liabilities in foreign currency are translated at the closing date rate of the functional currency. Exchange differences on operating receivables and operating liabilities are included in operating income, while exchange rate differences on financial receivables and liabilities are reported among financial items. Unrealized exchange gains and losses attributable to related receivables and liabilities are reported net as other operating income / expenses.

The exchange rates that have been used at the closing date and the average exchange rate are as follows:

Balance sheet date exchange rate: 1 SEK corresponds to 8.22 (9.04) Russian ruble (RUB). 1 SEK corresponds to 0.11 (0.12) US dollars (USD). Average exchange rate: 1 SEK corresponds to 8.58 (7.81) Russian rubles (RUB). 1 SEK corresponds to 0.11 (0.11) US dollars (USD).

4. Revenue recognition

Any revenue from activities outside ordinary activities is reported as other operating income. Financial income consists of reported interest income and dividends.

5. Leasing

Lease agreements are reported as right-of-use assets and a corresponding liability on the day the leased asset is available for use. Each lease payment is allocated between repayment of the liability and financial cost. The financial cost is allocated over the leasing period so that each reporting period is charged with an amount equal to the interest rate applicable to the reported liability each period. The right-of-use asset is depreciated over the shorter of the useful life of the asset and the leasing period.

The Company is not party to any leasing agreements.

6. Employee benefits

The Group has no pension plans.

The company reports a liability and cost of bonus when there is a legal or informal obligation due to past practice to pay bonus to employees.

7. Income taxes

The tax expense for the period comprises current and deferred taxes. Tax is recognized in the income statement except when the tax refers to items recognized in other comprehensive income or directly in equity. In such cases, tax is also reported in other comprehensive income and equity.

Reported income taxes include taxes payable or received in respect of the current year, as well as adjustments for previous years' current tax and changes in deferred taxes. The valuation of all tax liabilities is made at nominal amounts and is made according to the tax rules and tax rates that are decided or announced and will be determined with great certainty. Deferred tax is calculated using the balance sheet method on all temporary differences that arise between reported and taxable values of assets and liabilities

Deferred tax assets are reported to the extent that future tax surpluses will be available, against which the temporary differences can be utilized.

8. Tangible fixed assets

Property, plant and equipment are reported at acquisition value less depreciation. Expenditure on asset performance improvement beyond the original level increases the asset's carrying amount. Repairs and maintenance expenses are reported as expenses. Borrowing costs are not included in the acquisition value.

9. Intangible fixed assets

As there is currently no planned development of the assets at its own discretion, all related assets have been written down.

10. Depreciation and impairment

Tangible fixed assets

Property, plant and equipment are depreciated over the asset's estimated useful life. When the asset's depreciable amount is determined, the residual value of the asset will be taken into account. The straight-line depreciation method is used for the tangible fixed assets listed below.

The following depreciation periods are applied:

Buildings:	3-10 years
Processing plants:	3-10 years
Machines:	2-10 years

The assessment of an asset's residual value and useful life is made annually. If there is an indication that tangible, intangible or financial fixed assets in the Group have an excessively high book value, an analysis is made where the minimum cash-generating unit's recoverable amount is determined as the highest of net realizable value and value in use. Net asset value is measured as expected future discounted cash flow. Write-downs are made using the difference between book value and recoverable amount. An impairment loss is reversed when the write-down is no longer justified. A reversal is made up to a value not exceeding the book value that would have been reported, less depreciation, if no write-down would be made.

11. Financial assets and liabilities

Financial assets

A financial asset is recognized in the balance sheet when the company becomes a party to the return from the asset. A financial asset is removed from the balance sheet when the rights relating to the asset have been realized, when the asset matures or when the company loses control of it. The Group classifies its financial assets in the categories: a) Investments in Equity instruments; b) Loans and receivables; and c) Financial assets available for sale.

A) Investments in Equity instruments

Investments in Equity instruments (previously called Financial assets available for sale) are assets that are not derivatives and that have been identified as being available for sale. Petrogrand sees this as a residual category with the investment of non-current assets that do not fit into any other category. Valuation is at fair value directly to other comprehensive income.

B) Loans and receivables;

The Group's loan receivables and accounts receivable consist of Current loan receivables, Other short-term receivables and Liquid funds. Loan and accounts receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. The valuation of these assets is initially at fair value including transaction costs and subsequently at accrued acquisition value using the effective interest rate method. All Group assets in this category are classified as current assets when their maturity date is less than 12 months after the end of the reporting period. Cash and cash equivalents are classified as cash and cash equivalents, short-term investments with a maturity of three months or less, which can easily be converted into cash.

