Kopy Goldfields AB (publ)

Corp. Id
556723-6335

ANNUAL REPORT

FOR

THE FINANCIAL YEAR
ended 31 December 2021

CONTENT

DIRECTORS' REPORT

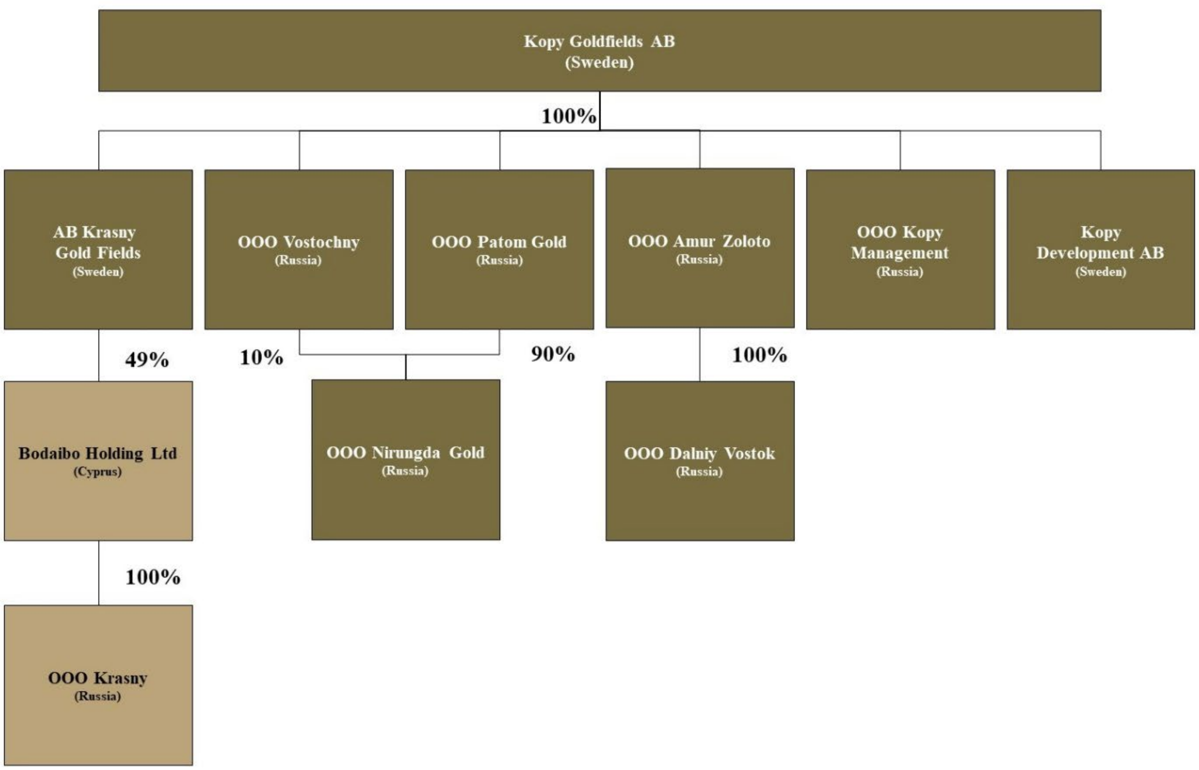
The Board of Directors and the Chief Executive Officer of Kopy Goldfields AB (publ), 556723-6335, hereby submit the annual report for the financial year 1 January – 31 December 2021.

Group structure and background

Kopy Goldfields AB (publ) is a Swedish limited liability company domiciled and headquartered at Eriksbergsgatan 10 in Stockholm, Sweden, with legal address P.O. Box 7090, 103 90 Stockholm, Sweden. The operations of the Company and its subsidiaries are focused on gold and silver exploration, evaluation, and production in the Khabarovsk region and the Bodaibo district of the Irkutsk region of the Russian Federation. Kopy Goldfields AB is a public company listed on Nasdaq First North Growth Market, Stockholm under the ticker code "KOPY".

Kopy Goldfields AB is the Swedish parent company and holds directly or indirectly 100% of the Swedish subsidiaries AB Krasny Gold Fields and Kopy Development AB, and 100% of the Russian subsidiaries OOO Amur Zoloto, OOO Dalniy Vostok, OOO Vostochny, OOO Patom Gold, OOO Nirungda Gold and OOO Kopy Management. The Company also holds 49% of the Cyprus-based company Bodaibo Holding Ltd, which in turn is the 100%-owner of the Russian company OOO Krasny. All Russian subsidiaries are Russian limited liability companies (OOO). The operations of the Group are performed via the subsidiaries and each of the Russian subsidiaries is or may be the owner of different gold exploration and production licenses.

Below is an overview of the Group´s legal structure at 31 December 2021.



Vision and business concept

Kopy Goldfields' vision is to be a trusted world-class continuously growing gold exploration and production company, respected by all stakeholders for our strong economic, environmental and social performance. The Company's mission is to be a responsible gold miner that creates value and benefits for all our stakeholders and contributes to a sustainable future. Kopy Goldfields' strategy is to combine local geological knowledge and science with international management, industry best practices and modern, efficient technology to identify and develop mineral deposits in a cost-efficient, safe, and transparent way.

Significant events during the financial year

The modernisation and extension of the Yubileyniy plant was completed late in 2021, almost doubling the processing capacity from 130 to 250 kilo tonnes of ore per annum. The increased capacity facilitated the expansion of the gold production from Yubileyniy at the end of the fourth quarter 2021, and is expected to reach full utilisation during 2022. The Yubileyniy upgrade is one of several development projects in Kopy Goldfields’ long-term investment plan, targeting to organically double gold production to over 100 koz by 2025.

By the end of 2021, the construction works of the new heap leach plant at Perevalnoe were completed. The new plant is planned to be commissioned and start producing gold in the second quarter 2022.

Operations
The Company has two bedrock mines, Yubileyniy and Perevalnoe, and two placer mines, Buor-Sala and Khayarylakh, in the Khabarovsk region of Russia. In addition, the Company has several exploration projects ranging from greenfield exploration to the production development stage. The major projects are presented on the following pages.

Production
The total gold equivalent (GE) production for 2021 amounted to 51.61 koz (1,605.16 kg), which was 3% below the 2020 production level of 53.11 koz (1,652.04 kg). 2021 GE production includes 60.97 koz (1,896.49 kg) of silver which is an equivalent of 0.83 koz (25.74 kg) of gold. Gold production for the full year 2021, compared with 2020, is presented in the following table:

Gold equivalent (GE) production	**Jan–Dec 2021**		**Jan–Dec 2020**		
	Kg	**Koz**	**Kg**	**Koz**	**%**
Yubileyniy project (CIP)	411.84	13.24	439.48	14.13	-6%
Yubileyniy project (HL)	41.90	1.35	21.29	0.68	97%
Perevalnoe project	752.65	24.20	933.53	30.01	-19%
Placer mines	373.03	11.99	215.60	6.93	73%
Silver production, in GE	25.74	0.83	42.15	1.36	-39%
Total GE production	1,605.16	51.61	1,652.04	53.11	-3%

Yubileyniy project
The Yubileyniy project includes the operational Krasivoe underground mine and the Yubileyniy processing plant. The Krasivoe mine commenced production in 2004, initially as an open pit and then switched to underground mining in 2010. Yubileyniy is a conventional CIP plant. The plant’s flowsheet is as follows: gravity concentration, followed by intensive leaching of gravity concentrate and flotation concentration of gravity tailings, followed by CIP processing of flotation concentrate. The output product from the site is gold alloys (Doré bars) containing some 17-30% of gold content. These are further refined to bankable gold bullions by the external refinery.

The modernisation and extension of the Yubileyniy plant was completed late in 2021, almost doubling the processing capacity from 130 to 250 kilo tonnes of ore per annum (“ktpa"). The increased capacity facilitated the expansion of the gold production from Yubileyniy at the end of the fourth quarter 2021 and is expected to reach full utilisation during 2022. The Yubileyniy upgrade is one of several development projects in Kopy Goldfields’ long-term investment plan, targeting to organically double gold production to over 100 koz by 2025. A further expansion to 400 ktpa is planned.
The full-year GE production from the Yubileyniy project, both CIP and HL, amounted to 14.59 koz, in line with the production in 2020.

Gravity and flotation concentrates produced at the Perevalnoe plant are also leached to Dore bars at the Yubileyniy plant, which are reported under the Perevalnoe project further below.

Perevalnoe project
The Perevalnoe project includes the Perevalnoe processing plant and the Perevalnoe deposit. Mining from the Perevalnoe open pit commenced in 2015 and the processing plant was commissioned in 2017. The plant produces gravity and flotation concentrates which are further transported and leached at the Yubileyniy processing plant to produce Doré bars. The Perevalnoe concentration (gravity and flotation) plant has a designed capacity of 125 ktpa. Following the elimination of bottlenecks, the 2021 annual throughput reached 173.43 ktpa.

The Perevalnoe deposit is represented by two zones, which are considered as two separate deposits: Brekchiyevaya Zone and Priyatnoe Zone. Open pit (OP) mining at the Perevalnoe project has been gradually declining in accordance with plan. In Q2 2021, the Priyatnoe open pit was depleted, and in Q4 2021, the Brekchivaya open pit was depleted. No more open pit mining activities are scheduled at Perevalnoe.

The mined ore is split into three categories: “High grade”, “Low grade” and “Heap leach” grade. The High grade ore with a grade of above 5 g/t is mixed with parts of the “Low grade” ore (grade of between 3 and 5 g/t) to get a head grade of 5.5-6.5 g/t. This is then processed at the Perevalnoe mill into gravity and flotation concentrates which are further transported and leached at the

Yubileyniy processing plant. Parts of the the "Low grade" ores are also stockpiled on site for the future use. "Heap leach" grade ores with grades below 2 g/t are stockpiled on site and will be used for the heap leach operations that is planned to commence in 2022.

By the end of 2021, the construction works of the new heap leach plant at Perevalnoe were completed. The new plant is planned to be commissioned and start producing gold in the second quarter 2022. In 2021, ore crashing for HL operations amounted to 42 kt of ore. Ore crashing and heaps piling will proceed in 2022.

In 2021, the company commenced preparations for underground (UG) mining at the Brekchivaya site developing the initial 152.5 meters of decline, and initiated a review of an updated resource model, optimised underground development and mill operations. Based on this review, a decision will be taken on how to proceed with underground mining. In 2022, the Perevalnoe CIP mill will process only the accumulated high-grade and low-grade ore from the stockpiles.

In 2021, full-year gravity concentrate production reached 326.97 t, a decrease of 11% and flotation concentrate production was 6,001.20 tons, a decrease of 3%. In 2021, GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 24.20 koz, a decrease of 19%, which is in line with expectations due to the planned processing of the low-grade ore from Brekchivaya open pit, prior to transition to underground mining.

Placer mining
During May– October 2021, alluvial gold was produced at the two placer deposits Buor-Sala and Khayarylakh, located within 100 km to the west of the Yubileyniy site. These are shallow stream placers which are dozed and loaded into articulated haul trucks and hauled to semi-mobile washing plants or hauled by front loaders. The waste stripping is conducted largely in the autumn and early spring with washing of gravels from May – October.

In 2021, full-year gold production from placer operations totaled 11.99 koz, an increase of 73% compared to 2020. The increase in alluvial production compared to 2020 is explained by the late start of alluvial mining in 2020 caused by Covid-19 travel restrictions and by higher than expected gold grade and bigger volume of gravel washed at Buor deposit.

Exploration
The Company has a robust asset portfolio with high organic growth potential for creating value and generating substantial future cash flow.
The company ran several exploration programs during 2021:

- Yubileyniy project, Khabarovsk region: 5,381 meters drilling program at the Krasivoe deposit targeting gold mineralization down dip.
- Perevalnoe project, Khabarovsk region: 5,257 meters drilling program at Brekchivaya deposit to specify gold mineralization for underground mining.
- Alluvial deposits, Khabarovsk region: 6,623 meters drilling program on the Khayunda, the Khayarylakh, Onne and the Buor-Sala placers, targeting to increase alluvial reserves to support the 2022 – 2023 and beyond placer mining.
- Krasny project, Irkutsk region: Drilling of 27,773 meters of core holes under the 2021 exploration program.

Krasny project
The Krasny Gold Project includes two bedrock licenses and one alluvial gold license with 1.8 Moz of Inferred and Indicated resources, including 0.3 Moz of Probable reserves (JORC) for part of the mineralization, still open along the strike and to the depth. The project is a joint project with the Russian gold producer GV Gold, in which Kopy Goldfields owns 49%. During the year, Kopy Goldfields and GV Gold agreed on a USD 6.8 million exploration program for 2021 with the target to advance Krasny into the feasibility stage and production planning.

Reserves and Resources
Following the updated resource statement issued in October 2020, Kopy Goldfields' total estimated M, I&I Mineral Resources amount to 2,756 koz of gold, and total new Probable Ore Reserves amount to 1,313 koz of gold, including the attributable reserves and resources of the Krasny project. An update the reserve and resource estimations for Kopy Goldfields' exploration projects is planned for later in 2022.

Covid-19
Following the outbreak of Covid-19 on the Yubileyniy mine site in December 2020, the Company has strengthened and extended quarantine measures and other precautions. Prevention and mitigation of the negative effects of the Covid-19 pandemic are within the Company's operational focus. The Company offers employees in Russia the opportunity to get vaccinated against Covid-19. The operations at Yubileyniy were restored to initial capacity shortly after the outbreak. During 2021, new cases of infection were identified at all sites, but following sanitary measures and protocol activities, it was possible to quickly isolate them. However, as a consequence of the Covid-19 labor migration restrictions, the Company continued in 2021 to be affected by an industry-wide shortage of qualified mining personnel at the mine sites as well as extended procurement and maintenance for the mining and investment activities.

Increased sanctions in 2022
In 2022, new sanctions have been imposed on Russia by the US, the EU and other countries. Russia has responded with countersanctions. So far, the gold mining industry is not falling under any announced or published sanctions and Kopy Goldfields' operations continue undisrupted.

However, as any business in Russia, Kopy Goldfields' Russian subsidiaries are influenced and exposed in general to the international sanctions. The Russian financial system and industries with trans-border activities are under strong pressure. Kopy Goldfields' Russian subsidiaries cooperate with major Russian banks and some of them are subject to international sanctions. In addition, Russian companies are facing increased monetary restrictions and regulations, which affect intragroup transactions.

Operationally, Kopy Goldfields is to a limited extent dependent on foreign suppliers whose activities in Russia are affected by the sanctions.

Kopy continuously monitors and evaluates the development to secure that business operations are compliant with relevant legislation and that relevant actions are taken to efficiently and timely mitigate the effects of the financial volatility. Contingency measures have been initiated to ensure advance equipment and spare parts procurement, liquidity, and gold sales channels. Currently, the Group is fully financed to execute its development plans.

Seasonal variations
Kopy Goldfields' gold production is traditionally affected by seasonal variations. Alluvial mining operations are restricted to the warm season and transportation of concentrates from the Perevalnoe site to the Yubileyniy processing plant takes place primarily during the winter season.

Financial overview

	Jan-Dec 2021	**Jan-Dec 2020**	**%**
Gold sales, koz	49.81	55.43	-10%
Average realized gold price, USD/oz	1,783	1,773	1%
Revenue, TUSD	89,578	98,841	-9%
Gross profit, TUSD	24,421	40,973	-40%
Gross margin, %	27%	41%	-34%
EBITDA, TUSD	36,899	45,620	-19%
EBITDA margin, %	41%	46%	-11%
Profit before tax, TUSD	10,640	24,728	-57%
Profit for the period, TUSD	7,715	19,153	-60%
Earnings per share before dilution, USD	0.01	0.02	-50%
Earnings per share after dilution, USD	0.01	0.02	-50%
Equity per share, USD	0.12	0.11	9%
Cash & cash equivalents at the end of the period, TUSD	6,145	10,388	-41%
Net Debt, TUSD	60,637	41,938	45%
Net debt/ EBIT DA, x	1.64	0.92	78%

Acquisition of Amur Zoloto
In September 2020, the Company completed the acquisition of LLC Amur Gold Company ("Amur Zoloto") in exchange for shares issued by the Company. Since the shareholders of Amur Zoloto became the owners of 88.28% of the Company at the date of the transaction, the financial statements have been prepared using the accounting model prescribed by IFRS 3 "Business combination" for "reverse acquisitions". This accounting model requires Amur Zoloto to be treated as the accounting acquirer for the consolidated financial information and Kopy Goldfields AB being presented as the acquiree. Kopy Goldfields AB's financial statements have been included in the consolidated financial statements for the period from September 1, 2020, the accounting date of the transaction, due to the application of the reverse acquisition. The standalone financial statements of the parent company Kopy Goldfields AB are presented for the full year ended December 31, 2021, with comparative information for the corresponding period 2020. For more information, see Note 33.

Currency
Following the transaction with Amur Zoloto in 2020, the Group changed the presentation currency from Swedish krona (SEK) to US dollars (USD). The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the Group, including market investors, banks, and rating agencies, and as it is a common presentation currency for the mining industry.

In accordance with the Swedish Accounting Act, the Parent Company's financial information is reported in Swedish krona and not the Group's presentation currency of US dollars.

Comments on financial performance
(Numbers in parentheses refer to full year 2020.)
Total revenues for the full year period 2021 amounted to TUSD 89,578 (TUSD 98,841), a decrease of 9%. The decrease was primarily an effect of lower volumes of gold sold, somewhat offset by higher average realized gold price. Gold sales (GE) for the full year month period 2021 amounted to 49.81 koz (55.43), a decrease of 10%. In 2021, gold sales were 1.80 koz lower than production, while sales in 2020 were 2.32 koz higher than production, resulting in a net increase of gold in stock in 2021 and a net decrease in 2020. Gold production during the full year 2021 was affected by the outbreak of Covid-19 at the Yubileyniy mine in December 2020 and shortages of key personnel due to travel restrictions and lockdowns. The average realized gold price in 2021 amounted to USD 1,783/oz, which was in line with USD 1,773/oz in 2020.

The company's onsite end product is doré alloy bars containing gold (17-30%), silver as well as inclusions of other metals. The bars are transported to a refinery in order to be purified and smelted into marketable gold and silver bullion bars, which are stored securely until sales transactions take place. In line with the common practice in the industry, Kopy Goldfields has sold refined gold and silver bullion to Russian commercial banks at international US dollar prices.

Costs of Sales for the full year 2021 amounted to TUSD 65,157 (57,868), an increase of 13% compared to the corresponding period 2020. Cost of sales includes impairment of low-grade ore in stock of TUSD 11,174 (1,012) during the full year, being TUSD 10,163 higher than the previous year, and the main reason to the increased Costs of Sales. Within the mining operations, low grade ore is stockpiled and being recorded as inventory, to be further processed within the heap leach operations. The volume of low grade ore is being valued each period end, based on the expected amount of gold and expected processing cost. The value is compared with the gold price forecast at period end and if necessary, impaired. The valuation as per December 31, 2021, was based on the gold price forecast as per Year End, which amounted to USD 1,735/oz and does not take into consideration the sharp increase in the gold price during the first quarter 2022. The volume of low grade ore increased during the year compared to 2020, combined with increased expected processing costs, which explain the increase of impairment. The impairment is a non-cash item and is disclosed in the EBITDA reconciliation and in the Cash Flow statement under line ”Change in allowance for slow-moving and obsolete inventory”.

