

Year-end report January - December 2021

January - December 2021

- Total revenue: SEK 64 (39) million
- Operating result: SEK -1 (-1) million
- Operating result excluding expensed drilling costs: SEK 8 million (-1) *
- Net income SEK -3 (0) million
- Net income excluding expensed drilling costs: SEK 6 (0) million *
- Earnings per share: SEK -0.09 (0.0)

July - December 2021

- Revenue: SEK 33 (19) million
- Operating result: SEK 5 (-1) million
- Net income SEK 5 (-1) million
- Earnings per share: SEK 0.17 (0.03)

*The company expensed all costs related to drilling Orlinskaya-1 well, SEK 8.6 million

TOTAL PRODUCTION, BBL	2021						2021	2020
	Jan	Feb	Mar	Apr	May	Jun		
Bashkiria	9 446	7 964	8 738	8 366	7 877	9 190		
Komi	22 929	20 975	21 545	20 271	21 719	22 121		
Total barrels	32 375	28 939	30 283	28 637	29 595	31 311		
	Jul	Aug	Sep	Oct	Nov	Dec	Total	Total
Bashkiria	7 971	8 979	8 456	7 164	7 046	6 691	97 888	117 326
Komi	23 433	23 411	21 534	23 769	21 917	21 921	265 544	326 764
Total barrels	31 405	32 389	29 990	30 933	28 963	28 612	363 433	444 089
PRODUCTION PER DAY, BBL	2021						2021	2020
	Jan	Feb	Mar	Apr	May	Jun		
Bashkiria	305	284	282	279	254	306		
Komi	740	749	695	676	701	737		
Total barrels per day	1 044	1 034	977	955	955	1 044		
	Jul	Aug	Sep	Oct	Nov	Dec	Average	Average
Bashkiria	257	290	282	231	235	216	268	321
Komi	756	755	718	767	731	707	728	894
Total barrels per day	1 013	1 045	1 000	998	965	923	996	1 215

Statement from CEO

Dear Shareholders,

I am pleased to announce the year-end results for 2021.

In 2021 we happily observed the oil markets recovery in spite of the continued COVID pandemic. The oil price growth helped us to maintain the profitability of the business in spite of naturally declining production in our main producing asset – the Ayazovskoye field, due to delaying the development drilling until we obtain the new 3D seismic data. At the same time the continued focus on costs control helped us to fight the inflation pressure that we are seeing in all sectors of the industry – manpower, services and materials.

The recent events in Ukraine have so far had little or no effect on the operations of the Company and its subsidiaries, nevertheless it is very dynamic and has deteriorated significantly since we started drafting the report. Our current focus is to ensure business stability and consider all options to minimise the losses.

Pavel Tetyakov, CEO

Financial information January - December 2021

The consolidated financial information in this interim report has been prepared in accordance with IAS 34 and in accordance with the same accounting principles, IFRS, that were applied for the financial year 2020 and as they are described in the annual report for 2020. Certain reclassifications have been made in the comparative income statement and balance sheet for consistence to the annual report 2020.

Consolidated information

Petrosibir has maintained its COVID-19 security measures and restrictions to secure the wellbeing of personnel and to minimise disruptions on operations.

Revenue in 2021 amounted to SEK 63,529 (39,284) thousand. The company's operating costs amounted to SEK -64,347 (-39,927) thousand and the company showed an operating loss of SEK -818 (-643) thousand. Excluding the expensed costs for Orlinskaya-1 well in the amount of SEK -8,620 the Company show an operating profit of SEK 7,802 thousand. The average Brent oil price in 2021 was USD 71 per barrel compared to USD 43 in 2020. The lower production volumes, and therefore lower sold volumes, were compensated with higher oil prices and the company showed higher revenue compared to 2020. The higher oil price also meant higher mineral extraction taxes (MET) in 2021. At the same time the company kept its focus on optimising operating expenses and maintaining profitability of the business in spite of continued production decline in Ayzovskoye field.

The Company's oil trading generated gross revenue of SEK 91,426 (56,483) thousand and the cost of the traded oil amounted to SEK -82,787 (-48,425) thousand, i.e. a net result of SEK 8,639 (8,058) thousand. The net amount is reported as revenue.

In 2021 Petrosibir, together with its partner, completed the drilling of the second exploration well within the Suyanovskaya licence – Orlinskaya-1. As announced earlier the signs of oil were identified in two of four prospective horizons. Unfortunately, only a film of oil was obtained during an open hole test in one of the two intervals, and it was decided to abandon the well at least until the new 3D seismic results. The drilling costs, which amounted to SEK -8,620, were expensed in the income statement for the period.