C) Available-for-sale financial assets

Available-for-sale financial assets are reported at fair value. Unrealized changes in value are reported in the consolidated and parent company's comprehensive income statement.

Financial liabilities

A financial liability is recognized in the balance sheet when the counterparty has performed and the contractual obligation to pay is present, even if the invoice has not been received. A financial liability is removed from the balance sheet when the obligation in the agreement regarding the liability is fulfilled or otherwise terminated. The Group's other financial liabilities consist of trade payables and other short-term liabilities. Trade payables are classified as current liabilities if they expire within one year or earlier, otherwise they are recognized as long-term liabilities. The Group's total trade payables are classified as current liabilities.

12. Assets held for sale

Assets held for sale are reported separately in the income statement and balance sheet in accordance with IFRS 5.

13. Equity

Issuance costs are booked directly against equity.

14. Provisions

Provisions are recognized when a liability exists as a result of events occurring and it is likely that payments will be required to fulfill the obligation. A prerequisite is also that a reliable estimate of the amount to be paid can be made.

15. Cash flow statement

The cash flow statement has been prepared according to indirect method. The reported cash flow includes only transactions that have resulted in ingoing and outgoing payments.

16. Assessments and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that management make assessments and estimates as well as make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments. Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognized in the period when the change is made if the change has only affected this period or during the period the change is made and future periods of change affect both the current period and future periods.

17. Segment reporting

Segment information is presented in accordance with the current standard in the manner used in the internal reporting where the highest executives comply with the business as a whole. The company currently has no segment reporting as the operations of the company solely consists of managing its capital.

18. New Standards, Amendments and Interpretations 2021

None of the new or amended IFRS standards applied by the Group 1 January 2021 have had any significant effect on the Group's accounts.

19. New standards and interpretations that have not yet been adopted.

New standards and interpretations effective for reporting periods starting after 1 January 2022 have not been adopted early and are not expected to have a significant effect on the Group's financial reports in the current or future periods.

20. Financial risk management

The Group is exposed to a variety of financial risks through its operations: market risk (currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The company's board of directors has adopted a financial policy with a regulatory framework for how the company will handle its financial assets and operations. The policy also clarifies the division of responsibilities between the management and the board.

Currency risk

The Group operates internationally and is exposed to currency risks arising from different currency exposures, primarily US dollars (USD). Currency risk arises when assets and liabilities are denominated in different currencies.

Assets in USD consist of loan receivables and liquid funds in the Parent company's bank account.

The Group's functional currency is the Swedish kronor (SEK). In 2021 the parent company has continued to hold the majority of its liquid funds in USD. The purpose is to secure available capital with regards to ongoing transactions.

In 2018, the parent company entered into a 2 MUSD loan financing agreement with Petroneft Resources Plc and in 2019 the facility was increased by 500 TUSD, whereby USD 2.5 million has been lent to Petroneft. The loan is secured and the interest rate is LIBOR +9%. The entire loan amount and accrued interest are denominated in USD. At 31 December 2021 the SEK value of the loan amounted to 20,780 TSEK. If the USD had appreciated/depreciated 10% relative to SEK the reported net income would have been 2,070 TSEK higher/lower as a result of a revaluation of the loan. Equity would have changed correspondingly.

As at 31 December 2021, funds were held in EUR at the equivalent of 90 TSEK. If the EUR had strengthened / weakened by 10% relative to SEK, the reported net income for the 2021 fiscal year had been 9 TSEK higher / lower due to the valuation of assets at fair value through profit or loss. Equity had also fully changed accordingly.

As at 31 December 2021, funds were held in USD at the equivalent of 6,723 TSEK. If the USD had strengthened / weakened by 10% relative to SEK, the reported net income for the 2021 fiscal year had been 672 TSEK higher / lower due to the valuation of assets at fair value through

profit or loss. Equity had also fully changed accordingly.

The Company no longer holds any funds in RUB.

Interest rate risk

The Group currently does not have any borrowing and is therefore not exposed to any interest rate risk related to liabilities.

Price Risk

Credit and counterparty risk

Credit and counterparty risk arises through credit exposure relating to loans and accounts receivable, cash and cash equivalents and balances with banks and financial institutions.