Total Cash Costs amounted to TUSD 41,731 (46,362) during 2021. TCC per gold equivalent ounce sold for 2021 remained on the same level as last year and amounted to USD 838 per GE oz in 2021 compared to USD 836 per GE oz in 2020.
All-in sustaining costs (AISC) per gold equivalent ounce sold increased during the full year 2021, from USD 1,096 per GE oz during the full year 2020 to USD 1,190 per GE oz during the full year 2021. Higher sustaining capital expenses negatively impacted the cost performance during the reporting period. Further, due to the accounting rules following the acquisition in September 2020, the figures for 2020 do not include corporate, general and administrative expenses of the Parent Company for the first nine months.

TCC and AISC are both non-IFRS measures and are reconciled as follows:

Total Cash Costs (TCC) (TUSD)	**Jan – Dec 2021**	**Jan – Dec 2020**	**%**
Cost of gold sales	64,719	57,364	13%
Property, plant, and equipment depreciation and intangible assets amortization	-11,491	-9,762	18%
Provision for mine closure, rehabilitation, and decommissioning costs	-323	-228	42%
Change in allowance for slow-moving and obsolete inventory	-11,174	-1,012	1,005%
Total cash costs	**41,731**	**46,362**	**-10%**
Ounces sold (GE koz)	49.82	55.43	-10%
TCC per GE ounce sold (USD/oz)	**838**	**836**	0%

All-in Sustaining Costs (AISC) (TUSD)	**Jan – Dec 2021**	**Jan – Dec 2020**	**%**
Total cash costs	41,731	46,362	-10%
Corporate, general, and administrative expenses	9,586	8 325	15%
Amortization and depreciation related to corporate, general, and administrative expenses	-229	-185	24%
Exploration impairment losses	0	-921	-100%
Provision for mine closure, rehabilitation, and decommissioning costs	323	228	42%
Sustaining exploration expenses	555	995	-44%
Sustaining capital expenses	4,248	1,797	136%
Sustaining lease payments	3,049	4,144	-26%
Total all-in sustaining costs	**59,264**	**60,746**	**-2%**
Ounces sold (GE koz)	49.82	55.43	-10%
AISC per GE ounce sold (USD/oz)	**1,190**	**1,096**	**9%**

Gross profit for the full year 2021 amounted to TUSD 24,421 (40,973). The decrease of gross profit was mainly driven by lower revenues.

General and Administrative expenses (G&A expenses) for 2021 amounted to TUSD 9,202 (6,887). The increased G&A expenses during 2021 compared to 2020 are mainly explained by “former” Kopy Goldfields not being included in the expenses in the first eight months 2020 due to the accounting rules.

Operating profit for the full year of 2021 decreased from TUSD 31,637 in 2020 to TUSD 13,816 in 2021.

EBITDA for 2021 amounted to TUSD 36,899 (45,620), with an EBITDA margin of 41% compared to 46% in 2020. EBITDA is a non-IFRS financial measure and is reconciled as follows:

EBITDA reconciliation to Profit before tax (TUSD)	**Jan-Dec 2021**	**Jan-Dec 2020**
Profit before tax	10,641	24,728
Share of net profit of associates accounted for using the equity method	-144	310
Financial income	-2,762	-114
Financial costs	6,082	6,713
Depreciation and depletion	11,964	10,103
Net realizable value allowance for stock piles, work in progress, and finished goods	11,174	1,012
Change in allowance for slow-moving and obsolete inventory	-91	–
Impairment of exploration and evaluation assets	-	956
Other one-off adjustments	34	1,912
EBITDA	**36,899**	**45,620**

Net financial result for the full year 2021 amounted to TUSD -3,176 (-6,909). The variations were mainly explained by non-cash unrealized gains and losses from derivatives revaluation relating to gold price hedge positions. As part of debt financing requirements, hedging instruments are used to form a corridor between floor and ceiling gold prices. The instruments provide a secured floor gold price of USD 1,400/oz for approximately 40% of the projected gold production for 2021–2025 with ceiling prices exceeding USD 2,500/oz. 2021 financial net includes unrealized gains of TUSD 2,099 in total. The Company shows Derivative financial assets in the balance sheet of TUSD 1,089 as of December 31, 2021, relating to the fair value of derivatives on gold commodities. Please see Note 5 and 34 for more information.

Net profit for the full year 2021, attributable to shareholders of the parent company, amounted to TUSD 7,716 (19,152). This equals USD 0.01 (USD 0.02) per share before and after dilution.

Comments on financial position, investments and liquidity

Comments on the financial position

Total loans and borrowings amounted to TUSD 36,620 at period end, compared to TUSD 21,590 as of December 31, 2020. During the year, the Company repaid a loan of TUSD 6,063 to Scandinavian Credit Fund. Following the repayment, the Company has no assets pledged. During the year, the Group received a loan of TUSD 20,298 from VTB. For more information, see note 27.

Total net debt as of December 31, 2021, amounted to TUSD 60,637 compared to TUSD 41,938 as of December 31, 2020. Net Debt is a non-IFRS financial measure and is reconciled as follows:

Total Net Debt (TUSD)	**31 Dec 2021**	**31 Dec 2020**
Borrowings	36,620	21,590
Contract liability	26,094	26,241
Leasing	4,068	4,495
Total Debt	**66,782**	**52,326**
Cash and Cash equivalents	-6,145	-10,388
Total Net Debt	**60,637**	**41,938**

Total Net Debt/LTM EBITDA amounted to 1.64x on December 31, 2021, compared to 0.92x at Year End 2020.

Investments

Total investments, including capitalized exploration costs and capitalized borrowing costs, during the full year 2021 amounted to TUSD 28,376 (17,859). The investments included:

- Yubileyniy project of TUSD 10,320
- Perevalnoe project of TUSD 6,585
- Malyutka project of TUSD 6,822
- Other projects of TUSD 1,368
- Exploration of TUSD 1,748
- Capitalized borrowing costs of TUSD 1,037
- Payment of deferred capitalization of Krasny from 2020 of TUSD 496.

Financing of the 2021 exploration program on Krasny was agreed with GV Gold in the beginning of the third quarter 2021 and will be done on a pro-rata basis 49%/51%. Kopy Goldfields' part amounts to TUSD 3,346. In accordance with the shareholders agreement between Kopy Goldfields and GV Gold, Kopy Goldfields has the right to postpone the payment of the investment for 360 days.

Liquidity

The Company's cash and cash equivalent position at December 31, 2021 amounted to TUSD 6,145, compared to TUSD 10,388 on December 31, 2020. Unused credit facilities on December 31, 2021, amounted to TUSD 6,729 (27,073 at December 31, 2020). The bank credit facilities may be drawn by the bank notice in RUB and have an average maturity of 5 years.
Gold in stock ready for sale (not included in cash and cash equivalents) amounted to 8.21 koz at period end, at a book value of TUSD 9,705 (corresponding to a market value of TUSD 14,737).

Personnel

As of December 31, 2021, the Group had 702 employees, of which 621 men and 81 women, compared to 652 employees on December 31, 2020, of which 575 men and 77 women. The average number of employees during the full year 2021 was 743 (689), of which 662 (618) men. All figures relating to 2020 have been counted as if Kopy Goldfields and Amur Zoloto had been one Group the whole period.

Parent company

The Swedish Parent Company is a holding company with no significant operational activity. The Parent Company supports the subsidiaries with financing, strategy decisions, etc.
The Parent Company's revenue amounted to TSEK 1,765 (1,150) for the full year 2021. The revenue was related to the re-invoicing of expenses to subsidiaries. Net loss for 2021 amounted to TSEK -30,584 (-22,248).
Total assets at period end amounted to TSEK 1,984,557 and remained relatively unchanged compared to TSEK 1,974,987 on 31 December 2020. Cash and cash equivalents amounted to TSEK 4,091 compared to TSEK 2,344 on December 31, 2020. Equity on December 31, 2021, amounted to TSEK 1,874,856 (December 31, 2020: TSEK 1,900,975).
There was 1 person (1) employed by the Parent Company at the end of the period.

Events after the end of the financial year
Events after the end of the financial year are now only presented in the notes. See Note 38 Events after the reporting date.

Production guidance 2022
Kopy Goldfields target is to produce 52 koz to 57 koz of gold equivalent (GE) in 2022, compared to 51.61 koz of GE produced in 2021.

Shares
The Company's share has been listed on Nasdaq First North Growth Market since August 2011. The Company has temporarily paused its ambition to apply for listing on Nasdaq's main market.

On December 31, 2021, the total number of issued shares in Kopy Goldfields AB was 889,064,175, with a quota value of SEK 0.38 (SEK 0.38). All shares represent one vote each.

Kopy Goldfields has a warrant program as part of the remuneration package to management and key personnel. Kopy Goldfields has also a warrant program for the board of directors. The warrants were transferred without consideration to the management and key personnel participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. Warrants currently outstanding have been issued following the AGMs in 2018, 2019 and 2021. For more information, see Note 14.

On December 31, 2020, the 2017/2020 incentive program expired. Following registration of new shares issued under the incentive program with the Swedish Companies Registration Office in February 2021, the number of shares in the Company increased by 3,058,600, from 886,005,575 to 889,064,175 shares, and the share capital increased by SEK 1,162,945 (equivalent to TUSD 138 translated at the exchange rate on the date of issue), from SEK 336,878,176 to SEK 338,041,120 (rounded off to the nearest whole number). Consideration received in the new share issue amounted to TUSD 649,5 (equivalent of TSEK 5,414 translated at the exchange rate on the date of payment).

On 31 December 31, 2021, the 2018/2021 incentive program expired. The shares that were subscribed were paid and registered on 31 January 31, 2022. Following registration of new shares issued under the incentive program with the Swedish Companies Registration Office in 2022, the number of shares in the Company increased by 1,640,200 shares, from 889,064,175 to 890,704,375 shares and the share capital increased by SEK 623,639 (equivalent of TUSD 66 translated at the exchange rate on the date of issue), from SEK 338,041,120 to SEK 338,664,759. Consideration received in the share issue amounted to TUSD 301 (SEK 2,739,134) and is recorded as increase of other contributed capital as per December 31, 2021.

Certified Adviser
Nordic Certified Adviser is the appointed certified adviser for the company and monitors the company's compliance with the regulations of Nasdaq First North Growth Market.

Shareholders
Two shareholders had a holding in excess of 10 percent of the shares and votes as at December 31, 2021. HC Alliance Mining Group Ltd was the single largest shareholder with a holding representing approximately 66.1% of the share capital. Lexor Group was the second largest shareholder with a holding representing 18.0%.

Significant risks and uncertainties
Kopy Goldfields is exposed to a variety of risks by virtue of its activities.

Risks related to Russia
Operating in Russia subjects the Company to several political, legal and economic factors that may affect its operations and financial position. The Company sees the following risks as the biggest challenges to operating in Russia:

- International capital flows can be hampered by global financial difficulties.
- Changes in inflation may affect the Company's financial position.
- Relations between Russia and the EU and/or the US may worsen, and current sanctions may be extended. The Company is not currently affected by the sanctions but does monitor developments.
- Conflicts in the Russian federal system, including illegal or lucrative state incidents, may lead to uncertainty in daily operations.
- Crime and corruption and the use of illegal or unacceptable business methods.
- The Company is dependent on the approval of state and local authorities, which may be a time-consuming process.
- Changes in laws, which currently prevent the nationalization of international assets, may have a negative effect on the Company's operations.
- The risk that Russia does not accept the decisions of a foreign court of law and pursues issues in local arbitration.
- Russia's infrastructure is to some extent underdeveloped and may impair or delay the Company's operations or lead to increased costs.

- The taxation and legal systems in Russia are subject to frequent changes and are thereby difficult to anticipate. The Russian tax system is also subject to different interpretations on the federal, regional and local levels.

Increased sanctions in 2022
In 2022, new sanctions have been imposed on Russia by the US, the EU and other countries. Russia has responded with countersanctions. So far, the gold mining industry is not falling under any announced or published sanctions and Kopy Goldfields' operations continue undisrupted.

However, as any business in Russia, Kopy Goldfields' Russian subsidiaries are influenced and exposed in general to the international sanctions. The Russian financial system and industries with trans-border activities are under strong pressure. Kopy Goldfields' Russian subsidiaries cooperate with major Russian banks and some of them are subject to international sanctions. In addition, Russian companies are facing increased monetary restrictions and regulations, which affect intragroup transactions.

Operationally, Kopy Goldfields is to a limited extent dependent on foreign suppliers whose activities in Russia are affected by the sanctions.

Kopy continuously monitors and evaluates the development in order to secure that business operations are compliant with relevant legislation and that relevant actions are taken to efficiently and timely mitigate the effects of the financial volatility. Contingency measures have been initiated to ensure advance equipment and spare parts procurement, liquidity and gold sales channels. Currently, the company is fully financed to execute its development plans.

Risks related to macroeconomic factors
Negative developments in the world economy and a challenging environment for the global capital markets may affect the Company's operations, financial position and earnings, and hinder the Company's ability to obtain financing in the future.

Covid-19 or similar type of pandemics
A global pandemic such as the novel coronavirus (Covid-19) can have a severe negative impact on the group and its ability to conduct operations. The outbreak of the Covid-19 virus escalated in March 2020. Since then, the virus has triggered severe social and economic disruption around the world. The impact on the Company´s operations has been disclosed elsewhere in this report and relates to reduced production due to infected personnel and travel restrictions resulting in some procurement delays. A further escalation of the Covid-19 pandemic may have a continuous direct effect on the Company´s operations. The Covid-19 pandemic may also have an indirect impact through macroeconomic effects such as the price of gold and exchange rates.

Gold price volatility
The gold price may change due to reduced demand, changes in the US dollar or other macroeconomic factors, which may negatively impact the Company´s business, financial position and results of operations in a number of ways. Kopy Goldfields' revenue is derived from the sale of gold. Therefore, fluctuations in the prices of this commodity may affect the Company´s future operations and potential profitability. Such decreased revenues may also increase the requirements for capital. Variations in the gold price may impact the availability and the terms of additional financing required to develop the projects. The estimation of economically viable identified mineral resources and ore reserves requires certain assumptions, including assumptions related to the gold price. A revised estimate of identified mineral resources and ore reserves due to a substantial decline in the gold price could result in the decrease in the estimates of the Company's mineral resources and ore reserves, subsequent write downs and negative impact on mine life.

Currency
Kopy Goldfields' currency risk comprises transaction risk and translation risk. Transaction risk is the risk of an impact on the Company's earnings and cash flow due to the value of flows in foreign currencies changing in the event of changes in exchange rates. Translation risk consists of assets in foreign subsidiaries less liabilities, which constitutes a net investment in foreign currency that on consolidation gives rise to a translation difference. The major portion of the Company's expenditure is conducted in RUB while the price of gold sales is tied to the USD. The Company is thereby affected by changes in exchange rates with regard to the operational transaction exposure. This risk is not hedged as of the date of the Annual Report. An adverse effect on the operational transaction exposure may have a material adverse impact on the Company's operations, financial position and earnings.

Insurance
The insurance industry is not yet developed in Russia and several forms of insurance protection common in more economically developed countries are not yet available in Russia on equivalent terms.
Kopy Goldfields has signed insurances that covers its Swedish operations against losses and/or potential liability in relation to claims from third parties. Kopy Goldfields has also signed a liability insurance covering board members and the CEO. Russian subsidiaries of Kopy Goldfields insure industrial safety, real estate and vehicles. If a loss is not covered by an insurance policy, exceeds the amount limitations or causes consequential losses, this may have a material adverse impact on the Company's reputation, operations, financial position and earnings.

Geological risk
Gold exploration is associated with high risk. All estimates of recoverable mineral resources in the ground are largely based on probabilities. Estimates of mineral resources and ore reserves are based on extensive test drilling, statistical analyses and model studies and remain theoretical in nature until verified by industrial mining. There is no methodology for determining with certainty the exact amount of gold available or the shape of a potential ore body and its distribution. The exact amount of gold is known only when the gold has been extracted from the gold deposit. Data relating to mineral resources and ore reserves as presented by the Company, and by others, should be viewed against this background and may therefore deviate from this data. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Any material reductions in estimates of mineral reserves could have a material adverse effect on Kopy Goldfields' results of operations and financial position.

Environmental risk
The Company's operations are subject to the extensive environmental risks inherent in the mining and processing industry. Russia has adopted environmental regulations requiring industrial companies to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources. Environmental legislation and permitting requirements and the manner in which these are enforced are likely to evolve towards higher and more demanding standards and stricter enforcement, as well as increased fines and penalties for non-compliance.

If incorrect technical or chemical equipment is used in exploration and production, environmental risks may arise that may delay the Company's operations and increase the cost of operations, which may have a negative effect on the financial position of the Company. Environmental requirements and counter-party costs may be placed on the Company, which may delay other work or increase the Company's costs.

Pursuant to environmental laws and regulations, upon the cessation of mining operations gold mining companies are also obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If the Company's environmental compliance obligations were to change as a result of changes in the laws and regulations, or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Company's expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its business, operating results and financial position.

License management
There is a risk that title to the mining concessions, the surface rights and access rights comprising the Company's projects may be deficient or subject to dispute. The procurement or enforcement of such rights can be costly and time consuming. In areas where there are local populations or landowners, it may be necessary, as a practical matter, to negotiate surface access. Despite having the legal right to access the surface and carry out mining activities, the Company may not be able to negotiate satisfactory agreements with existing landowners/occupiers for such access, and therefore may be unable to carry out mining activities as planned. In addition, in circumstances where such access is denied, or no agreement can be reached, Kopy Goldfields may need to rely on the assistance of local officials or the courts in such jurisdictions, which may delay or impact mining activities as planned. There is also a risk that the Company's exploration, development and mining authorizations (subsoil licenses) and surface rights may be challenged or impugned by third parties. In addition, there is a risk that the Company´s licenses may be prematurely terminated, suspended or restricted by the licensing authorities if the Company breaches any of their material terms (such as work program obligations or other license commitments) without referring the matter to court. Further, there is a risk that the Company will not be able to renew some or all of its licenses in the future. Inability to renew a license could result in the loss of any project located within that license. Future laws and actions could have a material adverse effect on Kopy Goldfields' operations or on its financial position, cash flow and results of operations.

Information Security
Kopy Goldfields' operations are dependent on the group's IT systems. Significant disruptions or another type of major breakdown of network servers, a hacker attack, IT virus or other interruption of the IT system could thus impact Kopy Goldfields' ability to conduct operations. Disruptions in the Company's IT systems may also give rise to transaction errors, customer losses, the loss of business opportunities and reputational damage. In the event that any of these risks should materialise, this could thus have a material adverse impact on the Company's operations, financial position and earnings.