Excluding mineral extraction taxes, which are dependent on the international oil price, and excluding the expensed costs for the Orlinskaya-1 well, the operating costs amounted to SEK -25,550 thousand during the period compared to SEK -25,096 thousand in the same period 2020. The operating costs were stable in spite of the inflation pressure.

The company's consolidated cash position on 31 December 2021 amounted to SEK 21,025 thousand compared to SEK 27,721 thousand on 31 December 2020, i.e. a cash flow of SEK -9,019 (3,860) thousand, excluding currency effects. In 2021 Petrosibir launched an extensive 2D and 3D seismic program covering all four licence areas. All field work related to the seismic program was completed in 2021. The investments in oil and gas assets in 2021 amount to SEK 20,383 and are mainly related to the seismic program.

Shareholders' equity per share on 31 December 2020 was SEK 7.25 (6.95).

Bashkiria

January-December 2021

The revenue from selling the produced oil amounted to 54,890 (31,226) thousand and the operating costs to – 50,695 (-33,006) thousand with an operating result of SEK 4,195 (-1,780) thousand. The operating margin amounted to 8% (neg).

Net revenue from oil trading amounted to SEK 8,639 (8,058) thousand.

Total operating result from both produced oil and oil trading amounted to SEK 12,834 (6,278) thousand.

During 2021 the average Brent price of oil was USD 71 per barrel compared to USD 43 per barrel in 2020. A higher oil price compensated the lower production and sales volumes and led to higher revenue in the year compared to the prior year. It was produced 97,888 (117,326) barrels of oil in Bashkiria during 2021 and sold 98,479 (117,344) barrels of oil. The average daily production amounted to 268 (321) barrels.

July-December 2021

The revenue from selling our own oil in the period amounted to SEK 29,397 (15,369) thousand. During the period 47,176 (56,790) barrels of oil were sold in Bashkiria. The average Brent price of oil was USD 77 per barrel during the period compared to USD 44 per barrel for the same period in 2020. The production amounted to 46,308 (57,050) barrels which corresponds to an average daily production of 252 (310) barrels. Lower production and sales volumes but higher Brent oil prices during the period compared to the same period in the prior year led to higher revenue. At the same time the team has successfully increased the netback from oil sales and continued the oil trading activities which added an incremental revenue of SEK 3,776 (4,118) thousand.

The operating costs in the period amounted to SEK -26,013 (-16,937) thousand. The operating costs in the period reflect higher mineral extraction taxes and operating efficiencies. Altogether this resulted in an operating margin of 12% (neg) in the period compared to 2020.

Below are the income statements for the operations in Bashkiria for the period January – December 2021 and 2020 as well as for the period July – December 2021 and 2020, amounts in SEK thousand.

Bashkirian operations	Jan-Dec		Jul-Dec	
	2021	2020	2021	2020
Revenue	54 890	31 226	29 397	15 369
Revenue oil trading, net	8 639	8 058	3 776	4 118
Raw materials and consumables	-30 177	-14 833	-15 871	-7 340
Other operating expenses	-20 518	-18 173	-10 142	-9 597
Operating profit	12 834	6 278	7 160	2 550
Operating margin	20%	16%	22%	13%
Operating margin excl oil trading	8%	-6%	12%	-10%

Favorable oil prices in 2021, supported by efficient cost control measures continuously implemented since the beginning of the year, contributed to both revenue increase and operating margin improvement to a healthy 22% in the second half of the year compensating accelerated natural production decline on Ayazovskoye oil field. The company continued facing some organisational disruptions caused by COVID-19 pandemic but in all cases introduced protective measures covering local and external collaboration procedures resulting in an effective, safe and stable business management.

The new Yanbayskoye oil field, discovered and developed together with the 49% partner Geoservice, is up and running smoothly with one well at the current production rate of 65 bopd. To increase the production management plans to frack the well during the first half of 2022.

In December 2021 the company successfully completed the field part of the complex seismic program covering all licences of the company: 3D seismic on Ayazovskoye, Ayskoye, Yanbayskoye oil fields and Orlinskaya structures, 2D seismic on Aysky and Suyanovsky exploration licences. Although processing and interpretation of the field work will be finalised in the beginning of the second half of the year, so far we see good quality data that will enable the company to optimize the development of assets and de-risk the future exploration drilling.