The financial risk relating to loans and accounts receivable arises due to the risk that a counterparty with whom the company entered into an agreement cannot fulfill its obligations under the agreement.

Holdings within banks in the form of liquid funds on deposit accounts expose the company to a financial risk due to the risk that the bank cannot repay the funds to the company. Liquid funds may be invested in banks in Sweden or abroad. The company has established a counterparty list that is continuously updated. Funds may be placed only at the banks that are included in the list and are therefore deemed to have a high credit rating. Balances are placed with Swedish and foreign banks with a credit rating of Standard & Poor's of lowest A which compares with Sweden's credit rating AAA.

The maximum credit exposure at 31 December 2021 amounted to TSEK 30,325 (28,311), of which TSEK 20,780 (23,519) were loan receivables and TSEK 1,771 (184) accrued interest and TSEK 7,775(4,608) cash and cash equivalents. The company had no outstanding accounts receivable as at 31 December 2021.

Liquidity risk

The management of the company's cash and cash equivalents aims to ensure that the company has sufficient working capital and that financial commitments can be completed in due time. Cash and cash equivalents are defined as cash and bank balances and financial assets that can be converted into liquid assets immediately and without affecting the market value of these assets. The company's finance policy regulates what levels of liquidity should be at the head office and subsidiary level.

From time to time there may be surplus liquidity in the company. Surplus liquidity is defined as cash and cash equivalents that are not required for daily operations over a three-month period. The purpose of managing surplus liquidity is to protect and maintain the company's investment capital, secure cash and provide a return corresponding to the market return. Surplus liquidity can be invested as fixed-rate investments or under asset management at banks and professional asset managers in Sweden or abroad. These banks and financial institutions shall be in the counterparty list.

At 31 December 2021, cash and cash equivalents in SEK in the Group totaled TSEK 7,775 (4,608). This amount was placed in a foreign bank with the possibility of quick access.

As of December 31, 2021, the company's financial liabilities totaled 1 (11) TSEK, in the form of trade payables with varying maturities up to a maximum of 30 days.

Capital risk

The Group's objective regarding the capital structure is to secure the ability to continue its operations so that it can generate return to the shareholders and benefits to other interested parties and to maintain a capital structure that keeps the cost of capital low. Capital which has not yet been invested is placed with credit institutions with high credit ratings and to the highest possible return. The group is since many years free of debt and there is no target debt/equity ratio. This can be revised should the operations change.

Note 2 Remuneration to auditors

Remuneration to auditors	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Auditors in Sweden				
Audit	84	76	84	76
Audit outside regular audit assignment	0	0	0	0
Tax consulting	-	-	-	-
Total Auditors in Sweden	84	76	84	76
Remuneration to other auditors	0	10	0	0
Total remuneration	84	86	84	76

Note 3 Employees

Average	Total 2021	Men	Women	Total 2020	Men	Women
Average number of employees						
Parent Company in Sweden	2	2	0	3	3	0
Subsidiaries in Russia	1	0	1	1	0	1
Total for Group	3	2	1	4	3	1

End of reporting period	Total 2021-12-31	Men	Women	Total 2020-12-31	Men	Women
Employees						
Parent Company in Sweden	2	2	0	3	3	0
Subsidiaries in Russia	0	0	0	1	0	1
Total for Group	2	2	0	4	3	1

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Salaries and remuneration in Sweden *				
Board and CEO	1 658	1 743	1 658	1 743
Other employees	198	379	198	379
	1 856	2 122	1 856	2 122
Salaries and remuneration in Russia				
CEO	0	12	-	-
Other employees	0	185	-	-
	0	198	-	-
Salaries and remuneration Total	1 856	2 319	1 856	2 122
Social costs				
Social costs in Sweden	162	196	162	196
Social costs in Russia	0	61	-	-
	162	257	162	196
Pension costs				
Pension costs in Sweden	-	-	-	-
Pension costs in Russia	-	-	-	-
	-	-	-	-
Other employees cost	0	-	0	0
Total salaries, remuneration, social cost and pension costs	2 018	2 576	2 018	2 318

*Maxim Korobov has a consultancy agreement with Petrogrand AB (publ) as a CEO of the company. The total fee for 2021 was TSEK 1 488. The agreement does not include any pension remunerations.