Suppliers
Dependence on third parties and local suppliers and their services, access to equipment and construction assistance may be delayed.

Acquisitions
Acquisitions are part of the Company’s growth strategy. All acquisitions and divestments are associated with risks and uncertainty. While the Company believes it is in a favorable position to make a fair assessment of development opportunities and risks associated with exploration and production licenses, there can be no guarantee that the expected potential of the acquisition targets, in terms of value creation for the Company, will ultimately be realized.

Dependence on qualified personnel
The Company’s development is highly dependent on the existing management and organization and their ability to recruit and retain experienced personnel for future operations. Should these risks materialize, this could adversely impact Kopy Goldfields' operations, financial position and results.

Accidents
Mining and exploration are more accident prone than many other industries. As such, the Company’s employees are exposed to occupational risks. Mining and exploration work is also exposed to potential natural disasters. A serious accident or natural disaster could have a significantly negative effect on the Company’s earnings and financial position.

Long-term financing risks
The development of the Company´s projects require substantial additional capital. When such additional capital is required, Kopy Goldfields may need to pursue various financing transactions or arrangements, including equity financing, debt financing, joint venturing of projects or other means. The Company may from time to time enter into other arrangements to borrow money to fund its development plans, and such arrangements may include covenants that have similar obligations or that restrict its business in some way. The Company is subject to restrictive covenants under the current debt agreement. Events may occur in the future, including events out of Kopy Goldfields’ control, that could cause the Company to fail to satisfy its obligations under the current debt agreements or other debt instruments that may arise. In such circumstances, the amounts drawn under Kopy Goldfields’ debt agreements may become due and payable before the agreed maturity date, and the Company may not have the financial resources to repay such amounts when due. If Kopy Goldfields were to default on its obligations under its current debt agreements or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize the Company’s assets. If Kopy Goldfields raises additional funding by issuing equity, such financing may substantially dilute the interests of shareholders and reduce the value of their investment. Moreover, Kopy Goldfields may not be successful in locating suitable financing when required or at all. A failure to raise capital when needed would have a material adverse effect on the Company´s business, financial position and results of operations. See also Note 38, Events after the end of the reporting period.

Sustainability Report
Kopy Goldfields has no legal requirement to issue neither a sustainability report, nor a corporate governance report but has opted to issue the sustainability report and a corporate gorvernance report as documents separate from the annual report on a voluntary basis. The reports are available on the corporate website, www.kopygoldfields.com. None of the reports have been subject to the auditor´s review.

Proposed appropriation of profits
The Board of Directors proposes that no dividend be paid for the 2021 financial year. The Board proposes that SEK 1,536,191,634 be carried forward.

Amount at the disposal of the Annual General Meeting:

(SEK)	
Share premium reserve	1,744,132,368
Fair value reserve	-7,017,043
Accumulated loss	-170,339,636
Net loss	-30,584,055
Total	**1,536,191,634**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

Amounts in thousands of US Dollars (TUSD)

	Note	2021	2020
Revenue from contracts with customers	8	89,578	98,841
Cost of sales	10,13	-65,157	-57,868
Gross profit/loss		**24,421**	**40,973**
General and administrative expenses	9,11,13	-9,202	-6,887
Other operating expenses, net	12	-1,403	-2,449
Operating profit		**13,816**	**31,637**
Share of net profit of associates accounted for using the equity method		144	-310
Financial income	15	2,762	114
Financial costs	15	-6,082	-6,713
Financial income /(expenses), net		**-3,176**	**-6,909**
Profit before tax		**10,640**	**24,728**
Income tax	16	-2,925	-5,575
Profit for the year		**7,715**	**19,153**
Of which attributable to:			
Parent company shareholders		**7,716**	**19,152**
Non-controlling interest		-1	1
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Exchange differences on translation to presentation currency		-23	-14,411
Total comprehensive income/(loss) for the year		**7,692**	**4,742**
Of which attributable to:			
Parent company shareholders		7,693	4,721
Non-controlling interest		-1	21
Earnings per share for profit attributable to the ordinary equity holders of the company:	36		
Basic earnings per share (USD)		0.01	0.02
Diluted earnings per share (USD)		0.01	0.02

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
Amounts in thousands of US Dollars (TUSD)

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Exploration and evaluation assets	18	2,273	5,860
Property, plant and equipment	19	62,104	39,934
Right-of-use assets	20	8,141	9,084
Investments in associates	21	29,023	28,721
Financial assets at amortised cost	22	4,014	3,731
Derivative financial assets	5	1,089	-
Deferred tax assets	16	3,238	1,381
Inventories	23	5,951	13,819
Total non-current assets		**115,833**	**102,530**
Current assets			
Inventories	23	53,922	39,756
Other current assets		2,130	558
Other receivables	24	960	1,727
Advances paid		1,000	1,527
Taxes receivable		4,246	4,190
Cash and cash equivalents	25	6,145	10,388
Total current assets		**68,403**	**58,146**
TOTAL ASSETS		**184,236**	**160,676**
EQUITY			
Equity attributable to shareholders of the Parent Company			
Share capital	26	39,115	38,977
Other contributed capital		48,635	48,265
Foreign currency translation reserve		-44,681	-44,658
Retained earnings, including profit (loss) for the period		59,349	51,633
Total equity attributable to shareholders of the Parent Company		**102,418**	**94,217**
Non-controlling interest		-	3
Total equity		**102,418**	**94,220**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	27	35,197	15,038
Contract liability	28	26,094	26,241
Mine rehabilitation provision	30	3,598	2,702
Lease liabilities	20	1,219	2,037
Other non-current liabilities		-	982
Total non-current liabilities		**66,108**	**47,000**
Current liabilities			
Loans and borrowings	27	1,423	6,552
Mine rehabilitation provision	30	1,275	32
Lease liabilities	20	2,849	2,458
Accounts payable and accrued liabilities	31	8,610	7,672
Income tax payable		210	1,716
Taxes payable	32	1,343	1,026
Total current liabilities		**15,710**	**19,456**
Total liabilities		**81,818**	**66,456**
TOTAL EQUITY AND LIABILITIES		**184,236**	**160,676**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
Amounts in thousands of US Dollars (TUSD)

	Attributable to shareholders of the Parent Company						
	Share capital	Other contributed capital	Foreign currency translation reserve	Retained earnings, including profit for the period	Total	Non-controlling interest	Total equity
Opening balance at 1 January 2020	**53,977**	-	**-30,227**	**32,481**	**56,231**	-	**56,231**
Profit for the year	-	-	-	19,152	19,152	1	19,153
Other comprehensive income for the year	-	-	-14,431	-	-14,431	20	-14,411
Total comprehensive income for the year	**-**	**-**	**-14,431**	**19,152**	**4,721**	**21**	**4,742**
Transactions with owners in their capacity as owners							
Merger of LLC Amur Gold and Kopy Goldfields AB (reverse acquisition) (Note 33)	-15,000	47,604	-	-	32,604	-18	32,586
Incentive programs 2017/2020	-	661	-	-	661	-	661
Closing balance at 31 December 2020	**38,977**	**48,265**	**-44,658**	**51,633**	**94,217**	**3**	**94,220**
Opening balance at 1 January 2021	**38,977**	**48,265**	**-44,658**	**51,633**	**94,217**	**3**	**94,220**
Profit for the year	**-**	**-**	**-**	7,716	**7,716**	-1	**7,715**
Other comprehensive income for the year	**-**	-	-23	**-**	**-23**	-	**-23**
Total comprehensive income for the year	**-**	**-**	**-23**	**7,716**	**7,693**	**-1**	**7,692**
Disposal of non-controlling interest	**-**	**-**	**-**	-	**-**	-2	**-2**
Transactions with owners in their capacity as owners							
Incentive programs 2017/2020	138	-138	**-**	**-**	**-**	**-**	**-**
Incentive programs 2021/2024	-	207	**-**	**-**	**207**	-	**207**
Incentive programs 2018/2021	-	301	**-**	**-**	**301**	**-**	**301**
Closing balance at 31 December 2021	**39,115**	**48,635**	**-44,681**	**59,349**	**102,418**	**-**	**102,418**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
Amounts in thousands of US Dollars (TUSD)

	2021	2020
Cash flow from operating activities		
Profit before tax	**10,640**	**24,728**
Adjustments for non-cash items		
Depreciation and depletion of property, plant and equipment, intangible assets and right of-use assets	11,964	10,103
Impairment of exploration and evaluation assets	-	956
(Gain)/Loss on disposal of assets	-48	309
Finance costs	6,082	6,713
Finance income	-2,762	-114
Gain on disposal of subsidiary	-103	-
Movements in allowance for obsolete inventory and net realisable value	11,083	1,012
Foreign exchange loss	85	195
Share of net profit of associates accounted for using the equity method	-144	310
Other non-cash adjustments	-161	56
Cash flow from operating activities before changes in working capital	**36,636**	**44,268**
Changes in working capital		
Change in inventories	-21,324	-16,336
Change in other receivables and advances paid	12,999	-2,013
Change in trade and other payables and advances received	-372	-1,545
Change in other assets	-9,708	545
Cash flow from operating activities	**18,231**	**24,919**
Interest received	145	14
Interest paid	-1,674	-2,503
Income tax paid	-5,985	-5,080
Net cash flow from operating activities	**10,717**	**17,350**
Cash flow from investing activities		
Payment for additional share issue of equity investees	-496	-
Cash acquired during merger of LLC Amur Gold and Kopy Goldfields AB (reverse acquisition)	-	138
Purchase of property, plant and equipment	-25,858	-17,021
Purchase of exploration and evaluation assets	-985	-721
Interest paid capitalised	-1,037	-117
Net cash flows used in investing activities	**-28,376**	**-17,721**
Cash flow from financing activities		
Proceeds from issue of shares and warrants under incentive programs	698	-
Proceeds from borrowings, net of debt issue costs	20,298	15,653
Proceeds from borrowings from shareholder	1,250	-
Repayment of borrowings	-6,063	-5,567
Repayment of finance lease liabilities net of cash received per buy back leasing agreements	-2,767	277
Net cash flow from financing activities	**13,416**	**10,363**
Net (Decrease)/increase of cash and cash equivalents	-4,243	9,992
Cash and cash equivalents at 1 January	**10,388**	**396**
Cash and cash equivalents at 31 December	**6,145**	**10,388**

NOTES TO THE FINANCIAL STATEMENTS

1. General

Kopy Goldfields AB (publ) (the "Company") is a Swedish limited liability company domiciled and headquartered at Eriksbergsgatan 10 in Stockholm, Sweden (Corp. ID 556723-6335), with legal address P.O. Box 7090, 103 90 Stockholm, Sweden. The Company and its subsidiaries (together the "Group") operations are focused on gold and silver exploration, evaluation and production in the Khabarovsk region and Bodaibo district of the Irkutsk region of the Russian Federation.

These consolidated financial statements were approved for publication by the Board of Directors on May 6, 2022 and will be presented to the Annual General Meeting for adoption on May 31, 2022.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Unless otherwise stated, all amounts are in thousands of US Dollars.

The ultimate controlling party of the Group at December 31, 2021, was Mr. Arsen Idrisov.

Reverse acquisition 2020

In the beginning of September 2020, the Company completed the transaction with HC Alliance Mining Group Ltd. ("HCAM") and Lexor Group SA ("Lexor"), contributing the entire participants' capital of LLC Amur Gold Company ("Amur Zoloto") in exchange for 782,179,706 ordinary shares issued by the Company.

Since the acquisition of Kopy Goldfields AB does not qualify for a business combination, the transaction was treated as an asset acquisition under IFRS 2 Share Based Payment, and since the asset is acquired in exchange for shares, no goodwill was recognised.

Following the completion of the transaction with Amur Zoloto's shareholders, the financial statements have been prepared using the accounting model prescribed by IFRS 3 "Business combination" for "reverse acquisitions" since the shareholders of Amur Zoloto became owners of 88.28% of the Company at the date of the transaction. This accounting model requires Amur Zoloto to be treated as the accounting acquirer for the consolidated financial statements and Kopy Goldfields AB being presented as the acquire.

The assets and liabilities of Kopy Goldfields AB, being the legal parent, have been recorded at fair value initially in the consolidated financial statements.

The assets and liabilities of the legal subsidiary Amur Zoloto have been recognized and measured in the consolidated financial statements at their pre-transaction carrying amounts.

Kopy Goldfields AB's financial statements have been included in the consolidated financial statements for the period from September 1, 2020, the accounting date of the transaction, till December 31, 2020, due to application of reverse acquisition. The standalone financial statements of Kopy Goldfields AB are presented for the twelve months ended December 31, 2021, with comparative information for the twelve months ended December 31, 2020.

Details of the transaction are described in note 33

2. Basis of Preparation

These consolidated financial statements of the Group contain Kopy Goldfields AB's financial statements, and the accounting principles chosen for the preparation are IFRS (International Financial Reporting Standards). The consolidated financial statements of the Group have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 *Supplementary rules for groups*, and International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC), as endorsed by the EU.

The preparation of annual accounts in accordance with IFRS requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Those areas that include a high level of assessment, that are complex or such areas where assumptions and estimations are of material importance for the consolidated financial statements are stated in note 4.

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities– measured at fair value

Going concern

In assessing its going concern status, management has analysed of the Group's financial position, expected future trading performance, its borrowings and available credit facilities, anticipated additional borrowing facilities under negotiation and its capital expenditures commitments and plans, together with other risks facing the Group. Management believes that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these consolidated financial statements and that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Effect of the Covid-19

One key operational focus during 2021 has been to mitigate the negative effects of the Covid-19 pandemic and preserve the Company's operations and production targets. Following sanitary measures and protocol activities, it was possible to quickly isolate new cases at the sites and to prevent significant influence on the operations.

As a consequence of the Covid-19 labor migration restrictions, the Company continued throughout 2021 to be affected by an industry-wide shortage of qualified mining personnel at the mine sites as well as extended procurement and maintenance for the mining and investment activities

Increased sanctions in 2022

In 2022, new sanctions have been imposed on Russia by the US, the EU and other countries. Russia has responded with countersanctions. So far, the gold mining industry is not falling under any announced or published sanctions and Kopy Goldfields' operations continue undisrupted.

However, as any business in Russia, Kopy Goldfields' Russian subsidiaries are influenced and exposed in general to the international sanctions. The Russian financial system and industries with trans-border activities are under strong pressure. Kopy Goldfields' Russian subsidiaries cooperate with major Russian banks and some of them are subject to international sanctions. Since end of February 2022, the:

- Russian Rubel has been extremely volatile
- The Russian central bank has increased the interest rate from 9,5% to 20%, and then gradually down to 14%
- The international gold price has increased
- Russian companies are facing increased monetary restrictions and regulations, which affect intragroup transactions

Kopy continuously monitors and evaluates the development in order to timely mitigate the effects of the financial volatility. Contingency measures have been initiated to mitigate the increased risk levels. Currently, the Group is fully financed to execute its development plans (note 38).

3. Significant Accounting Policies

3.1 Principles of consolidation and equity accounting

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has a power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intragroup assets and liabilities, equity, income, expenses, unrealised gains on transactions and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

When the Group loses control over a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary's assets or liabilities are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to the consolidated statement of profit or loss or transferred directly to retained earnings).

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively

Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

Investments in associates
Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting as described above, after initially being recognised at cost.

Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2 Reverse acquisition
Reverse acquisitions are accounted for using model prescribed by IFRS 3 "Business combination". This accounting model requires the assets and liabilities of acquiree, being the legal parent, are recorded at fair value initially in the consolidated financial statements. The assets and liabilities of the acquirer, being legal subsidiary, are recognized and measured in the consolidated financial statements at their pre-transaction carrying amounts (note 33).

3.3 Segment reporting
For management purposes, the Group is not organised in separate reporting segments and performance is assessed on a consolidated basis. Accordingly, the segment reporting disclosure is not presented in these consolidated financial statements.

3.4 Foreign currency translation

Functional currency and presentation currency

The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates.

The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users and as it is a common presentation currency for mining industry

Transactions and balance sheet items
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within operating income/other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation of foreign Group companies
The translation of balances and transactions of the Group's entities from their functional currencies to the presentation currency is performed as follows:

- All assets and liabilities, both monetary and non-monetary, are translated at closing exchange rates at each reporting period end date;
- All income and expenses are translated average exchange rates for the period, except for significant transactions that are translated at rates on the date of such transactions and in instances where exchange rates fluctuate significantly during the period;
- Resulting exchange differences are recognised in other comprehensive income as "Effect of translation to presentation currency" and accumulated in equity (attributed to non-controlling interests as appropriate);
- All cash flows are translated at annual average exchange rates for the period, except for significant transactions that are translated at rates on the date of such transactions.
- Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate

Exchange rates used in the preparation of the consolidated financial statements were as follows:

	2021 Russian Rouble/US Dollar	2021 Sweden Krona/US Dollar	2021 Sweden Krona/ Russian Rouble	2020 Russian Rouble/US Dollar	2020 Sweden Krona/US Dollar	2020 Sweden Krona/ Russian Rouble
Year-end rate	74.2926	9.0437	0.1217	73.8757	8.1886	0.1108
Average rate for the 1st quarter ended 31 March	74.3414	8.3902	0.1128	66.3514	9.6641	0.1456
Average rate for the 2nd quarter ended 30 June	74.2155	8.4208	0.1135	72.3611	9.6911	0.1337
Average rate for the 3rd quarter ended 30 September	73.4746	8.6468	0.1177	73.5598	8.8724	0.1206
Average rate for the 4th quarter ended 31 December	72.6059	8.7676	0.1219	76.2207	8.6192	0.1131

3.5 Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies a 5-step approach to revenue recognition:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 Leasing

The Group as lessee

The Group´s leases are primarily comprised of properties related to Yubileyniy and Perevalnoe factories, Buor placer and Ulakhan placer.

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see note 20).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3.7 Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in

respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. If employee benefit costs are directly attributable to bringing an asset into the condition and location necessary for it to be capable of operating then these costs are capitalised.

Payroll taxes and pension contributions
Under provisions of the Russian legislation, the Group entities contributed to state pension, social insurance, medical insurance and unemployment funds at the statutory rate of 30% based on gross salary payments to each employee not exceeding certain amount, for remuneration exceeding the set amount the rate drops to 15.1%. The Group's contributions to the State Pension Funds of the Russian Federation are charged to the consolidated statement of profit or loss in the period to which they relate.

Post-employment obligations
The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax the payments to the statutory defined contribution schemes in Russian Federation. In Sweden, the Group pays defined contribution pension costs for one employee.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Other post-employment obligations
Termination benefits are paid when an employee is terminated by the Group and the employee accepts a voluntary termination in exchange for such benefits. The Group recognizes termination benefits when the Group is demonstrably committed to either terminating the employment of the employees according to a detailed formal plan, without the possibility of revocation or providing termination benefits as a result of an offer made to encourage voluntary termination. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

3.8 Income tax

Current income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction. Taxable income differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.9 Mineral extraction tax
Mineral extraction tax is set by the Russian Tax legislation. Mineral extraction tax is imposed to the net gold and silver chemical component of the extracted gold and silver deposits with the reference to actual selling prices for gold and silver less cost to refine and deliver refined gold and silver to the ultimate customer. The amount of mineral extraction tax incurred for the period is recognised within the cost of inventory produced and sold.