Komi

January-December 2021

During 2021 the company focused on sustaining flow rates by balancing oil production and water injection across the Sosnovskoye and Yuzhno-Tebuskoye oil fields. These efforts helped to slow down the fields production decline from 20-30% in the first half of the year to 0-10% in the second half. The company is preparing a geological model for the Sosnovskoye field with the next drilling campaign planned in 2025-2026 including five wells, two new vertical wells and three side tracks.

Dinyu-Savinoborskoye oil field, was shut down in 2020 and did not produce oil at all in 2021. There are currently no short-term plans to restart operations due to low anticipated flow rates from the existing wells. Nevertheless, there are still significant fixed costs to keep the legal entity and the field on standby, and the management continually considers different options to minimise maintenance expenses. In parallel, the company continues evaluating the exploration potential within the larger Ivanshorskoye licence area, including but not limited to drilling two exploration wells.

Significant events occurring after the reporting period

On 21 February 2022 Russia recognised the two self-proclaimed republics Donetsk People's Republic and Lugansk People's Republic as sovereign states and on 24 February 2022 commenced a military operation in Ukraine. The USA, the EU and a number of other countries have announced new personal and economic sanctions against Russia. These sanctions have so far not affected the operations of PetroSibir and its subsidiaries, nevertheless the Company will continue assessing the situation and potential impact on business as well complying with all applicable laws and regulations in the countries of operations.

Annual General Meeting and dividend

The date for the annual general meeting is yet to be confirmed but is planned to be held sometime in May or June 2022 in Stockholm. The Board proposes that no dividend is paid for the financial year 2021.

Risk factors and uncertainties

A detailed account of the risks facing the Company can be found in the 2020 annual report. Risks include exploration, oil price, exchange rate, liquidity, credit, interest rate and political, among others. During the period, there have been no major changes in material risk factors or uncertainties for the group or the parent company compared to what was described in the 2020 annual report.

Upcoming financial reporting

Annual report 2021 April 2022

Annual General Meeting 2022 May / June 2022

This information was released for publication on 28 February 2022.

This report has not been reviewed by the Company's auditors.

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About Petrosibir

Petrosibir is a Swedish company focused on exploring and developing concessions in Russia. The company holds licences in the Russian republics of Bashkiria and Komi. Petrosibir's 2P oil and gas reserves amount to 33.6 million barrels of oil equivalent or 35.4 million barrels of ABC1+C2 Russian State Balance Reserves (similar to 2P reserves under SPE PRMS standards). The Petrosibir share is traded on the OTC-list at beQuoted starting from 17 February 2016 under the symbol PSIB-B.

Petrosibir's Reserves

Licence	Product	Reserves as of January 1, 2022, MMBOE					Working interest
		1P	2P	3P	AB1+B2	C1+C2	
Ayazovskoye	Oil	6,0	21,5	39,7	8,1		100%
Ayazovskoye	Gas	1,0	4,0	7,0			100%
Ayskoye	Oil					7,3	100%
Yanbayskoye	Oil					4,9	51%
Dinyu-Savinoborskoye	Oil	1,4	2,7	4,0	8,2		49%
Sosnovskoye	Oil	1,0	4,4	7,5	6,1		49%
Yuzhno-Tebukskoye	Oil	0,6	0,9	1,3	0,8		49%
Total		9,9	33,6	59,4	23,2	12,2	

The amounts may not add up due to roundings.