Gender distribution Board and management

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Board				
Women	-	-	-	-
Men	4	4	4	4
Management				
Women	-	-	-	-
Men	1	1	1	1

Note 4 Financial income

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Interest income	2 271	2 630	2 271	2 630
Total	2 271	2 630	2 271	2 630

Note 5 Exchange rate differences

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Exchange difference on (non-SEK) bank accounts	214	-765	214	-765
Exchange difference on loan receivable	2 539	-3 241	2 539	-3 241
Other exchange differences	-6	0	0	0
Total	2 747	-4 006	2 753	-4 006

Note 6 Earnings per share

	2021	2020
Result attributable to shareholders of the parent company	2 268	-4 631
Average number of shares	40 265 898	40 265 898
Earnings per share (SEK)	0.06	-0.12

Note 7 Income tax

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Reported Tax	-	-	-	-
The connection between tax expense and reported income				
Result before tax	2 262	-4 631	2 132	-4 450
Tax according to current tax rate	-466	991	-456	952
Tax effect on no deductible costs	0	0	-22	-58
Difference in Group's and Parent companies tax rates	0	-65	-	-
Tax effect on tax loss carryforward	466	-926	479	-894
Reported tax	0	0	0	0

The current tax rate for the parent company is 20.6% (21.4%).
The current tax rate for the Group, 20.6% (21.4%), is the weighted value of tax rates in the different countries and the pre-tax profit in the different countries and the pre-tax profit.

Up until and including the financial year 2021, the Parent Company has unutilized loss carryforwards amounting to 325 MSEK. According to the company's estimate, unutilized loss carryforwards amount to 323 MSEK as of 31 December 2021. No deferred tax assets have been recognized in the Group or the parent company.

Note 8 shares in subsidiary companies

	Parent Company 2021	Parent Company 2020
Opening balance	50	50
Impairment charge	-	-
Balance at the end of the period	50	50

Name	Country of incorporation	Shares	2021	2020
Petrogrand Invest AB, 556807-3836	Sweden	100%	50	50
Petrogrand Exploration and Production LLC	Russia	100%	-	0
			50	50

The value of shares in foreign subsidiaries have been written down to nil in earlier years.
Petrogrand Exploration and Production LLC was liquidated in 2021.

Note 9 Loans to subsidiaries

	Parent Company 2021	Parent Company 2020
Opening balance	-	-
Loans under the period	103	271
Loans written down	-103	-271
Balance at the end of the period	-	-

All Russian subsidiaries have been liquidated. The liquidation of the last subsidiary was completed in 2021. Funds transferred throughout the year financed the liquidation of the Russian subsidiary.

Note 10 Loan receivable

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Opening balance	23 519	26 760	23 519	26 760
Loans in the period	0	0	0	0
Repaid during the year	-5 210		-5 210	
Exchange difference	2 471	-3 241	2 471	-3 241
Closing balance	20 780	23 519	20 780	23 519

In January 2018, Petrogrand entered into a financing agreement with Petroneft Resources Plc. In accordance with the agreement Petrogrand would lend up to MUSD 2 to Petroneft at an interest rate of Libor + 9%. In early 2019, the loan facility was renegotiated and extended to 15 December 2019. The new agreement included an increase in the loan facility by 0.5 MUSD to a total of 2.5 MUSD. The parties also agreed to a bonus payment of 2.5 MUSD per license if either or both are sold before 31 December 2020. The loan has been renegotiated and extended on two occasions since then. In connection with the latest extension in December 2020 the parties agreed that a total of 20 % of the loan was to be repaid at latest on 15 December 2021. Upon such repayment Petroneft was given the right to extend the maturity date regarding the remaining loan amount for one year. In connection with a further one-year extension the right to bonus payments is also extended by one year. In December 2021 Petroneft repaid 20% of the outstanding loan amount enabling them to extend the loan one more year in accordance with the agreement. However, prior to the maturity date Petroneft requested a 1 month extension regarding the decision to extend the loan for a full year, this in order for them to negotiate a potential refinancing of the Petrogrand loan with a third party. Prior to the new maturity date of 15 January 2021 Petroneft announced that they wished to extend in accordance with the original agreement. The maturity date of the loan is now 15 December 2022 and the right to bonus payments matures on 31 December 2024. Interest on the loan is paid monthly to Petrogrand.

The loan is fully secured by a floating charge over all Petroneft's assets.

Note 11 Other current receivables

	Group	Group	Parent Company	Parent Company
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accrued interest	1 771	184	1 771	184
Balance on tax account	85	0	85	0
Recoverable VAT	25	25	25	30
Other	0	8	0	0
Total	1 881	217	1 881	214

Accrued interest refers to accrued interest on the loan to Petroneft. As a result of Petrogrand not having a bank engagement during part of 2021 the interest could not be paid monthly to Petrogrand. The accrued interest has been paid in full in January 2022.