3.10 Exploration and evaluation assets
Exploration and evaluation assets represent capitalised expenditures incurred by the Group in connection with exploration for and evaluation of gold and silver resources, such as:

- Acquisition of rights to explore potentially mineralised areas;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting gold resource.

Exploration and evaluation expenditures are capitalised when exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold and silver resources. When the technical feasibility and commercial viability of extracting a gold and silver resource are demonstrable and a decision has been made to develop the mine, capitalised exploration and evaluation assets are reclassified to mine development costs.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among others, indicate that exploration and evaluation assets must be tested for impairment:

- The term of exploration license in the specific area has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation for gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area; and

- Sufficient data exists to indicate that, although a development in the specific area is likely to occur, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of assessing exploration and evaluation assets for impairment, such assets are allocated to cash-generating units, being exploration license area.

Any impairment loss is recognised as an expense in accordance with the policy on impairment of tangible assets.

3.11 Property, plant and equipment

Mine development costs
Mine development costs comprise amounts related to new mine development and includes the costs directly related to mine development projects such as acquiring and developing mining properties, pre-production expenditure, construction of processing plant and mine infrastructure, amortisation of equipment used in the development, mining and exploration licenses and the present value of future mine closure, rehabilitation and decommissioning costs. Mine development costs are reclassified as 'Mining assets' at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. Mine development costs are not depreciated before the related mining assets are commissioned.

Mining assets
Mining assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Mining assets include the cost of acquiring and developing mining properties, pre-production expenditure and mine infrastructure, processing plant, mining and exploration licenses and the present value of future mine closure, rehabilitation and decommissioning costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day to day maintenance costs are expensed as incurred.

Mining assets, except for those related to alluvial gold operations, where economic benefits are consumed in a pattern which is linked to the production level are depleted using a unit of production method based on the volume of ore reserves.

Certain property, plant and equipment within mining assets are depreciated based on estimated useful lives, if shorter than the remaining life of the mine or if such property, plant and equipment can be moved to another site subsequent to the mine closure.

Mining assets related to alluvial gold operations are depreciated on a straight-line basis based on estimated useful lives.

Non-mining assets
Non-mining assets are measured at cost less accumulated depreciation and impairment losses. Non-mining assets are depreciated on a straight-line basis based on estimated useful lives.

Depreciation
Property, plant and equipment are depreciated using a unit of production method based on the volume of ore reserves as set out above or on a straight-line basis based on estimated useful lives.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate. Changes to estimated residual values or useful lives are accounted for prospectively.

The principal periods over which the assets are depreciated are as follows:

Office building in Khabarovsk	31 years
Machinery and equipment	1 to 16 years
Other	2 to 11 years

Impairment of property, plant and equipment
Property, plant and equipment and finite life intangible assets are reviewed by management for impairment if there is any indication that the carrying amount may not be recoverable. If any of such indication exists, the carrying amount of the asset is compared to the estimated recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where

it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell or value-in-use. If recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the consolidated statement of comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment been recognised in prior periods.

3.12 Financial instruments
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified into financial assets measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The Group determines the classification at initial recognition.

Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Otherwise, they are classified as financial assets measured at fair value.

The Group does not have any financial assets measured at fair value through other comprehensive income (hereinafter referred to as FVTOCI) that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets are measured based on the classification as follows:

- Financial assets measured at amortised cost are measured at amortised cost using the effective interest method;
- Financial assets other than those measured at amortised cost are measured at fair value through profit and loss.

The Group’s financial assets include cash and cash equivalents, trade and other receivables and loans issued. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment and de-recognition of financial assets
In accordance with IFRS 9, the Group assesses at each reporting date whether there is any objective evidence that financial assets measured at amortised cost are impaired under an expected credit loss model.

The Group always recognises lifetime expected credit losses (“ECL”) for its trade and other receivables (the “simplified approach” under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Expected credit losses are recognized in the consolidated statement of profit and loss within the financial costs.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities
All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortised cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the classification as follows:

- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the gain/(loss) on derivative financial instruments and investments, net.

The Group's financial liabilities include loans and borrowings and trade and other payables. Financial liabilities are recognised initially at fair value plus in the case of loans and borrowings, directly attributable transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans and borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid, including any noncash assets transferred or liabilities assumed, and payable is recognised in profit or loss as other income or finance costs.

Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates

certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Hedge effectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

There was no recognised ineffectiveness during 2021.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

The Group enters into commodity forward and option contracts to manage its exposure to market risk. Commodity forward contracts are remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

3.13 Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with maturities less than three months.

3.14 Inventories
Inventories are recorded at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Gold on hand is valued on an average total production cost method. Gold in process is valued at the average total production cost at the relevant stage of production.

Materials and supplies consist of consumable stores and are valued at the weighted average basis less an allowance for obsolete items, and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. A regular review is undertaken to determine the extent of any allowance for obsolescence. Allowance for obsolescence of fuel as highly liquid supply was not formed.

3.15 Deferred stripping costs

Deferred stripping costs at open-pits
As part of its mining operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

(a) Future economic benefits (being improved access to the ore body) are probable;
(b) The component of the ore body for which access will be improved can be accurately identified;
(c) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. The stripping activity asset is subsequently depreciated using the units of production method over the life of the identified component of the ore body. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Company uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an enhancement of an existing asset, being the mine asset. This forms part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Deferred stripping costs at placers
Stripping costs at placers incurred after the production ceases generally between September-October and April-May (due to low temperatures) are fully deferred since they relate to production that will take place in future periods (generally between May and September).

Deferred stripping costs that give access to reserves from which production is expected to commence within 12 months after the reporting date are classified as current assets. Deferred stripping costs that relate to reserves from which production will not commence within 12 months from the reporting date are classified as non-current assets.

3.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3.17 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Mine rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the statement of comprehensive income. Rehabilitation costs resulting from production activities are included in the cost of inventories.

3.18 Share based payments

Warrant program

At the reporting date, Kopy Goldfields AB had several outstanding warrant programs. All warrants have been issued at a market value determined by an independent external adviser and, depending on the employee's domicile and prevailing tax situation, the warrants have been issued either free of charge or at a market price through cash payment.

In cases where a cash payment has been made, a corresponding amount is recognized as an increase in equity. For warrants without vesting conditions issued without consideration, the fair value on the grant date is recognised in the consolidated statement of comprehensive income/loss and included in personnel costs with a corresponding increase in equity.

The social security contributions that arise from the award of employee options are considered an integral part of the award and the cost is treated as a cash-settled share-based payment, i.e., a liability and a personnel expense.

3.19 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Earnings per share

Earnings per share is calculated based on consolidated earnings for the year (total net earnings from continuing and discontinued operations) attributable to the Parent Company shareholders and based on the weighted average number of outstanding shares during the year and excluding treasury shares.

When calculating earnings per share after dilution, net earnings and average number of shares are adjusted to reflect effects of potential dilutive ordinary shares, which constitute shares and options issued during the period. Dilution from options occurs only when the exercise price is lower than the fair value of the shares and is greater the larger the difference is between the exercise price and the fair value. Convertible loans and options are not considered dilutive if the earnings per share from continuing operations would be better (higher profit or lower loss) after dilution than before dilution.

3.21 Statement of Cash Flows
The statement of cash flows is prepared in accordance with the indirect method. The reported cash flow only covers transactions that have resulted in payments or disbursements.

4. Significant accounting judgements, estimates and assessments
In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. They are reviewed on an ongoing basis. Actual results could differ from those estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

Mineral reserves
Mineral reserves are used in the calculation of depreciation and depletion of mining assets under the unit of production method and in calculation of future cash flows for assets' impairment testing.

The Group uses estimates of ore reserves assessed in accordance with the last available Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC) and internal estimates.

Estimation of mineral reserves involves some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, which also requires use of subjective judgment and development of assumptions. By their nature, these estimates of reserves and the related future cash flows are subject to uncertainty, and the impact on the consolidated financial statements for future periods could be material.

The management updated ore reserve estimates in accordance with JORC on 1 July 2020. The results of the ore reserve update affected calculations and judgments made in the consolidated financial statements starting from 1 July 2020.

Useful economic lives of property, plant and equipment
Property, plant and equipment are depreciated using a unit of production method based on the volume of ore reserves or on a straight-line basis based on estimated useful lives.

Management periodically reviews the appropriateness of assets' useful economic lives. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to Group.

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation recognised in the statement of comprehensive income.

Impairment of tangible assets
The Group considers both external and internal sources of information in assessing whether there are any indications that its tangible assets are impaired.

External sources of information considered by the Group include products' demand the competitive environment, economic and legal environment and other factors.

Internal sources of information considered by the Group include the manner in which assets are being used or expected to be used and actual and forecasted expectations of economic performance of such assets.

The Group estimated that there was no indicators of impairment at the end of 2021 year.

Impairment of exploration and evaluation assets
The application of the Group's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that the asset will bring economic benefits in the future, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is impaired in the profit and loss as the new information becomes available.

During the year ended 31 December 2021 the Group did not recognise an impairment of exploration and evaluation assets. During the year ended 31 December 2020 the Group recognised an impairment of exploration and evaluation assets in the amount of TUSD 956 mainly related to Kurelkanskan license area.

Impairment of investments in associates
Management of the Group assesses the carrying value of its investments in associates when events or changes in circumstances suggest that indicators of impairment exist. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

At 31 December 2021, regarding investment in Bodaibo Holding Ltd and LLC Krasny, consideration was given to a range of indicators, including most recent gold reserves estimation, average gold head grade, gold prices forecast, mine life, future capital expenditure.

The Group estimated that there were no indicators of impairment at the end of 2021year.

Taxation
The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Russian tax, currency and customs legislation is subject to varying interpretations.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 16.

Mine rehabilitation provision
The Group reviews its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, changes in discount rates and assumptions regarding the timing of decommissioning activities. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary mine rehabilitation works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.
The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required.

The principal assumptions used for the estimation of provision for decommissioning were as follows:

	31 December 2021	**31 December 2020**
Discount rates	8.55%-8.66%	4.18%-6.62%
Expected inflation rates	4.6%-5.0%	3.2%-4.5%
Expected closure dates	2022-2032	2021-2032

Valuation of inventories
Work-in-process, finished goods and ore stockpiles are carried at the lower of cost or net realisable value. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time of the estimates are made. These estimates take into consideration spot metals prices at the reporting date, cost to complete production and bring the product to sale.

The Group also estimates an allowance for obsolete and slow-moving materials and spare parts and net realisable value provision. At 31 December 2021, the allowance for obsolete inventory and net realisable value provision amounted TUSD 23,619 (31 December 2020: TUSD 12,714) as disclosed in the note 23. In the year ended 31 December 2021, the Group recognised a charge of TUSD 11,174 (2020: TUSD 1,012) mostly related to net realisable value provision of low grade ore stockpiles to be processed starting from 2022 (note 10).

Deferred stripping cost
The Group defers stripping costs incurred in the course of its gold operations that relate to future production volumes. Deferred stripping costs are charged to the consolidated statement of comprehensive income to the extent that, in subsequent periods, the deferred stripping costs relate to volumes processed in that period.

Deferred stripping costs that give access to reserves from which production is expected to commence within 12 months after the reporting date are classified as current assets. Deferred stripping costs that relate to reserves from which production will not commence within 12 months from the reporting date are classified as non-current assets.

5. Financial risk management

Increased sanctions in 2022
In 2022, new sanctions have been imposed on Russia by the US, the EU and other countries. Russia has responded with countersanctions. So far, the gold mining industry is not falling under any announced or published sanctions and Kopy Goldfields' operations continue undisrupted.
However, as any business in Russia, Kopy Goldfields' Russian subsidiaries are influenced and exposed in general to the international sanctions, affecting all risks mentioned below under section 5.2. The Russian financial system and industries with trans-border activities are under strong pressure. Kopy Goldfields' Russian subsidiaries cooperate with major Russian banks and some of them are subject to international sanctions. Since end of February 2022, the:

- Russian Rubel has been extremely volatile
- The Russian central bank has increased the interest rate from 9.5% to 20% , and then gradually down to 14%
- The international gold price has increased
- Russian companies are facing increased monetary restrictions and regulations, which affect intragroup transactions

The Company continuously monitors and evaluates the development in order to timely mitigate the effects of the financial volatility. Contingency measures have been initiated to mitigate the increased risk levels. Currently, the Group is fully financed to execute its development plans.

5.1 Financial risk factors
Through its operations, the Group is exposed to various financial risks consisting of market risk, mainly interest risk and currency risk, credit risk and liquidity risk. The Group strives to minimise potential unfavourable effects from these risks on the Group's financial results. Management reviews and agrees policies for managing each of these risks which are summarised below.

The aim of the Group's financial operations is to ensure that the Group can meet its payments, manage financial risks, ensure a supply of necessary financing, and optimise the Group's net financial income.

Market risk - Currency risk
Foreign exchange risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates that is not the functional currency of the relevant group entity. The Group undertakes certain transactions denominated in foreign currencies. Transactions in the Group's Russian subsidiaries are predominantly in RUB, their functional currency. Transaction exposure arises when the Parent Company loans money to / from the subsidiaries, normally in USD. Since the loans and credit periods are relatively long-term, there is an exposure risk in the Parent Company and /or the subsidiaries.
The currency risk is monitored on a regular basis. Due to non-significant exposure the Group has chosen not to hedge any of the translation exposures at present.

Exposure

The Group's exposure to foreign currency risk as at 31 December 2021 and as at 31 December 2020 was as follows.

	31 December 2021				
	USD	**RUB**	**EUR**	**SEK**	**Total**
Financial assets					
Financial assets at amortised cost	3,961	53	-	-	4,014
Other current assets	9,666				9,666
Other receivables	421	-	-	-	421
Cash and cash equivalents	178	-	-		178
Total assets	**14,226**	**53**	**-**	**-**	**14,279**
Financial Liabilities					
Lease liabilities			251		251
Loans and borrowings	3,565	7,966			11,532
Accounts payable and accrued liabilities			1,144	451	1,595
Total Liabilities	**3,565**	**7,966**	**1,395**	**451**	**13,378**
Total net position	**10,661**	**-7,913**	**-1,395**	**-451**	**901**

	31 December 2020				
	USD	**RUB**	**EUR**	**SEK**	**Total**
Financial assets					
Financial assets at amortised cost	3,731	-	-	-	3,731
Other current assets	2,064				2,064
Other receivables	862	-	-	-	862
Cash and cash equivalents	253	-	3		256
Total assets	**6,910**	**-**	**3**	**-**	**6,913**
Financial Liabilities					
Lease liabilities			456		456
Loans and borrowings	2,163	101			2,264
Accounts payable and accrued liabilities				381	381
Total Liabilities	**2,163**	**101**	**456**	**381**	**3,101**
Total net position	**4,747**	**-101**	**-453**	**-381**	**3,812**

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	2021	**2020**
Net foreign exchange gain/(loss) included in other operating expenses, net	85	195
Net foreign exchange gain/(loss) on foreign currency borrowing included in finance costs	-358	81
Total	**-273**	**276**

Sensitivity

The Group is primarily exposed to changes in USD/RUB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD -denominated financial instruments. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in profit or equity where the functional currency of a subsidiary strengthens/ weakening for 10% against the relevant foreign currency. If the USD/RUB exchange rates would have been 10% higher/lower during the year ended 31 December 2021, profit or equity for the year would have decreased/increased by TUSD 1,066 (2020: TUSD 475). Additionally, the Company is exposed to changes in SEK/RUB exchange rates affecting intragroup financing. If the SEK/RUB exchange rates would have been 10% higher/lower during the year ended 31 December 2021, profit or equity for the year would have decreased/increased by TUSD 791 (2020: TUSD 10).

Market risk - Interest-rate risk

The interest rate risk arises from long-term borrowings with variable rates, which expose to cash flow interest rate risk. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The Group does not currently hedge its exposure to interest rate risk. The Group manages its interest rate risk through maintaining an appropriate mix between fixed and floating rate borrowings.

Sensitivity

For floating rate loans, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. The Group's sensitivity profit or loss to interest rates is prepared assuming a 100 basis point change as it is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates would have been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would have decreased/increased by TUSD 157 (2020: TUSD 50).

Market risk – Price risk

The group's exposure to the price risk arises from gold price fluctuation quoted on the London metal stock exchange (LME). The Group prepares detailed budgets and forecasts and reviews the global and domestic gold price environment on a monthly basis in order to optimise gold sales. For more information about hedges see below.

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's credit risk arises from cash and cash equivalents, trade and other accounts receivables and other financial assets.

Trade accounts receivable are represented by provisional gold sales transactions. All sales of gold and silver in 2021 were performed to well-established Russian banks. The Group does not have any significant amount of other receivables. Credit limits for the Group as a whole are not set up.

The credit risk on cash and cash equivalents has been limited because the counterparties have been well-established Russian banks. Following the new and increased sanctions in 2022, the Group has initiated contingency measures to mitigate the credit risk and to ensure alternative gold sales channels going forward.

The maximum exposure to credit risk equals to the carrying value of these instruments in the amount of TUSD 11,119 as at 31 December 2021 (2020: TUSD 16,708).

Receivables balances are monitored on an ongoing basis with the result that the exposer of the Group to bad debts is not significant. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit with the suppliers, finance leases and bank loans and committed credit lines, if necessary.

The Group's primary sources of cash are its operations, as well as bank loans. The liquidity position of the Group is monitored and managed on a regular basis by with cash movements, cash balances and gold stock balances being reported to the Group's management. The Group prepares detailed budgets and forecasts and reviews the gold prices to optimise sales and match the maturity profiles of financial assets and liabilities. Accordingly, management considers that it is taking all necessary actions to allow the Group to meet its current obligations as they fall due.

At the end of the reporting period the group held deposits at call of TUSD 5,586 thousand (2020: TUSD 9,685) that are expected to readily generate cash inflows for managing liquidity risk.

At 31 December 2021 the Group had access to unused credit facilities of TUSD 6,729 (2020: TUSD 27,073).
The bank credit facilities may be drawn by the bank notice in RUB and have an average maturity of 5 years (2020: 6 years).

The following table shows the undiscounted contractual maturities of the financial liabilities as at 31 December 2021 and 2020.