Note on the reserves and resources calculation

Amounts are reported in millions of barrels of oil equivalent. Reserves refer to the amounts of oil and gas attributable to Petrosibir's share in the fields where the company conducts joint operations via joint ventures. Where applicable the calculations in the assessments have been made in accordance with SPE PRMS. AGR TRACS has made the assessment for Ayazovskoye field (2014). DeGolyer & MacNaughton made assessment of the Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebukskoye licences (2017).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Jul-Dec 2021	Jul-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Total revenue	33 173	19 486	63 529	39 284
Raw material and consumables	-15 871	-7 340	-30 177	-14 833
Personnel costs	-4 008	-4 730	-7 868	-8 653
Other external expenses	-7 359	-7 497	-15 431	-13 918
Depreciation	-1 216	-711	-2 251	-2 523
Impairment and disposals	0	0	-8 620	0
Operating expenses	-28 454	-20 278	-64 347	-39 927
Operating result	4 719	-792	-818	-643
Financial income	17	373	311	1 113
Financial expenses	-1 089	62	-1 762	-245
Impairment financial assets	0	0	0	0
Total financial items	-1 072	435	-1 451	868
Result before tax	3 647	-357	-2 269	225
Income tax	1 509	-522	-397	-167
Result for the period	5 156	-879	-2 666	58
Other comprehensive income				
Re-evaluation of equity instruments	31 017	-24 467	0	-55 484
Translation differences	4 913	-24 008	11 560	-43 756
Total items which may be or have been re-classified to result for the period	35 930	-48 475	11 560	-99 240
Total comprehensive income for the period	41 086	-49 354	8 895	-99 182
Earnings per share	0,17	-0,03	-0,09	0,00
Average number of shares	29 773 862	29 773 862	29 773 862	29 773 862
Result attributable to shareholders of the parent	5 156	-879	-2 666	58
Result attributable to non-controlling interests	0	-	0	-
Comprehensive income to shareholders of the parent	41 086	-49 354	8 895	-99 182
Comprehensive income to non-controlling interests	0	0	0	0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Dec 31 2021	Dec 31 2020
ASSETS		
Non-current assets		
Exploration and evaluation assets	49 006	47 342
Oil and gas assets	120 285	88 532
Other fixed assets	1 567	1 697
Investment in equity instruments	73 698	73 698
Total non-current assets	244 556	211 269
Current assets		
Inventory	700	373
Other current receivables	3 491	2 587
Cash and cash equivalents	21 025	27 721
Total current assets	25 216	30 681
Total ASSETS	269 772	241 950
EQUITY AND LIABILITIES		
Equity attributable to shareholders	215 918	207 023
Non-current liabilities		
Non-current loans	6 825	1 799
Deferred income tax liabilities	13 530	12 632
Other provisions	1 115	1 464
Total non-current liabilities	21 470	15 895
Current liabilities		
Accounts payable	3 188	1 198
Current loans	22 152	12 610
Other current liabilities	7 044	5 223
Total current liabilities	32 384	19 031
Total EQUITY AND LIABILITIES	269 772	241 950

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Jul-Dec 2020	Jul-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities				
Before change in working capital	5 449	340	714	2 444
Change in working capital	-1 389	466	-532	-697
Cash flow from operating activities	4 060	806	182	1 747
Investment in oil and gas assets	-20 383	-11 635	-20 383	-12 492
Disposal of financial assets	-394	0	0	0
Cash flow from investing activities	-20 777	-11 635	-20 383	-12 492
Cash flow from financing activities	4 852	14 605	11 182	14 605
Cash flow for the period	-11 865	3 776	-9 019	3 860
Cash and cash equivalents at beginning of the period	32 320	28 144	27 721	31 317
Cash flow for the period	-11 865	3 776	-9 019	3 860
Exchange differences in cash and cash equivalents	570	-4 272	2 323	-7 456
Cash and cash equivalents at end of the period	21 025	27 648	21 025	27 721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2021	2020
Opening balance January 1	207 023	306 206
Total comprehensive income for the period	8 895	-99 183
Closing balance December 31	215 918	207 023

Notes to the financial statements

Note 1. Information about the company

Petrosibir AB (publ) is a Swedish legal entity, with corporate identity number 556468-1491 and registered office in Stockholm, Sweden. The Petrosibir share of series B is traded on OTC-list at beQuoted under the ticker PSIB-B. The company's and its subsidiaries' operations are described under "About Petrosibir" herein.

Note 2. Accounting principles

The interim report has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *Årsredovisningslagen*). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendation RFR 2 "Financial Reporting for Legal Entities" issued by the Swedish Financial Reporting Board (Sw. *Rådet för finansiell rapportering*).

The accounting policies are consistent with those applied in the preparation of the Annual report 2020 and in the way they were described in the 2020 Annual report, except for the adoption of new standards effective January 1, 2021. None of the new or revised standards, interpretations or amendments adopted by the EU had any significant effect on the group.

The interim report does not contain all the information that appears in the annual report and, accordingly, the interim report should be read in conjunction with the 2020 annual report.

Note 3. Fair value

Financial instruments are classified in the following categories:

	Dec 31 2021	Dec 31 2020
Cash and accounts receivable	21 025	27 744
Financial assets held for sale	73 698	73 698
Total assets	94 723	101 442
Other financial liabilities	30 132	13 867
Total liabilities	30 132	13 867

The reported values equal, in all material respects, the fair value. Petrosibir has not offset any financial assets and liabilities and has no agreements that allows set-off.

Note 4. Investment in equity instruments

The equity investment in Ripiano Holding, SEK 74 (74) million, is reported as investment in equity instruments.

Note 5. Related party transactions

There have been no related party transactions.