Note 12 Adjustments for items not included in cash flow

	Group	Group	Parent Company	Parent Company
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Impairment charge loans to subsidiaries	-	-	103	271
Translation difference loans in USD	-2 471	3 241	-2 471	3 241
Non received interest income	-1 587	-55	-1 587	-55
Other	5	-6	-	-
Total	-4 053	3 180	-3 955	3 457

Note 13 Share capital

The company's share capital amounting to SEK 10,066,474.50 was distributed on 40,265,898 outstanding shares at the end of 2021, each with a quota value of SEK 0.25.

At the end of the reporting period, the limits for the share capital were a minimum of 10,000,000 SEK and a maximum of 40,000,000 SEK and the limits for

The number of shares is a minimum of 20,000,000 and a maximum of 80,000,000. The share capital is denominated in SEK and each share entitles to one vote. All shares have equal rights to participate in the company's assets and profits.

Petrogrand owns no own shares. There are no restrictions on dividends or special procedures for shareholders residing outside Sweden.

Note 14 Related party transactions

Directors' fees

The parent company has related party transactions with subsidiaries as well as members of the board and management. Transactions with directly owned subsidiaries are reported in note 9. In addition to what is reported in note 3 there have been no transactions with related natural persons.

Note 15 Legal proceedings and disputes

As described in the management report, Petrogrand has a claim of 50% on a settlement amount agreed between Lemerdo Ltd and a previous board of Petrosibir AB. Petrogrand has taken certain legal measures to assert the company's right to its share of the settlement amount. The company is not involved in any other legal disputes.

Note 16 Pledged Assets and Contingent Liabilities

The parent company and subsidiaries have not pledged any assets and have no contingent liabilities.

Note 17 Events after the end of the financial year

On 15 December 2021 Petroneft Resources plc had the option to either repay the loan in full or only 20 % to grant them a further one year extension. Petroneft requested a one month extension in order to negotiate the potential refinancing of the loan with a third party. However, In January 2022 Petroneft announced that they had chosen not to proceed with refinancing. The loan is therefore extended in accordance with the original agreement to 15 December 2022. The right to bonus payments is extended to 31 December 2024.

On 24 February Russia launched a military operation in Ukraine. The situation is constantly changing and has deteriorated significantly as of the date of publishing the annual report. During 2021 Petrogrand has liquidated the last of its Russian subsidiaries and has consequently discontinued all its Russian operations. However, Petrogrand still has large exposure to Russia through the loan agreement with Petroneft Resources Plc. Petroneft has two producing oil licenses in Russia that constitute their only cashflow generating assets. At the date of publishing the annual report it is difficult to make projections of how the current and future sanctions against Russia will affect the ability of Petroneft to make payments to and from Russia and consequently their ability to pay interest or amortize the loan. The conflict in Ukraine has therefore created a degree of uncertainty regarding a large portion of Petrogrands assets. The Board is actively monitoring the situation and is in continuous contact with Petroneft.

The undersigned ensures that the consolidated accounts and the annual accounts have been prepared in accordance with the Annual Accounts Act and in accordance with International Financial Reporting Standards, IFRSs, as adopted by the EU, respectively, in accordance with generally accepted accounting principles, and give a true and fair view of the position and results of the Group and Parent Company and that the Directors' Report provides a fair review On the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainties that the parent company and the companies included in the Group face.

Stockholm 7 March 2022

Gunnar Danielsson
Chairman of the board

Maxim Korobov
CEO and Board member

Jesper Sevelin
Board member

Stefano Germani
Board member

The Annual Report and the consolidated accounts have been approved for issue by the Board on 7 March 2022. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to approval at the Annual General Meeting 7 April 2022.

Our audit report has been issued on 7 March 2022
Winthers Revisionsbyrå AB

Ragnar Santesson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Petrogrand AB (publ)

corporate identity number 556615-2350

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Petrogrand AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 3-25 in 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 parent company as of 31 December 2021 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 2021 and their 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 statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-2. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information is otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regards.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Petrogrand AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors 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 responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have importance for the company's situation.

We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 7 March 2022

Winthers Revisionsbyrå AB

Ragnar Santesson
Authorized Public Accountant