At 31 December 2021	Less than 12 months	1-5 years	More than 5 years	Total
Loans and borrowings	5,472	43,924	-	**49,396**
Accounts payable and other current liabilities	8,610	-	-	**8,610**
Lease liabilities	3,193	1,086	29	**4,308**
Total	**17,275**	**45,010**	**29**	**62,314**

At 31 December 2020	Less than 12 months	1-5 years	More than 5 years	Total
Loans and borrowings	7,837	15,527	3,126	**26,490**
Accounts payable and other current liabilities	7,672	-	-	**7,672**
Commodity options – cash flow hedges		890		**890**
Lease liabilities	2,823	2,136	78	**5,037**
Total	**18,332**	**18,553**	**3,204**	**40,089**

Refinancing risk
Refinancing risk is defined as the risk for difficulties in refinancing the Company, that financing cannot be achieved, or can only be achieved at a higher cost. Borrowings within the Group has an average maturity from 1 to 5 years (2020: from 1 to 6 years). At the end of the reporting period 2021 major part of the Company's liabilities are long-term. Refinancing risk for the Parent Company is disclosed in note 38.

5.2 Derivatives
The Group uses commodity options being the cash flow hedges derivatives presented in the following line items in the consolidated statement of financial position:

	31 December 2021	31 December 2020
Non-current assets		
Commodity options – cash flow hedges	1,089	-
Total non-current derivative financial instrument assets	**1,089**	**-**
Current assets		
Commodity options – cash flow hedges	159	-
Total current derivative financial instrument assets	**159**	**-**
Non-current liabilities		
Commodity options – cash flow hedges	-	890
Total non-current derivative financial instrument liabilities	-	890
Current liabilities		
Commodity options – cash flow hedges	-	4
Total current derivative financial instrument liabilities	-	4

The following amounts were recognised in profit or loss in relation to derivatives:

	2021	2020
Net income /(loss) on commodity options not qualifying as hedges included in financial income / (costs)	2,099	-2,120

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

For information about the methods and assumptions used in determining the fair value of derivatives refer to note 34.

5.3 Fair value hierarchy
This section explains the judgements and estimates made by the Group in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. Management has used all available market information in estimating the fair value of financial instruments.

The different levels of fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

Derivative instruments and embedded derivatives are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, market prices, forward price curves, yield curves and credit spreads. These inputs are obtained from or corroborated with the market. The resulting fair value estimates are included in level 2.

The fair value of the remaining financial assets and financial liabilities approximate their carrying value.

At 31 December 2021 and 2020 the Group had the following financial instruments measured at fair value on a recurring basis:

	At 31 December 2021		
	Level 2	**Level 3**	**Total**
Financial assets			
Derivative instruments	1,248	-	1,248
Accounts receivable for sale of shares (Note 22)	-	4,382	4,382

	At 31 December 2020		
	Level 2	**Level 3**	**Total**
Financial assets			
Accounts receivable for sale of shares (Note 22)	-	4,593	4,593
Financial liabilities			
Derivative instruments	894	-	894

5.4 Capital management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of net debt comprising loans and borrowings and lease liabilities after deducting cash and bank balances and equity of the Group. Equity of the Group comprises issued capital, share premium, reserve on translation to presentation currency, retained earnings and non-controlling interests.

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants, including positive net assets, as described in the Note 27.

The Group monitors capital structure on the basis of the net debt to equity ratio. In addition, the management of the Group reviews the following ratios on a quarterly basis: total debt, total debt to EBITDA, net debt to EBITDA, EBITDA to interest expense.

Gearing ratio
The gearing ratio at the year-end is as follows:

	31 December 2021	31 December 2020
Debt	66,782	52,326
Cash and cash equivalents	6,145	10,388
Net debt	60,637	41,938
Equity	102,418	94,220
Net debt to equity ratio	59%	45%

Debt is defined by the Management of the Group as loans and borrowings, contract liability and lease liabilities (excluding derivatives) as detailed in notes 20 ans 27, 28 Equity includes all capital and reserves of the Group that are managed as capital.

6. Application of new and revised International Financial Reporting Standards

6.1 New and revised standards affecting the financial statements

The following is a list of new or amended IFRS standards and interpretations that have been applied by the Group for the first time in these consolidated financial statements.

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
IFRS 17	Insurance Contracts	1 January 2021 or later	No effect
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform and its Effects on Financial Reporting phase 2: replacing Libor with alternative risk-free rates	1 January 2021	No effect
Amendments to IFRS 16	Extension of the validity period of a practical simplification related to lease concessions in connection with Covid-19	1 January 2021	No effect

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

6.2 New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendments to IFRS 16	Prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use	1 January 2022	No effect
Amendments to IFRS 3	Update the references to the Conceptual Framework for Financial Reporting and exception for the recognition of liabilities and contingent liabilities	1 January 2022	No effect
Amendments to IFRS 1	A subsidiary that applies IFRS for the first time	1 January 2022	No effect
Amendments to IFRS 41	Effect of taxation in determining fair value	1 January 2022	No effect
Amendments to IFRS 37	Burdensome contracts – the costs of fulfilling the contract	1 January 2022	No effect
Amendments to IFRS 9	Commission fee included in the" 10% test " upon derecognition of a financial liability	1 January 2022	No effect
Amendments to IFRS 17	Insurance contracts	1 January 2023	No effect
Amendments to IFRS 1	Classification of liabilities into short-term or long-term, disclosure of accounting policies	1 January 2023	No effect
Amendments to IFRS 8	A new definition of accounting estimates	1 January 2023	No effect

7. Change of the presentation currency 2020

Following the transaction with Amur Zoloto in 2020, Kopy Goldfields has chosen to change the presentation currency from Swedish krona (SEK) to US dollars (USD). The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the Group. The change in the reporting currency constitutes a change of the accounting principle, i.e. it is applied retroactively in accordance with the requirements in IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, and therefore all comparative information for the Group for 2019 year has been translated into USD.

In accordance with the Swedish Accounting Act the Parent Company’s financial information is reported in Swedish Krona and not the Group’s presentation currency of US dollar.

8. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers
The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	2021	**2020**
Sales of gold	86,194	98,277
Sales of silver	2,621	-
Other revenue	763	564
Total sales revenue	**89,578**	**98,841**

The Company is domiciled in Sweden. The total amount of Group’s revenue from external customers is attributable to sales in the Russian Federation.

Revenues of approximately 55.2% in 2021 (2020 – 61.9%) are derived from a single external customer. The following is a summary of Group‘s revenue by customers:

	2021	**2020**
Otkritie FC PJSC BANK	49,404	61,173
VTB	39,411	20,936
Sberbank	-	16,169
Other customers	763	563
Total sales revenue	**89,578**	**98,841**

9. Auditors’ fees

Audit fees include fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits. Other statutory engagements include fees for assurance and related services that are reasonably related to the performance of the audit of the Company’s financial statements or that are traditionally performed by the external auditors. Tax advisory services include tax-compliance services, transfer pricing, tax consultations and advice related to acquisitions, etc. All other fees are presented by fees for other services.

	2021	**2020**
Auditors’ fees		
Öhrlings PricewaterhouseCoopers AB		
- Audit engagement	152	138
- Other statutory engagements	12	-
- Tax advisory services	-	-
- Valuation services	-	-
- Other services	5	45
Total	**169**	**183**
Other		
- Audit engagement	56	12
- Tax advisory services	-	-
- Other services	8	-
Total	**64**	**12**
Total Auditors’ fees	**233**	**195**

10. Costs of sales

	2021	2020
Consumables and spares	20,042	21,394
Mining, maintenance and transportation services	13,655	16,740
Employee benefits	17,120	14,747
Depreciation and depletion	11,597	9,908
Mineral extraction tax and other taxes	6,388	6,108
Refining costs	229	215
Other	1,596	698
Total direct cost and production overheads	**70,627**	**69,810**
Movement in stockpiles, work in progress and finished goods	-16,644	-12,954
Net realisable value allowance	11,174	1,012
Total cost of sales	**65,157**	**57,868**

11. General and administrative expenses

	2021	2020
Employee benefits	5,901	3,921
Professional fees (legal, audit, consulting, etc.)	1,663	1,547
Taxes other than income tax	480	513
Depreciation	249	195
Other	909	711
Total general and administrative expenses	**9,202**	**6,887**

12. Other operating expenses, net

	2021	2020
Loss on disposal of assets	220	309
Impairment of exploration and evaluation assets	-	956
Change in allowance for slow-moving and obsolete inventory	-91	-
Cost to maintain mothballed operations	1,145	280
Foreign exchange loss	85	195
Bank charge	79	35
Charity	51	306
Other	-86	368
Total other operating expenses, net	**1,403**	**2,449**

13. Employee benefits

	2021	2020
Salaries and other remuneration	18,296	14,808
Social security contributions	4,725	3,855
Pension costs – defined contribution plans	-	5
Total	**23,021**	**18,668**

The Group's personnel costs for the financial years ended December 31, 2021, and 2020 are included in the consolidated statement of profit and loss lines Cost of sales and General and administrative expenses.

Salaries and other remuneration and social security expenses to the Board of Directors and senior management

	2021				2020			
	Salaries and other remuneration	of which bonuses	**Social security expenses**	of which pension cost	**Salaries and other remuneration**	of which bonuses	**Social security expenses**	of which pension cost
Board members	224	-	36	-	254	-	11	-
CEO	294	42	44	25	261	80	27	-
Other senior executives	877	32	197	108	977	228	248	132
Total	**1,395**	74	**277**	133	**1,492**	**308**	**286**	**132**

The CEO of the Group in 2021 and 2020 year was Mr. Mikhail Damrin.

Other senior executives include 12 persons of which 5 persons joined the Company during 2021 and two persons left the Company during 2021.

The salaries and other remuneration and social security expenses to the Board of Directors and senior management for year 2020 of TUSD 1,778 included the appropriate expenses of the Parent company for the full financial year ended December 31, 2020.

Due to application of reverse acquisition accounting (note 33) the salaries and other remuneration and social security expenses to the Board of Directors and senior management included in the consolidated statement of profit and loss for the financial year 2020 represent the appropriate expenses of the Parent company only for the period from acquisition date to December 31, 2020 and amounted to TUSD 1,478.

Average number of employees geographically broken down by country

	2021		2020	
	Average number of employees	**Of which men**	**Average number of employees**	**Of which men**
Sweden	1	1	1	1
Russian	742	661	688	617
Total	**743**	**662**	**689**	**618**

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2021		2020	
	Number on the balance sheet date	**Of which men**	**Number on the balance sheet date**	**Of which men**
Board members	5	4	6	6
CEOs	1	1	1	1
Other senior executives	10	8	7	6
Total	**16**	**13**	**14**	**13**

Average number of employees geographically broken down by country and gender distribution for 2020 and 2021 year included the appropriate number of employees of the Parent company and its subsidiaries for the full financial year ended December 31, 2021, and December 31, 2020.

Remuneration and other benefits of the Board and senior management 2021 and description of Salaries and other remuneration is presented in note P6 in the disclosures for Parent Company.

Pension plans
The retirement age for the CEO, as well as for other senior executives, is 65 years, except for 60 years for women in Russia. The Company has no pension commitments to the CEO. The Parent Company pays defined contribution pension premiums to the CFO. Expect for defined contribution pension obligation for one employee in Sweden, the Group has no pension commitments beyond the state pension contributions that are mandatory for employees in Russian Federation.

Notice period and termination benefits
The CEO and the Company have a mutual notice period of six months, and for other senior management positions the period is two - three months. There are no termination benefit agreements in place.

14. Outstanding warrants

Incentive programs 2021/2024 and 2021/2025
The Annual General Meeting 2021 approved two long-term incentive programs: 2021/2024 for management and key personnel for a maximum of 8,000,000 warrants for issue and 2021/2025 for the Board of Directors for a maximum of 2,000,000 warrants for issue. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company, which means that the share capital can be increased by SEK 3,802,213 (rounded off to the nearest whole number) at maximum. The exercise date is 31 August 2024 for the warrants of series 2021/2024 and 31 August 2025 for the warrants of series 2021/2025 and strike price is SEK 2.75. As per December 31, 2021, a total of 6,480,000 warrants from both programs were subscribed.

Incentive programs 2019/2022
The 2019 AGM adopted two incentive programs 2019/2022: one for management and one for the Board of Directors. A total of 2,835,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company and the warrants may be used for share subscription during the period June 1, 2020, to December 31, 2022 (inclusive), at an exercise price of SEK 1.30 per share. The number of issued warrants is 2,835,000, which means that share capital may be increased up to SEK 1,077,927.

Incentive programs 2018/2021
The 2018 AGM adopted two incentive programs 2018/2021: one for management and one for the for the Board of Directors. A total of 1,700,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. After recalculation in accordance with the warrants' terms following the preferential rights issue in 2018, each warrant entitles the holder to subscribe for 1.02 shares in the Company and the warrants may be used for share subscription during the period June 1, 2019, to December 31, 2021, at an exercise price of SEK 1.67 per share. The program expired on December 31, 2021, and the total number of new shares subscribed for under the program amounts to 1,640,200 shares, at a total amount of SEK 2 739 134 (TUSD 301), which is recorded as increase of Other contributed capital. The new shares were registed with the Swedish Companies Registration Office on January 31, 2022 and following the registration of the new shares issued, the number of shares in the Company increased from 889,064,175 to 890,704,375 shares and the share capital increased by SEK 623,639 (equivalent to TUSD 66 translated at the exchange rate on the date of issue), from SEK 338,041,120 to SEK 338,664,759.

Incentive programs 2017/2020
On December 31, 2020, the 2017/2020 incentive program expired. Following registration of new shares issued under the incentive program with the Swedish Companies Registration Office in February 2021, the number of shares in the Company increased by 3,058,600, from 886,005,575 to 889,064,175 shares, and the share capital increased by SEK 1,162,945 (equivalent to TUSD 138 translated at the exchange rate on the date of issue), from SEK 336,878,176 to SEK 338,041,120 (rounded off to the nearest whole number). Consideration received in the new share issue amounted to TUSD 649,5 (equivalent of TSEK 5,414 translated at the exchange rate on the date of payment).

The table below presented the summary of information for Incentive programs of the Group:

	Incentive programs 2021/2024	**Incentive programs 2021/2025**	**Incentive programs 2019/2022**	**Incentive programs 2018/2021**
Exercise price, USD (SEK)	0.304 (2.75)	0.304 (2.75)	0.144 (1.30)	0.185 (1.67)
Vesting date	01.07.2021	01.07.2021	01.06.2020	01.06.2019
Last exercise date	31.08.2024	31.08.2025	31.12.2022	31.12.2021
Redemption of shares from last exercise date	-	-	-	1,640,200
Number of warrants issued during the year	5,200,000	1,280,000	-	-
Exercised	-	-	-	1,640,200
Forfeited	-	-	-	59,800
At end of year	**5,200,000**	**1,280,000**	**2,835,000**	**-**
Of which fully vested December 31, 2021	**5,200,000**	**1,280,000**	**2,835,000**	**-**
Theoretical value				
Theoretical value per warrant on allotment, USD (SEK)	0.029 (0.26)	0.036 (0.33)	0.021 (0.192)	0.006 (0.05)
Theoretical value per warrant at December 31, 2021, USD (SEK)	0.027 (0.230)	0.035 (0.300)	0.084 (0.720)	-
Theoretical dilution	No dilution	No dilution	0.12%	-

15. Finance income and costs

	2021	**2020**
Revaluations of the derivatives to fair value	2,099	-
Interest income	663	33
Exchange differences	-	81
Total finance income	**2,762**	**114**
Interest expenses on contract liability in gold	-2,679	-2,901
Interest expense on loans and borrowings	-2,960	-872
Interest expenses on lease liabilities	-416	-597
Revaluations of the derivatives to fair value	-	-2,120
Unwinding of discount of mine rehabilitation provision	-152	-253
Loss from the contract modification (note 22)	-712	-87
Net exchange losses on foreign currency borrowings	-358	-
Less Interest expense on loans and borrowings capitalised	1,195	117
Total finance costs	**-6,082**	**-6,713**
Net finance costs	**-3,320**	**-6,599**

16. Income tax

Income tax recognised in the consolidated statement of comprehensive income and loss:

	2021	2020
Current income tax:		
Current tax on profit for the year	4,832	6,701
Total current income tax expense	**4,832**	**6,701**
Deferred income tax:		
Decrease/(increase) in deferred tax assets	-1,907	-1,126
Total deferred tax expense/(benefit)	**-1,907**	**-1,126**
Total Income tax expense	**2,925**	**5,575**

The income tax expense recorded in the consolidated statement of comprehensive income and loss differs from the theoretical amount that would have arisen applying the tax rate to the profit before income tax and is reconciled as follows:

Profit before tax	**10,640**	**24,728**
At Russian statutory income tax rate of 20%	2,128	4,946
Effect of different tax rates of subsidiaries operating in other jurisdictions	-21	-20
Tax effects from:		
Non-deductible expenses	239	113
Tax losses carryforward for which deferred tax is not recognized	579	536
Total Income tax expense	**2,925**	**5,575**

Tax rates are 20.6% in Sweden and 20% in Russia. The effective income tax rate for the Group was 27% (2020: 23%)

The movement of the Group's deferred tax assets and liabilities for the years, ended 31 December 2021 and 2020, was as follows:

	1 January 2020	**Recognised in profit or loss**	**Effect of translation to presentation currency**	**31 December 2020**	**Recognised in profit or loss**	**Effect of translation to presentation currency**	**31 December 2021**
Property, plant and equipment and Exploration and evaluation assets	-2,542	478	419	-1,645	5,944	-124	4,175
Inventories	1,420	405	-225	1,600	-1,343	22	279
Mine rehabilitation provision	539	93	-85	547	-1,857	38	-1,272
Finance lease liabilities	883	157	-141	899	-1,209	22	-288
Other payables and accruals	-17	-7	4	-20	372	-8	344
Net deferred tax asset/(liability)	**283**	**1,126**	**-28**	**1,381**	**1,907**	**-50**	**3,238**

Certain deferred tax assets and liabilities have been offset to the extent they relate to taxes levied in the same jurisdiction and on the Group's entities which can pay taxes on a consolidated basis. Deferred tax balances (after offset) presented in the consolidated statement of financial position were as follows:

	31 December 2021	**31 December 2020**
Deferred tax assets	3,238	1,381
Deferred tax liabilities	-	-
Net deferred tax asset	**3,238**	**1,381**

At 31 December 2021, taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised amount to TUSD 125,142 (31 December 2020: TUSD 156,832). Deferred tax liability for taxable temporary differences in relation to investments in subsidiaries was not recognised because the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

At 31 December 2021, The Group's accumulated loss carry-forwards amounted to TUSD 4,906 (2020: TUSD 14,094), with TUSD 4,589 (2020: TUSD 13,775) related to the Parent Company and subsidiaries in Sweden and TUSD 317 (2020: TUSD 319) to Russian subsidiaries. They can be carried forward indefinitely. Deferred income tax assets are recognised for tax loss carry-forwards or other incentives to the extent that the realisation of the related tax benefit through future taxable profits is probable. No deferred tax asset was recognised since, according to the Group, the criteria for reporting deferred tax assets in IAS 12 were not met. Unrecognised deferred tax asset amounted to TUSD 1,009 (2020: TUSD 3,012).

17. Investments in subsidiaries

The Group had the following subsidiaries at the 31 December 2021:

Name	Country of registration and operations	Operations	Share of ordinary shares owned directly by the Parent Company (%)	Share of common shares owned by the Group (%)
Direct ownership				
LLC Amur Gold 1102720003352	Russia	Exploration, evaluation and production	100	100
LLC Patom Gold 1123802000519	Russia	Exploration and evaluation	100	100
LLC Vostochny 1103802000389	Russia	Exploration and evaluation	100	100
LLC Kopy management 1207700079179	Russia	Management company	100	100
Kopy Development AB 556858-1747	Sweden	Investment Holding	100	100
AB Krasny Gold Fields 556955-9726	Sweden	Investment Holding	100	100
Indirect ownership				
LLC Nirunga Gold 1163850097663	Russia	Exploration and evaluation	100	100
LLC Dalniy Vostok 1082721006280	Russia	Rendering of services	100	100

In July 2021, the Company sold its 67% owned subsidiary LLC Stanovoy, which in turn holds three exploration and evaluation gold licenses. The total sales price was MRUB 5 (TUSD 67 at the date of the sale-purchase agreement), which is expected to be paid until 22 July 2024.

17.1 Summarised financial information for significant subsidiaries

LLC Amur Zoloto

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2021 in thousands of US Dollars (TUSD)

	2021	2020
Revenue from contracts with customers	89,343	98,839
Cost of sales	-65,049	-57,868
Gross profit	**24,294**	**40,971**
General and administrative expenses	-7,448	-6,093
Other operating expenses, net	-1,370	-1,994
Operating profit	**15,476**	**32,884**
Finance costs	-6,084	-6,405
Finance income	4,279	29
Profit before tax	**13,671**	**26,508**
Income tax	-2,818	-5,565
Profit for the year attributable to owners of the parent	**10,853**	**20,943**
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss:		
Effect of translation to presentation currency	-386	-9,533
Total comprehensive income for the year attributable to owners of the parent	**10,467**	**11,410**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
in thousands of US Dollars (TUSD)

	31 December 2021	31 December 2020
Assets		
Non-current assets		
Exploration and evaluation assets	1,160	4,756
Property, plant and equipment	61,961	39,782
Right-of-use assets	8,141	9,084
Deferred tax asset	3,238	1,381
Inventories	5,951	13,819
Derivative financial assets	1,089	-
Total non-current assets	**81,540**	**68,822**
Current assets		
Inventories	53,921	39,756
Other current assets	11,152	2,885
Other receivables	786	178
Advances paid	798	1,527
Taxes receivable	4,121	4,131
Cash and cash equivalents	5,600	9,708
Total current assets	**76,378**	**58,185**
Total assets	**157,918**	**127,007**
Equity and liabilities		
Capital and reserves		
Share capital	53,977	53,977
Retained earnings, including profit for the period	64,276	53,424
Foreign currency translation reserve	-40,146	-39,760
Total net assets attributable to participants	**78,107**	**67,641**
Non-current liabilities		
Loans and borrowings	35,197	15,038
Mine rehabilitation provision	3,598	2,702
Lease liabilities	1,219	2,037
Contract liability	26,094	26,241
Other non-current liabilities	-	982
Total non-current liabilities	**66,108**	**47,000**
Current liabilities		
Loans and borrowings	168	168
Accounts payable and accrued liabilities	8,038	7,138
Income tax payable	210	1,705
Taxes payable	1,163	865
Mine rehabilitation provision	1,275	32
Lease liabilities	2,849	2,458
Total current liabilities	**13,703**	**12,366**
Total equity and liabilities	**157,918**	**127,007**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021
in thousands of US Dollars (TUSD)

	2021	2020
Cash flow from operating activities		
Profit before tax	**13,671**	**26,508**
Adjustments for non-cash items		
Depreciation and depletion of property, plant and equipment, intangible assets and right of-use assets	11,900	10,095
Impairment of exploration and evaluation assets	-	850
(Gain)/Loss on disposal of assets	-46	309
Finance costs	6,084	6,405
Finance income	-4,279	-29
Movements in allowance for obsolete inventory and net realisable value	11,083	1,012
Foreign exchange loss	-48	195
Other non-cash adjustments	-69	56
Cash flow from operating activities before changes in working capital	**38,296**	**45,401**
Changes in working capital		
Change in inventories	-21,324	-16,431
Change in other receivables and advances paid	740	-1,918
Change in trade and other payables and advances received	2,451	-1,418
Change in other assets	49	527
Cash flow from operating activities	**20,212**	**26,161**
Interest received	148	14
Interest paid	-1,373	-2,492
Income tax paid	-5,866	-5,080
Net cash flows from operating activities	**13,121**	**18,603**
Cash flow from investing activities		
Purchase of property, plant and equipment	-25,842	-16,937
Purchase of exploration and evaluation assets	-985	-721
Interest paid capitalised	-1,037	-117
Loans provided to the group company	-6,895	-2,216
Net cash flows used in investing activities	**-34,759**	**-19,991**
Cash flow from financing activities		
Proceeds from borrowings, net of debt issue costs	20,298	15,653
Repayments of borrowings	-	-5,230
Payment of lease liabilities	-2,768	277
Net cash flows from financing activities	**17,530**	**10,700**
Net (decrease)/increase in cash and cash equivalents	-4,108	9,312
Cash and cash equivalents at 1 January	**9,708**	**396**
Cash and cash equivalents at 31 December	**5,600**	**9,708**

Commitments and contingent liabilities in respect of LLC Amur Zoloto

Commitments and contingent liabilities as at 31 December 2021 in respect of LLC Amur Zoloto were presented by contractual capital commitments and amounted to TUSD 3,695, mostly relating to technical modernisation of Yubileyniy processing plant and development of Malutka license (31 December 2020: TUSD 6,260).

18. Exploration and evaluation assets

Balance at 1 January 2020	**5,261**
Additions	1,521
Additions through reverse acquisitions	1,196
Transfer	-339
Impairment	-956
Effect of translation to presentation currency	-823
Balance at 31 December 2020	**5,860**
Additions	987
Transfer	-4,541
Impairment	-
Effect of translation to presentation currency	-33
Balance at 31 December 2021	**2,273**

As of December 31, 2021, exploration and evaluation assets mainly consist of expenses related to the exploration of the Khayunda, the Khayarylakh and Onnyo licence areas located in the Irkutsk region of the Russian Federation.

In 2021, exploration and evaluation assets relating to Malutka license were reclassified to mine development assets within the property, plant and equipment, since the technical feasibility and commercial viability of extracting the mineral resources became evident. Prior to reclassification capitalised expenditures relating to Malutka license were assessed for impairment, and no impairment loss was identified.

As of December 31, 2020, exploration and evaluation assets primarily consisted of expenditures relating to Malutka license located in Khabarovsk region and exploration projects located in Irkutsk region of the Russian Federation. In 2020, the impairment loss mostly related to unsuccessful geological study of Kurelkan license area in Khabarovsk region.

19. Property, plant and equipment

	Mine development costs and construction -in- progress	Mining assets	Non-mining assets	Total
Cost				
At 1 January 2020	**2,135**	**68,909**	**4,179**	**75,223**
Additions through reverse acquisitions	-	-	163	163
Additions	8,032	3,461	85	11,578
Transfers	-1,795	1,666	129	-
Change in mine rehabilitation provision	-	136	-	136
Disposals	-	-19	-	-19
Translation difference	-590	-11,436	-680	-12,706
At 31 December 2020	**7,782**	**62,717**	**3,876**	**74,375**
Additions	24,983	790	809	26,582
Transfers	-12,008	11,172	836	-
Transfers from exploration and evaluation assets	4,541	-	-	4,541
Change in mine rehabilitation provision	331	-	-	331
Disposals	-	-477	-39	-516
Translation difference	-138	-463	-35	-636
At 31 December 2021	**25,491**	**73,739**	**5,447**	**104,677**
Accumulated depreciation and impairment				
At 1 January 2020	**-**	**-30,379**	**-1,267**	**-31,646**
Additions through reverse acquisitions	-	-	-92	-92
Charge for the year	-	-7,763	-195	-7,958
Disposals	-	14	-	14
Translation difference	-	5,028	213	5,241
At 31 December 2020	**-**	**-33,100**	**-1,341**	**-34,441**
Charge for the year	-	-8,668	-259	-8,927
Disposals	-	465	38	503
Translation difference	-	284	8	292
At 31 December 2021	**-**	**-41,019**	**-1,554**	**-42,573**
Net book value:				
At 31 December 2020	**7,782**	**29,617**	**2,535**	**39,934**
At 31 December 2021	**25,491**	**32,720**	**3,893**	**62,104**

Assets pledged as security

At December 31, 2021, and 2020, none of the properties and equipment were pledged.

Impairment of property, plant and equipment

The Group estimated that there were no indicators of impairment at December 31, 2021.

20. Right-of-use assets and lease liabilities

This note provides information for leases where the Group is a lessee. At December 31, 2021, mining right-of-use assets comprised of properties related to Yubileyniy and Perevalnoe factories, Buor placer and Ulakhan placer.

Lease terms for production equipment are generally between 3 and 5 years. The Group also has leases with a shorter lease term than 12 months and leases pertaining to assets of low value, such as transport vehicles. For these assets, the Group has chosen to apply the exemption rules in IFRS 16 Leases, meaning the value of these contracts is not part of the right-of-use asset or lease liability.

Extension and termination options

The Group has no extension or termination options in the contracts. The Group has options to purchase certain mining assets for a nominal amount at the end of the lease term.

20.1 Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 December 2021	31 December 2020
Right-of-use assets		
Mining assets	8,094	9,031
Non-mining assets	47	53
Total	**8,141**	**9,084**
Lease liabilities		
Current	2,849	2,458
Non-current	1,219	2,037
Total	**4,068**	**4,495**

Additions to the right-of-use assets during the 2021 financial year amounted to TUSD 2,243 (2020: TUSD 4,668).

20.2 Amounts recognised in the consolidated income statement of comprehensive income

	2021	2020
Depreciation charge of right-of-use assets		
Mining assets	3,123	2,139
Non-mining assets	5	6
Total depreciation charge	**3,128**	**2,145**
Interest expense (included in finance cost)	-416	-597
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	83	64

The weighted average rate on leasing contracts is 8.16%.

The total cash outflow for leases in 2021 was TUSD 2,767 (2020: TUSD 4,402).

The Group has leasing agreements that have not yet begun but which the Group is committed to amount of TUSD 646 (2020: none).
No significant variable lease payments that are not included in the lease liability have been identified.

For information on the maturity of the lease liability, see note 5.

21. Investments in associates

Set out below are the associates of the Group as at December 31, 2021, which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name	Place of business/ country of incorporation	% of voting rights 2021	2020	Measurement method	Carrying amount 2021	2020
Bodaibo Holding Ltd (HE 318777) and subsidiary (LLC Krasny 1103802000048)	Limassol, Cyprus (LLC Krasny - Bodaibo, Russia)	49%	49%	Equity method	29,023	28,721
Total equity-accounted investments					**29,023**	**28,721**

	2021	2020
At start of year	28,721	-
Additions through reverse acquisitions	-	28,769
Additional share issue	1,670	-
Change of ownership %	-1,162	-
Net income/(Loss)	144	-310
Translation differences	-350	262
Carrying amount at end of year	**29,023**	**28,721**

The Company is a party of the Shareholder's agreement with OJSC GV Gold regarding one of the licenses located in the Bodaibo region of the Russian Federation - LLC Krasny. The Company has significant influence over the above mentioned entities through the guaranteed 2 seats on the Board of Bodaibo Holding Ltd and participation in all significant financial and operating decisions. Investments are accounted for as associates using the equity method

In May 2020, the Company and OJSC GV Gold agreed to invest additionally TUSD 1,000 into Bodaibo Holding Ltd. In accordance with the Shareholders Agreement OJSC GV Gold paid TUSD 507 pro-rata its voting rights, while the Company used the right to postpone its pro-rata payment of TUSD 493 for 360 days. In May 2021, the fully owned subsidiary AB Krasny Gold Fields paid the share issue, hence it's share in Bodaibo Holding Ltd was increased.

In June 2021, the Company and OJSC GV Gold agreed to invest additionally TUSD 6,830 into Bodaibo Holding Ltd. In accordance with the Shareholders Agreement, OJSC GV Gold paid TUSD 3,484 pro-rata its voting rights, while the Company used the right to postpone its pro-rata payment of TUSD 3,346 for 360 days.

At December 31, 2021, carrying amount of investments in associates recognised in the consolidated statement of financial position amounted TUSD 29,023 (2020: TUSD 28,721) and share of net loss of associates recorded in the consolidated statement of profit and loss and other comprehensive income amounted TUSD 144 (2020: loss TUSD 310), mainly attributable to foreign currency exchange differences.

For information on the effect of reverse acquisition on the carrying amount of investments in associates, see note 33.

Summarised financial information for associates
The information disclosed reflects the amounts presented in the financial statements of the relevant associates and the Group´s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of comprehensive income/(loss) for the year ended 31 December 2021

	Bodaibo Holding Ltd and subsidiary (LLC Krasny)	
	2021	**2020**
Revenue	-	-
Profit / (loss) for the year	343	-648
Other comprehensive income/ (loss)	-832	513
Total comprehensive income / (loss)	-489	-135
Dividends received from associates	-	-

22. Financial assets at amortised cost

Financial assets at amortised cost are presented by accounts receivables from sale of investments in shares and accounted for using the effective interest method. In December 2018, Kopy Goldfields AB sold the wholly owned subsidiary LLC Taiga, which in turn holds the four gold licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan. The total sales price was MUSD 6, of which MRUB 8 (corresponding to TUSD 118) was paid and the remained accounts receivable are expected to be received in several instalments until December 31, 2023.

Balance at 31 December 2020	**4,593**
Loss from the contract modification	-712
Unwinding of discounting	463
Forex gain on financial instuments	501
Effect of translation to presentation currency	-463
Balance at 31 December 2021	**4,382**
Current part	368
Non-current part	4,014

23. Inventories

	31 December 2021	**31 December 2020**
Inventories expected to be recovered after 12 months		
Stockpiles	20,316	25,227
Less: Net realisable value provision	-14,365	-11,408
Sub-total	**5,951**	**13,819**
Inventories expected to be recovered in the next 12 months		
Materials and supplies	19,993	16,106
Stockpiles	18,228	5,528
Flotoconcentrate	9,222	8,936
Finished goods	10,823	6,285
Work in process	4,829	4,157
Other inventories	81	50
Less: Allowance for obsolete inventory and net realisable value provision	-9,254	-1,306
Sub-total	**53,922**	**39,756**
Total	**59,873**	**53,575**

Inventories recognised as an expense and included in cost of goods sold for the year ended December 31, 2021, amounted to TUSD 20,042 (2020: TUSD 21,394).

Write-downs of inventories to net realisable value and allowance for obsolete inventory amounted to TUSD 23,619 (2020: TUSD 12,714). Movement in allowance for obsolete inventory and net realisable value was recognised as an expense during the year ended 31 December 2021, as disclosed in the note 4.

24. Other receivables

	31 December 2021	31 December 2020
Receivables from disposal of investments in shares	421	862
Receivables from employees for option program	303	661
Other receivables	286	247
Less allowance for doubtful debts	-50	-43
Total	**960**	**1,727**

Carrying amounts, by currency, for the Group's other receivables are as follows:

	31 December 2021	31 December 2020
RUB	228	243
SEK	311	665
USD	421	862
Total	**960**	**1,770**

Other receivables are non-interest bearing and are normally settled within 30 day terms.

The maximal exposure to credit risk on the balance sheet date is the carrying amounts according to the above.

The Group has past due balances of other receivables for which no allowance was created as the management considered such balances as recoverable. Ageing of past due but not impaired other receivables is presented below:

	31 December 2021	31 December 2020
Less than 90 days	2	49
Past due 91 − 180 days	2	23
Past due 181 − 365 days	2	14
Past due more than 365 days	66	62
Total	**72**	**148**

25. Cash and cash equivalents

	31 December 2021	31 December 2020
Current bank accounts		
in RUB	334	413
in SEK	41	33
in USD	178	253
in EURO	-	3
Bank deposits		
in RUB	5,586	9,685
Other cash and cash equivalents	6	1
Total	**6,145**	**10,388**

Bank deposits presented within cash and cash equivalents have a maturity of less then three months, denominated in Russian roubles and bear interest rates of 6.35%-7.90%

26. Equity

	Number of Shares	Par value SEK	Share capital, TUSD
Balance 1 January 2020	-	-	**53,977**
Merger of LLC «Amur Gold» and Kopy Goldfields AB (reverse acquisition) (Note 33)	886,005,575	0.38	**15,000**
Balance 31 December 2020	**886,005,575**	**0.38**	**38,977**
Balance 1 January 2021	**886,005,575**	**0.38**	**38,977**
Registration of Incentive programs 2017/2020	3,058,600	0.38	138
Balance 31 December 2021	**889,064,175**	**0.38**	**39,115**

As of December 31, 2021, the Company has maximum number of shares authorised for issue of 3,332,000,000 shares and issued share capital of 889,064,175 ordinary shares with a par value of SEK 0.38. All shares issued by the Parent Company are fully paid.

On December 31, 2020, the 2017/2020 incentive programs expired. Following registration of new shares issued under the incentive program with the Swedish Companies Registration Office in February 2021, the number of shares in the Company increased by 3,058,600, from 886,005,575 to 889,064,175 shares, and the share capital increased by SEK 1,162,945 (equivalent to TUSD 138 translated at the exchange rate on the date of issue), from SEK 336,878,176 to SEK 338,041,120 (rounded off to the nearest whole number). Consideration received in the new share issue amounted to TUSD 649,5 (equivalent of TSEK 5,414 translated at the exchange rate on the date of payment).

The Annual General Meeting 2021 approved two long-term incentive programs: 2021/2024 for management and key personnel and 2021/2025 for the Board of Directors. Under the programs, a maximum of 8,000,000 warrants of series 2021/2024 and a maximum of 2,000,000 warrants of series 2021/2025 can be issued. Each warrant entitles the holder to subscribe for one (1) share in the Company, which means that the share capital can be increased by SEK 3,802,213 (rounded off to the nearest whole number) at maximum. The exercise date is August 31, 2024, for the warrants of series 2021/2024 and August 31, 2025, for the warrants of series 2021/2025 and strike price is SEK 2.75. As at December 31, 2021, a total of 6,480,000 warrants from both programs were subscribed.

On December 31, 2021, the 2018/2021 incentive program expired. The shares that were subscribed were paid and registered on January 31, 2022. The total amount of TUSD 301 (SEK 2,739,134) is recorded as increase of other contributed capital. Following registration of new shares issued under the incentive program with the Swedish Companies Registration Office in 2022, the number of shares in the Company increased by 1,640,200 shares, from 889,064,175 to 890,704,375 shares and the share capital increased by TUSD 66 (equivalent of SEK 623,639 translated at the exchange rate on the date of issue), from SEK 338,041,120 to SEK 338,664,759.

27. Loans and borrowings

	Interest rate	Maturity	31 December 2021	31 December 2020
Long-term borrowings				
RUB denominated Bank loans	key rate of Russian Central Bank plus a margin of 2.95%	September 2023 - June 2026	35,197	15,038
Total long-term borrowings			**35,197**	**15,038**
Short-term borrowings				
SEK denominated borrowings from credit institutions	11.75%	March 2021	-	6,379
USD denominated borrowings from Shareholder	0%	June 2022	1,250	-
Other RUB denominated borrowings	0% - 5%	On demand / December 2021	173	173
Total short-term borrowings			**1,423**	**6,552**
Total			**36,620**	**21,590**

During 2021, the Group capitalised borrowing costs in the amount of TUSD 1,195 (2020: TUSD 117). The weighted average capitalisation rate for 2021 year was 8.68% per annum (2020: 7.2 %).

On March 24, 2021, the Company fully repaid its SEK denominated borrowings from credit institutions of TUSD 6,354 (TSEK 54,757 at the exchange rate on the date of payment).

At June 26, 2020, the Group entered into a new unsecured finance facility with PJSC VTB bank for refinancing of promissory notes from shareholder and funding of the investment program with a maximum credit facility of TUSD 42,063 (equivalent to TRUB 3,125,000 as at reporting date) bearing floating interest rate as key rate of Central Bank of Russian Federation plus margin of 2.95%. The loan facility matures starting from September 2023 to June 2026.

Secured liabilities and assets pledged as security

At December 31, 2020, the Group had pledge of shares in associates under the SEK denominated borrowing facilities from credit institutions. Following the repayment in March 2021, the Group has no assets pledged.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial and non-financial covenants that, if breached by the Company, permit the bank to demand repayment before the loans' normal maturity date.

As of December 31, 2021, and 2020, the Group complied with all covenants.

Available credit facilities

At December 31, 2021, unused credit facilities were TUSD 6,729 (2020: TUSD 27,073).

Fair values

For information see note 34.

28. Contract liability

In September 2018, LLC Amur Zoloto entered into long-term commodity loan with a bank with the obligation to deliver a certain amount of gold to the bank at the scheduled contract term. The commodity loan bears interest of 6.45% per annum and had initial maturity date on July 31, 2022. During the year ended December 31, 2020, LLC Amur Zoloto signed an addendum to the agreement with the Bank to postpone the maturity of principal amount payments to the period from September 2023 until June 2025.

Commodity loan is subject to certain financial and non-financial covenants that, if breached by LLC Amur Zoloto, permit the bank to demand repayment before the loans' normal maturity date.

As of December 31, 2021, and 2020, LLC Amur Zoloto complied with all covenants.

The contract liability is treated as a prepayment for gold supply and accounted for according to IFRS 15 "Revenue from contracts with customers".

29. Liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes			
	1 January 2021	**Financing cash flows**	**Translation differences**	**New finance leases**	**Other changes**	**31 December 2021**
RUB denominated Bank loans	15,038	18,925	-1,228	-	2,462	35,197
SEK denominated borrowings from credit institutions	6,379	-6,364	1	-	-16	-
USD denominated borrowings from Shareholder	-	1,250	-			1,250
Other borrowings from related party	173	-	4		-4	173
Lease liabilities	4,495	-2,767	-274	2,225	388	4,068
-	**26,085**	**11,044**	**-1,496**	**2,225**	**2,830**	**40,688**

				Non-cash changes			
-	**1 January 2020**	**Financing cash flows**	**Acquired on reverse acquisition**	**Translation differences**	**New finance leases**	**Other changes**	**31 December 2020**
	-	-	-	-	-	-	
RUB denominated Bank loans	-	15,653	-	-412	-	-203	15,038
SEK denominated borrowings from credit institutions	-		6,175	-13	-	217	6,379
RUB denominated borrowings and promissory notes from shareholder	7,908	-7,215		-854		161	-
Other borrowings from related party	379	-341	-354	472		17	173
Lease liabilities	4,415	-4,402		-759	4,494	747	4,495
-	**12,702**	**3,695**	**5,821**	**-1,566**	**4,494**	**939**	**26,085**

The cash flows from loans and borrowings and lease liabilities make up the net amount of proceeds from loans and borrowings and repayments of loans and borrowings in the consolidated statement of cash flows. Other changes include interest accruals and foreing exchange translation differences.

30. Mine rehabilitation provision

At 1 January 2020	**2,696**
Unwinding of discount	253
Additional provision charged to property, plant and equipment	183
Change in estimate	31
Translation difference	-429
At 31 December 2020	**2,734**
Comprising:	
Current	2,702
Non-current	32
Unwinding of discount	152
Additional provision charged to property, plant and equipment	2,426
Change in estimates	-366
Translation difference	-73
At 31 December 2021	**4,873**
Comprising:	
Current	1,275
Non-current	3,598

31. Accounts payable and accrued liabilities

	31 December 2021	**31 December 2020**
Trade payables	5,452	5,902
Commodity forward	-	4
Unused vacation provision	1,546	702
Salaries and wages	768	458
Other payables	844	606
Total	**8,610**	**7,672**

Trade payables are non-interest bearing and are normally settled on 45-60 day terms.

32. Taxes payable

	31 December 2021	**31 December 2020**
Unified social tax	400	353
Mineral extraction tax	332	340
Property tax	111	128
Other taxes	500	205
Total	**1,343**	**1,026**

33. Reverse acquisition 2020

In the beginning of September 2020, the Company completed the transaction with HC Alliance Mining Group Ltd. ("HCAM") and Lexor Group SA ("Lexor") contributing the entire participants' capital of LLC Amur Gold Company (LLC "Amur Zoloto") in exchange for 782,179,706 ordinary shares issued by the Company.

Since the acquisition of Kopy Goldfields AB does not qualify for a business combination, the transaction was treated as an asset acquisition under IFRS 2 Share Based Payment, since the asset is acquired in exchange for shares, no goodwill was recognised.
Following the completion of the transaction with Amur Zoloto shareholders the financial statements have been prepared using the accounting model prescribed by IFRS 3 “Business combination” for “reverse acquisitions” since the shareholders of Amur Zoloto

became owner of 88.28% of the Company at the date of the transaction. This accounting model required Amur Zoloto to be treated as the accounting acquirer for the consolidated financial information and Kopy Goldfields AB being presented as the acquiree.

Consequently, the assets and liabilities of Kopy Goldfields AB, being the legal parent, have been recorded at fair value initially in the consolidated financial statements. The cost of the transaction was determined based on the value of the underlying asset and compared that value to the number of Kopy Goldfields AB shares existing at the completion date. As of the closing of the transaction the share price of existing 103 825 869 Kopy Goldfields AB shares was 2.35 SEK/share constituting the market value of Kopy Goldfields of TUSD 28,233 as of the transaction date (equivalent of TSEK 243,991). This implied a surplus value of TUSD 19,038 as of the transaction date (equivalent of TSEK 164,349), which has been attributed to the investment in Associates containing the Krasny project. The directly attributable transaction costs incurred both by Kopy Goldfields AB and Amur Zoloto amounted to TUSD 923.

The assets and liabilities of the legal subsidiary Amur Zoloto have been recognized and measured in the consolidated financial statements at their pre-transaction carrying amounts. Kopy Goldfields AB's financial statements have been included in the consolidated financial statements 2020 for the period since September 1, 2020, the accounting date of the transaction, till December 31, 2020, due to application of reverse acquisition.

The standalone financial statements of the parent company are presented for the twelve months ended December 31, 2021, with comparative information for the twelve months ended December 31, 2020.

The fair values of the acquired assets and liabilities of the Company are presented in the table below.

	Kopy Goldfields AB Group book values	**Fair value adjustments**	**Kopy Goldfields AB Group fair values**
Date of acquisition (for accounting purpose)	September 1, 2020		
Non-current assets			
Exploration and evaluation assets	1,196		1,196
Property, plant and equipment	71		71
Financial assets at amortised cost	3,606		3,606
Investment in associates	9,731	19,038	28,769
	14,604	**19,038**	**33,642**
Current assets	**1,154**		**1,154**
Non-current liabilities			
Loans and borrowings	5,713		5,713
Current liabilities			
Loans and borrowings	470		470
Accounts payable and accrued liabilities	375		375
Other current liabilities	5		5
Total assets at acquisition date	**15,758**	**19,038**	**34,796**
Minority interest	20		20
Net assets acquired	**9,195**		**28,233**
Total cost of transaction including acquisition related costs			29,156
Cash paid for the acquisition related costs as at December 31, 2020			(923)
Less: Cash and cash equivalents of acquired subsidiary			138
Cash flow on acquisition, net of cash acquired			**-785**
Result for the period of the Company since the acquisition date included in the Group's consolidated income statement			**-1,787**
Revenue for the combined Group for the twelve months 2020 as though the acquisition date had been January 1, 2020			**98,841**
Result for the period for the combined Group for the twelve months 2020 as though the acquisition date had been January 1, 2020			**15,615**

34. Fair value of financial instruments

	31 December 2021	31 December 2020
Financial assets		
Measured at amortised cost		
Consideration receivable for sale of investments	4,382	4,593
Trade and other accounts receivables	539	865
Cash and cash equivalents	6,145	10,388
Commodity options	1,248	-
Total measured at amortised cost	**12,314**	**15,846**
Total financial assets	**12,314**	**15,846**
Financial liabilities		
Measured at amortised cost		
Loans and borrowings	36,620	21,590
Lease liabilities	4,068	4,495
Trade and other accounts payable	7,064	6,966
Total measured at amortised cost	**47,752**	**33,051**
Derivative financial instruments		
Commodity options	-	894
Total derivative financial instruments	**-**	**894**
Total Financial liabilities	**47,752**	**33,945**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Assets carried at amortised cost

Due to the short-term nature the carrying amounts of trade and other receivables approximate their fair values. An exception is the consideration receivable by the Company for sale of wholly owned subsidiary LLC Taiga (note 22), which has a fair value of TUSD 4,382 as at December 31, 2021, compared to a carrying amount of TUSD 5,882.

The fair values were calculated based on cash flows discounted using a current lending rate. The fair values are within level 3 of the fair value hierarchy.

Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Liabilities carried at amortised cost

The fair values of non-current borrowings and finance lease liabilities are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The fair values of the borrowings and finance lease liabilities are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of trade and other payables are the same as their carrying amounts since short-term nature.

Derivative financial instruments

The fair values of commodity options are based on option pricing model (eg Black-Scholes model).

The Group's exposure to various risks associated with the financial instruments is discussed in note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

35. Related-party transactions

The Group is controlled by HC Alliance Mining Group Ltd.

Related parties include shareholders and other related parties representing entities that have significant influence on the Group, and members of key management personnel.

Information of the Board of Directors and senior executives as well as remuneration for these are desclosed in Note 13, Employee benefits.

For disclosures of the Parent Company's transactions with related parties, please refer to Note P14, Related-party transactions under the Parent Company.

Subsidiaries

Interests in subsidiaries are set out in note 17.

Outstanding balances arising from sales/purchases of goods and services

The following table provides the total amount of transactions that have been entered into with related parties for the relevant periods of the respective financial year and amounts owed by/to related parties:

	31 December 2021	31 December 2020
Shareholders		
Loans and borrowings	1,250	-
Receivable from employees under Incentive programs 2018/2021	301	-
Other related parties via shareholder		
Accounts payable and accrued liabilities	273	1,216
Borrowings	168	168
Lease liabilities	14	254
Other receivables	46	222

No allowance for doubtful debts in respect of the amounts owed by related parties was recognised.

All related party balances were unsecured and will be settled in cash under normal commercial credit terms and conditions. No guarantees have been given or received in relation to any related party balance.

Significant transactions with related parties:

	Year ended 31 December 2021	Year ended 31 December 2020
Associate		
Revenue from sale of services and other assets	276	518
Other related parties via shareholder		
Purchase of services and materials	33	4,071
Payment of shares under Incentive programs 2017/2020 from employees	698	-
Consulting services from companies related to Board members	91	86

Loans to/from related parties

	Loans from Shareholder	Loans from related parties
Opening Balance 1 January 2020	7,908	378
Loans received	-	54
Loans repaid	-5,128	-136
Interest charged	167	6
Interest paid	-2,087	-81
Translation differences	-861	-53
Closing Balance 31 December 2020	**-**	**168**
Loans received	1,250	-
Closing Balance 31 December 2021	**1,250**	**168**

36. Earnings per share

	Year ended 31 December 2021	Year ended 31 December 2020
Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the company	0.01	0.02
Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the company	0.01	0.02
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	7,716	19,152
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company		
used in calculating basic earnings per share	7,716	19,152
Warants under Incentive program charge	-	-
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	7,716	19,152
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	888,775,468	816,513,009
Adjustments for calculation of diluted earnings per share:		
Bonus element under Incentive programm	1,029,596	575,063
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	889,805,064	817,088,072

For the financial year ended December 31, 2020 during which the reverse acquisition of Kopy Goldfields occurred the weighted average number of ordinary shares outstanding included 782,179,706 shares issued by Kopy Goldfields to the shareholders of Amur Zoloto Group for the period from the beginning of the reporting period to the reverse acquisition completion date of September 1, 2020 and the actual number of Kopy Goldfields ordinary shares outstanding for the period since the reverse acquisition completion date till December 31, 2020

37. Commitments and contingencies

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. In 2022, new sanctions have been introduced by the US, the EU and other countries. In response, Russia has imposed countersanctions. This led to reduced access of the Russian businesses to international capital markets.

The impact of further economic and political developments on future operations and financial position of the Group might be significant.

In addition to that, starting from early 2020 a new coronavirus disease (Covid-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of Covid-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Group may face the increasingly broad effects of Covid-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of Covid-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

Taxation contingencies

The existing Russian tax, currency and customs legislation allows for various interpretations and is subject to frequent changes. Interpretation by the Company's management of the legislation in place when applicable to the Company's transactions and activities may be challenged by the appropriate regional or federal authorities. Recent events in the Russian Federation indicate that the tax authorities may take a tougher stance with regard to the interpretation of legislation and review of tax returns. Consequently, tax authorities may challenge transactions and accounting methods that they had never challenged before.
As a result, significant additional taxes, penalties and fines may be accrued. It is not possible to determine the amounts of constructive claims or evaluate probability of their negative outcome. Tax audits may cover a period of three calendar years immediately preceding the audited year. Under certain circumstances, the tax authorities may review earlier accounting periods.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that tax authorities in the Russian Federation could take differing positions with regard to interpretive issues.

Environmental matters

The Group is subject to extensive federal and local environmental controls and regulations in the Russian Federation. Operations of the Group involve the discharge of materials and contaminants into the environment, disturbance of land and that could potentially to impact flora and fauna, and give rise to other environmental concerns.

Management believes that it is in compliance with all current existing environmental laws and regulations in the Russian Federation. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those environmental laws and regulations may change. Such change, if it occurs, may require that the Group modernises technology to meet more stringent standards.

The Group is obliged in terms of various laws and mining licenses agreements to mine rehabilitation facilities on cessation of its mining operations and to restore and rehabilitate the environment. The extent and future expected costs related to environmental obligations are inherently difficult to estimate. They depend on the scale of operations, timing and further development of Russian legislation. The Group estimates its environmental obligations using the current level of mines' expansion, existing technology, current prices and projected inflation levels.

Capital commitments

The Group's contractual capital commitments at December 31, 2021, amounted to TUSD 3,695 (note 17) mostly relating to technical modernisation of Yubileyniy processing plant and development of Malutka license (31 December 2020: TUSD 6,260).

License compliance and commitments

The Group is subject to periodic reviews of its activities by local regulatory authorities regarding the requirements of its licenses. Management of the Group entities agrees with local regulatory authorities remedial actions necessary to resolve any findings resulting from these reviews. Non-compliance with the terms of a particular license could result in penalties, fines or license limitations, suspension or revocation. The Group's management believes that any non-compliance with license terms that the Group may have in the future will be resolved through negotiations or proposed amendments without material effect on the consolidated financial positions or the operating results of the Group.

38. Events after the end of the reporting period

In 2022, new sanctions have been imposed on Russia by the US, the EU and other countries. Russia has responded with countersanctions. So far, the gold mining industry is not falling under any announced or published sanctions and Kopy Goldfields' operations continue undisrupted. However, as any business in Russia, Kopy Goldfields' Russian subsidiaries are influenced and exposed in general to the international sanctions. The Russian financial system and industries with trans-border activities are under strong pressure. Kopy Goldfields' Russian subsidiaries cooperate with major Russian banks and some of them are subject to international sanctions. In addition, Russian companies are facing increased monetary restrictions and regulations, which affect intragroup transactions. Operationally, Kopy Goldfields is to a limited extent dependent on foreign suppliers which activities in Russia are affected by the sanctions. Kopy Goldfields continuously monitors and evaluates the development in order to secure that business operations are compliant with relevant legislation and that relevant actions are taken to efficiently and timely mitigate the effects of the financial volatility. Contingency measures have been initiated to ensure advance equipment and spare parts procurement, liquidity and gold sales channels. Currently, the company is fully financed to execute its development plans.

During March 2022, the Board Members Andreas Forssell and Britta Dalunde resigned from the Board of Directors.

In April 2022, Kopy Goldfields carried out a directed new share issue of 12,500,000 shares at a subscription price of SEK 0.65 per share, raising MSEK 8.125 before issue costs. Issue costs are expected to amount to about TSEK 100. The new share issue was carried out based on the authorization by the Annual General Meeting held on May 27, 2021. The shares have been subscribed for by a few private investors. The proceeds from the directed new share issue will be used to secure the parent company's available liquidity and Swedish payment ability. Through the share issue, the number of shares and votes in Kopy Goldfields increased from 890,704,375 to 903,204,375 shares and votes, corresponding to a dilution of 1.38 percent. The share capital increased by SEK 4,752,763, from SEK 338,664,759 to SEK 343,417,521.

In April 2022, the Company announced that the Group CFO will leave the Company for new assignments in July 2022.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	2021	2020
Revenue		1,765	1,150
Total operating income		**1,765**	**1,150**
General and administrative expenses	4,5,6	-16,847	-10,922
Operating loss		**-15,082**	**-9,772**
Impairment of investments in Group companies	10	-1,056	-4,497
Earnings from other financial assets	7	2,019	-2,942
Interest and similar income	7	-	841
Interest and similar expenses	7	-16,465	-5,874
Loss from financial items		**-15,502**	**-12,472**
Loss after financial items		**-30,584**	**-22,244**
Appropriations		-	-4
Loss before tax		**-30,584**	**-22,248**
Income tax	8	-	-
Net Loss		**-30,584**	**-22,248**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	2021	2020
Loss for the year		**-30,584**	**-22,248**
Other comprehensive income			
Translation differences		-	-122
Total comprehensive income		**(30,584)**	**(22,370)**

The above financial statements should be read in conjunction with the accompanying notes.

BALANCE SHEET, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Machinery and equipment		67	-
Investments in Group companies	10	1,927,882	1,926,713
Other financial assets	11	35,818	30,551
Total non-current assets		**1,963,767**	**1,957,264**
Current assets			
Receivables from subsidiaries of the Group		7,265	2,451
Other receivables		7,630	12,901
Prepaid expenses and accrued income		1,804	27
Cash and bank balances		4,091	2,344
Total current assets		**20,790**	**17,723**
TOTAL ASSETS		**1,984,557**	**1,974,987**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		338,041	336,878
Total restricted equity		**338,041**	**336,878**
Non-restricted equity			
Share premium reserve		1,744,132	1,740,290
Not yet registered share capital		624	1,163
Fair value reserve		-7,017	-7,017
Retained earnings, including financial result for the year		-200,924	-170,339
Total non-restricted equity		**1,536,815**	**1,564,097**
TOTAL EQUITY		**1,874,856**	**1,900,975**
LIABILITIES			
Non-current liabilities			
Liabilities from credit institutions	12	-	-
Total non-current liabilities		**-**	**-**
Current liabilities			
Liabilities from credit institutions	12	-	52,239
Liabilities from other related parties	14	11,349	-
Trade payables		691	581
Payable to Group companies		91,510	17,757
Other current liabilities		133	243
Accrued expenses and deferred income	13	6,018	3,192
Total current liabilities		**109,701**	**74,012**
TOTAL EQUITY AND LIABILITIES		**1,984,557**	**1,974,987**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Restricted equity	Non-restricted equity				
	Share capital	**Share premium reserve**	**Not yet registered share capital**	**Fair value reserve**	**Retained earnings, including profit (loss) for the year**	**Total equity**
Opening balance at 1 January 2020	**39,477**	**203,840**	**-**	**-6,895**	**-148,091**	**88,330**
Loss for the year					-22,248	-22,248
Other comprehensive income for the year				-122		-122
Total comprehensive income for the year	**-**	**-**	**-**	**-122**	**-22,248**	**-22,370**
Transactions with shareholders in their role as owners						
Reverse acquisition net of transaction costs	**297,401**	**1,532,199**	**-**	**-**	**-**	**1,829,600**
Subscription of shares in Incentive program 2017/2020	-	4,251	1,163	-	-	**5,414**
Closing balance at 31 December 2020	**336,878**	**1,740,290**	**1,163**	**-7,017**	**-170,339**	**1,900,975**
Opening balance at 1 January 2021	**336,878**	**1,740,290**	**1,163**	**-7,017**	**-170,339**	**1,900,975**
Profit for the year					-30,584	**-30,584**
Other comprehensive income for the year				-		-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-30,584**	**-30,584**
Transactions with shareholders in their role as owners						
Subscription of warrants in Incentive programs 2021/2024	-	1,774	-	-		**1,774**
Registration of shares in Incentive program 2017/2020, net of issue costs	1,163	-47	-1,163	-	-	**-47**
Subscription of shares in Incentive program 2018/2021	-	2,115	624	-	-	**2,739**
Closing balance at 31 December 2021	**338,041**	**1,744,132**	**624**	**-7,017**	**-200,923**	**1,874,857**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	2021	2020
Cash flows from operating activities		
Loss before tax	**-30,584**	**-22,248**
Adjustments for non-cash items		
Depreciation and impairment	1,078	6,579
Finance costs	7,751	5,772
Finance income	-2,039	850
Foreign exchange loss	7,466	-1,234
Cash flows from operating activities before changes in working capital	**-16,328**	**-10,281**
Changes in working capital		
(Increase)/Decrease in operating receivables	-7,243	575
Increase/(Decrease) in operating liabilities	1,682	1,455
Net cash flows from operating activities	**-21,889**	**-8,251**
Cash flows from investing activities		
Shareholder contributions	-1,056	-5,421
Purchase of machinery and equipment	-70	-
Cash flows from investing activities	**-1,126**	**-5,421**
Cash flows from financing activities		
Proceeds from subscription of shares in incentive program	5,414	-
Transaction costs	-47	-8,522
Proceeds from warrants	630	-
Loans raised	73,522	21,386
Repayment of borrowings	-54,757	-3,094
Cash flows from financing activities	**24,762**	**9,770**
Cash flow for the year	1,747	-3,902
Cash and cash equivalents at 1 January	**2,344**	**6,246**
Net cash flow during the financial year	1,747	-3,902
Cash and cash equivalents at 31 December	**4,091**	**2,344**
Cash and bank balances	**4,091**	**2,344**

The above financial statements should be read in conjunction with the accompanying notes.

P1. Parent Company accounting policies

The principal accounting policies applied in the preparation of this Annual Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Annual Report for the Parent Company is prepared in accordance with RFR 2 Financial reports for legal entities and the Swedish Annual Accounts Act. Any accounting principles other than the Group's (as described in the Notes to the consolidated financial statements) applied by the Parent Company are given below.

The Annual Report was prepared on a historical cost basis.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Parent Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Parent Company applies different accounting policies than the Group, which differ as follows.

Presentation format

The statement of profit or loss and statement of financial position follow the presentation format in the Swedish Annual Accounts Act. The statement of change in equity also follows the Group's layout but includes columns given in the Annual Accounts Act. This entails differences in terminology compared with the consolidated financial statements, primarily regarding financial income and expenses as well as equity.

During the previous year, the parent company changed the presentation format for the income statement from an analysis of nature of expenses to an analysis by function of expenses. For more information, see note 7 in the consolidated financial statements.

Subsidiaries and associates

The Parent Company's investments in subsidiaries and associates are recognized using the cost method.

Shareholders' contributions and Group contributions

Group contributions paid by the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries were recognised as appropriations. Shareholder contributions paid are recognised in the Parent Company as an increase in the holding's carrying amount in accordance with RFR 2.

Leases

The parent company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 IFRS 16 Leases p. 2-12. This policy choice means that no right-of-use assets or lease liabilities are recognized in the balance sheet. Instead, leasing fees are expensed on a straight-line basis over the lease period. The Parent Company did not have any outstanding lease liabilities on December 31, 2021, and on December 31, 2020.

P2. Financial risk factors

Through its operations, the Parent Company is exposed to a variety of financial risks such as market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial results.
For more information about financial risks, refer to Note 5 of the consolidated financial statements.

P3. Intra-Group revenue and purchases

Total amount of the Parent Company´s net revenue for 2021 and 2020 year is related to sales to subsidiaries of the Group. Of the Parent Company´s interest income for 2021 year, TSEK 19 (2020: TSEK 113) is related to Group's companies.

P4. Auditors' fees

Audit fees include fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits. Other statutory engagements include fees for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements or that are traditionally performed by the external auditors. Tax advisory services include tax-compliance services, transfer pricing, tax consultations and advice related to acquisitions, etc. All other fees are presented by fees for other services.

	2021	2020
Auditors' fees		
Öhrlings PricewaterhouseCoopers AB		
- Audit engagement	1,301	1,236
- Other statutory engagement	103	-
- Tax advisory services	-	-
- Valuation services	-	-
- Other services	33	385
Total Auditors' fees	**1,437**	**1,621**

P5. General and Administrative Expenses

	2021	2020
Employee benefits	5,539	4,539
Professional fees (audit, consulting etc)	9,748	5,600
Depreciation of tangible assets	4	6
Other	1,556	778
Total general and administrative expenses	**16,847**	**10,922**

P6. Employee benefits, etc.

	2021	2020
Salaries and other remuneration	4,300	3,563
Social security contributions	993	843
Pension costs – defined contribution plans	246	133
Total	**5,539**	**4,539**

Salaries and other remuneration and social security expenses

	2021			2020		
	Salaries and other remuneration	of which bonuses and warrants	**Pension cost**	**Salaries and other remuneration**	of which bonuses	**Pension cost**
Board members	1,918	-	-	1,442	-	-
CEO	2,524	623	-	2,408	735	-
Other senior executives (1 person)	1,854	546	246	1,615	452	133
Total	**6,295**	**1,169**	**246**	**5,465**	**1,187**	**133**

Salaries and other remuneration and social security expenses to CEO include total remuneration paid from the Parent company and subsidiaries of the Group.

Remuneration and other benefits of the Board and senior management 2021

	Board fee/ Basic salary	Committees/ Variable remuneration	Warrants/ Other benefits	Pension costs	Total
Chairman of the Board, Kjell Carlsson	304	29	300	-	633
Board member, Johan Österling[1)]	50	-	-	-	50
Board member, Andreas Forssell	167	-	-	-	167
Board member, Tord Cederlund[1)]	50	-	-	-	50
Board member, Arsen Idrisov	167	15	-	-	181
Board member, Eric Forss	167	29	480	-	676
Board member, Britta Dalunde[2)]	117	44	-	-	160
CEO, Mikhail Damrin	1,901	363	260	-	2,524
Total	**2,922**	**480**	**1,040**	**-**	**4,442**

1) Resigned at the AGM 2021
2) Elected at the AGM 2021

The total remuneration expensed to the Board for the 2021 financial year amounted to TSEK 1,918, of which TSEK 633 was remuneration to the Chairman of the Board. Fees for members of the Board are set by the shareholders at the annual general meeting of shareholders and are valid until next annual general meeting. At the Annual General Meeting on May 27, 2021, Board fees were set at TSEK 350 for the Chairman of the Board and TSEK 200 for each of the other Board members. Committee fees were set at TSEK 25 and the Chairman of the Audit Committee at TSEK 75 and Chairman of the Remuneration Committee at TSEK 50. The Chairman of the Board has via own company, in addition to the board remuneration, invoiced TSEK 300 related to consultancy and advisory work. The Board member Eric Forss has via own company, in addition to the board remuneration, invoiced TSEK 480 related to consultancy and advisory work. For more information on the remuneration, see the table above.

The CEO´s remuneration for the financial year 2021 amounted to TSEK 2,524. The remuneration to the CEO consists of a fixed salary and a variable salary based on annual targets. The CEO has a fixed annual salary of TUSD 220 (2020: TUSD 220). The variable salary amounts to a maximum of 50 percent of the fixed salary (2020: 50 percent) and is based on both soft and hard targets. The CEO has been covered by the Group's long-term incentive program.

Remuneration and other benefits of the Board and senior management 2020

	Basic salary/Board fee	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Kjell Carlsson	230	-	175	-	405
Board member, Johan Österling	100	-	200	-	300
Board member, Andreas Forssell	100	-	200	-	300
Board member, Tord Cederlund	100	-	100	-	200
Board member, Lennart Schönning[1)]	50	-	-	-	50
Board member, Arsen Idrisov[2)]	33	-	-	-	33
Board member, Eric Forss[2)]	33	-	120	-	153
CEO, Mikhail Damrin	1,673	735	-	-	2,408
Total	**2,320**	**735**	**795**	**-**	**3,849**

1) Resigned at the AGM 2020
2) Elected at 2020 AGM subject to completion of the acquitisition of Amur Zoloto. Registered as Board member in September 2020

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2021		2020	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Board members	5	4	6	6
CEO	1	1	1	1
Other senior executives	10	8	7	6
Total	16	13	14	13

P7. Finance income and costs

	2021	2020
Earnings from other financial assets		
Reversal of impairment/(impairment) of receivables from subsidiaries of the Group	-19	-2,077
Remeasurement of financial assets	2,019	-979
Interest income, Group companies	19	114
Total earnings from other financial assets	**2,019**	**-2,942**
Interest and similar income		
Interest income, external	-	19
Exchange differences	-	822
Total interest and similar income	**-**	**841**
Interest and similar expenses		
Interest expenses, external	-2,526	-5,754
Interest expenses, Group companies	-5,232	-120
Exchange differences	-8,707	-
Total interest and similar expenses	**-16,465**	**-5,874**
Total finance income and costs	**-14,446**	**-7,975**

P8. Income tax

The differences between recognized tax expense and an estimated tax expense based on the current tax rate are as follows:

	2021	2020
Recognised tax in the income statement		
Current tax	-	-
Deferred tax	-	-
Tax on profit for the year	-	-
Profit before tax	-30,584	-22,244
Theoretical tax rate 20.6 % (21.4 %)	6,300	4,760
Tax effects from:		
Non-deductible items	-224	-1,637
Non-taxable items	10	552
Revaluation financial assets	-1,285	-
Reversed impairment	-	228
Loss carry forwards for which deferred tax is not recognised	-4,801	-3,903
Income tax	-	-

Deferred Tax

Deferred tax assets are reported for tax loss carry forwards or other deductions to the extent that it is probable that they can be utilized through future taxable profits. No deferred tax assets are reported as the Parent company has not assessed that the criteria for reporting deferred tax in IAS 12 are met.

As of December 31, 2021, unutilized loss carry forwards for which no deferred tax asset has been recognised amounted approximately TSEK 8,559 (2020: TSEK 24,139). The loss carryforwards are without a time limit.

P9. Outstanding warrants

For information about the parent company`s outstanding warrants, see note 14 for the Group.

P10. Investments in Group companies

For detail information about the Parent Company`s participation in subsidiaries, see note 17 for the Group.

Balance at 1 January 2020	**87,395**
Shareholder contributions	5,693
Impairment	-4,497
Reverse acquisition	1,838,122
Balance at 31 December 2020	**1,926,713**
Shareholder contributions	1,081
Incentive programs 2021/2024	1,144
Impairment	-1,056
Balance at 31 December 2021	**1,927,882**

Impairment of investments in Group companies amounted TSEK 1,056 for 2021 year (2020: TSEK 4,497) related to the russian subsidiary LLC Vostochny (2020: TSEK 4,224).

For information about reverse acquisition of LLC Amur Zoloto in 2020 refer to note 33 for the Group.

P11. Other financial assets

	31 December 2021	31 December 2020
Other receivables	35,818	30,551
Total	**35,818**	**30,551**

Other receivables refer to the sale of wholly owned subsidiary LLC Taiga in 2018. The total sales price was MUSD 6, of which MRUB 8 (corresponding to MSEK 1.1) was paid in December 2018. The remainder will be paid in several installments until December 31, 2023. The total expected payments of MUSD 6 are discounted at the end of each reporting period. The total receivable at December 31, 2021 amounted to TSEK 39,629 (2020: TSEK 37,610).

P12. Liabilities to credit institutions

	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Secured				
Loans from credit institutions	-	-	52,239	-
Total secured borrowings	**-**	**-**	**52,239**	**-**

Borrowing from shareholder are USD denominated, mature June 2022 and have no interest.

Liabilities to credit institutions at December 31, 2020, were denominated in Swedish kronas, with maturity date in March 2021 and run at an average interest rate of 11,75% per annum. The liability was repaid in March 2021.

Secured liabilities and assets pledged as security
At December 31, 2020, the Company pledged its shares in associates under the SEK denominated borrowing facilities from credit institutions. Following the repayment in March 2021, the Company has no secured liabilities and assets pledged as security on the balance date December 31, 2021.

Loan covenants
Under the terms of the liability to credit institutions at December 31, 2020, the Company was required to comply with the following financial covenants: the Equity/Assets ratio must exceed 50% at every six months period end. The company complied with the financial covenants during the 2020 reporting period.

At December 31, 2021, the Company has no financial covenats.

Fair value
The fair value of financial liabilities is not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. For more information see the Group`s note 34.

P13. Accrued expenses and deferred income

	31 December 2021	31 December 2020
Board fees	970	297
Social security contributions	850	377
Other personnel-related items	1,394	791
Auditors’ fees	960	995
Consultancy services	1,314	480
Other	530	252
Total	**6,018**	**3,192**

P14. Related-party transactions

Kopy Goldfields AB is majority owned by HC Alliance Mining Group Ltd, headquartered on Cyprus. Related parties are all subsidiaries within the Group or entities that are associates or joínt ventures where Kopy Goldfields is a party. Related parties are also all entities (including all subsidiaries in these Groups) or persons (including close family members) that directly or indirectly excercise control or significant influence in Kopy Goldfields.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant periods of the respective financial year and amounts owed by/to related parties:

Significant balances by/to related parties:

	31 December 2021	31 December 2020
Balances with related parties at the end of the year		
Liabilities to Shareholder	-11,349	-
Liabilities to Group companies	-91,510	-17,757
Receivables from Group companies	7,265	2,451

Significant transactions with related parties:

	Year ended 31 December 2021	Year ended 31 December 2020
Purchases from other relates parties		
Consulting services from companies related to Board members	-780	-795
Subsidiaries of the Group		
Revenue from sale of services	1,765	1,150
Interest expenses	-5,232	-120
Interest income	19	113
Total	**-4,228**	**348**

For Board and Senior Executives remuneration, please refer to Note 6.

P15. Changes in liabilities related to financing activities

			Non-cash changes		
	1 January 2021	Financing cash flows	Translation differences	Other changes	31 December 2021
Liabilities to credit institutions	52,239	-54,757	-	2,518	-
Liabilities to shareholders	-	10,761	587	-	11,348
Borrowings from subsidiaries	17,757	61,651	6,879	5,222	91,510
	69,959	**18,765**	**7,466**	**7,751**	**103,941**

	1 January 2020	Financing cash flows	Non-cash changes: Translation differences	Non-cash changes: Other changes	31 December 2020
Liabilities to credit institutions	46,586		-	5,653	52,239
Borrowings from subsidiaries		18,386	-785	156	17,757
	46,586	**18,386**	**-785**	**5,809**	**69,996**

P16. Contingent liabilities

As at December 31, 2021, the Parent company had no contingent liabilities.

P17. Events after the end of the reporting period

For information about events after the end of the reporting period, refer to note 38 for the Group.

P18. Proposed appropriation of profits

The Board of Directors proposes that no dividend be paid for the 2021 financial year. The Board of Directors proposes that SEK 1,536,191,634 be carried forward.

The following profits are at the disposal of the Annual General Meeting:

(SEK)	2021
Share premium reserve	1,744,132,368
Fair value reserve	-7,017,043
Retained earnings	-170,339,636
Loss for the year	-30,584,055
Total	**1,536,191,634**

The Board of Directors and CEO confirm that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a fair presentation of the Group's financial position and earnings. The annual report was prepared in accordance with generally accepted accounting principles and provides a fair presentation of the Parent Company's financial position and earnings.

The Directors' report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and earnings, and describes significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

The consolidated statement of profit and loss and consolidated statement of financial position, and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on May 31, 2022.

Stockholm, May 6, 2022

Mikhail Damrin
CEO

Kjell Carlsson
Chairman

Eric Forss
Director

Arsen Idrisov
Director

Our auditor's report was submitted on May 6, 2022

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya
Authorized Public Accountant

Auditor’s report

Unofficial translation

To the general meeting of the shareholders of Kopy Goldfields AB (publ), corporate identity number 556723-6335

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Kopy Goldfields AB (publ) for the year 2021.

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 and the group 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.

Responsibilities of the Board of Director's 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 intend 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.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Kopy Goldfields 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 Director's and the Managing Director 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 Director's 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' 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. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen’s website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor’s report.

Stockholm 6 May 2022

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya
Authorized Public Accountant