Petro Welt Technologies

TURNING POINTS

Integrated Annual Report 2022

FINANCIAL KEY FIGURES

in EUR million	2022	2021	Δ in %
Revenue	235.1	237.0	(0.8)
Gross profit	35.7	35.0	2.0
EBIT	(388.8)	7.3	>(100)
EBIT margin	(165.4%)	3.1%	-
EBITDA	(361.5)	33.5	>(100)
EBITDA margin	(153.8%)	14.1%	-
Group result	(411.8)	2.9	>(100)
Earnings per share (EUR)	(8.43)	0.06	>(100)
Balance sheet total[1]	162.8	403.6	(59.7)
Equity[1]	25.3	206.0	(87.7)
Equity ratio[1]	15.5%	51.0%	-
Cash flow from operating activities	5.6	34.5	>(100)
Cash flows (used in)/from investing activities	(142.5)	29.6	>(100)
Cash flow used in financing activities	(0.1)	(0.2)	(50.0)
Cash and cash equivalents[1]	58.6	142.6	(58.9)
Managerial liquidity position[1]	58.6	143.5	(59.2)
RUB/EUR exchange rate at the end of the reporting period[2]	RUB 60.58	RUB 84.07	(27.9)
RUB/EUR average exchange rate for the reporting period[2]	RUB 77.54	RUB 87.19	(16.1)
Employees[1]	114	3,319	>(100)

[1] As of December 31

[2] Due to the sale of the Russian activities as of the end of August 2022, the Group used the average exchange rate and the closing rate of the Russian ruble for the corresponding period of 2022.

STOCK KEY FIGURES

German securities ID no. (WKN)	A00Y7
ISIN	AT0000A00Y78
Ticker symbol	O2C
Share class	No par value bearer shares
Authorized capital	EUR 48,850,000
Share capital	EUR 48,850,000
Free float	9.77%
Number of shares	48,850,000
Year’s high (February 7, 2022)	EUR 2.81
Year’s low (April 25, 2022)	EUR 1.10
Closing price (December 30, 2022)	EUR 2.08
Stock exchange listings	Prime Standard

TURNING POINTS

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Denis Stankevich
__ Chief Executive Officer

In the 2022 financial year, I experienced one of the most drastic crises of my career as a manager, during which we focused primarily on minimizing the negative impact for our shareholders and our team.

Kirill Bakhmetyev
__ Chief Financial Officer

Despite sanctions and the drastic restriction of cross-border financial transactions, we managed to ensure the highest level of liquidity for our parent company.

A YEAR OF CHALLENGES

Dear Shareholders,

As for many other companies operating in Russia, 2022 brought unprecedented challenges for Petro Welt Technologies (PeWeTe). Having overcome the impact of the COVID-19 pandemic of 2020 and 2021, we started the 2022 financial year with an excellent performance, which was reflected in record results for the first three quarters.

This was mainly due to the increase in oil production and the increase in quotas under the OPEC+ agreement. Notwithstanding the sale of the Russian business units at the end of August 2022, PeWeTe Group's revenue for the full year shows almost stable thanks to this positive operating performance. The Well Services and Well Stimulation segments, consolidated only for the period January to August 2022, achieved a slight increase in revenue in this period alone compared to the full year 2021. Revenue achieved in the first eight months of 2022 amounted to EUR 115,4 million (+16.4% compared to the full year 2021).

However, with the entry into force of the European Union sanctions against the Russian Federation, which followed the start of the military operation in Ukraine, this positive trend reversed and took on a completely different direction, which ultimately also necessitated the sale of our Russian business units at the end of August 2022.

Even though PeWeTe's revenue remained stable over the year as a whole at EUR 235.1 million or a minus of only 0.8% compared to 2021 due to the positive operating performance in the first eight months of the reporting year already described above, the deconsolidation of the Russian subsidiaries impacted our earnings with a massive loss of EUR 399.4 million. On balance, this resulted in a negative operating result (EBIT) of EUR -388.8 million, compared with EUR 7.3 million in the previous year.

As a result of the geopolitical developments and their impact on PeWeTe, our focus in the second half of the year shifted primarily to holding our financial assets, securing the liquidity of our parent company, and an orderly withdrawal from the Russian market. All this was to be done with minimal losses for our shareholders. At the same time, retaining jobs for our Russian personnel was a key concern.

In a second focus area in 2022, we will continue to concentrate on improving our operating performance and potentially entering new markets so that we can offer our wide range of services in other countries in addition to Kazakhstan in the future.

Denis Stankevich — Chief Executive Officer

Kirill Bakhmetyev — Chief Financial Officer

Stephan Theusinger, Maurice Dijols, Remi Paul (l. to r.)

DOING THE RIGHT THING

Dear Shareholders,

Despite all the imponderables of the past year, PeWeTe succeeded in continuing the optimization of its operating processes in 2022. With the withdrawal from the unprofitable markets in Romania and Oman, we were also able to complete two important strategic decisions.

In addition, however, our work in the 2022 financial year was naturally dominated by the war in Ukraine and the resulting sanctions against Russia, the divestment of the Russian subsidiaries and the process to buy back the shares in Petro Welt Technologies AG from our free float shareholders.

In dealing with these issues, the Executive Board and we as the Supervisory Board focused on three premises in our actions: Full compliance with all provisions of the sanctions regime, even if the company had to accept substantial losses as a result. The protection of the interests of our minority shareholders, whose shares we will buy back at a price that does not reflect the impact of the war in Ukraine and the sale of Russian assets. And third, minimizing the negative impact on the Company that resulted from PeWeTe's withdrawal from the Russian market.

We look back on a year of deep cuts in the global economy, which hit PeWeTe particularly hard and enormously limited our room for maneuver. Within this framework, however, we – together with the Executive Board of Petro Welt Technologies – succeeded in making the right decisions.

Maurice Dijols __ Chairman of the Supervisory Board

Remi Paul __ Member of the Supervisory Board

Stephan Theusinger __ Member of the Supervisory Board

GROUP STRUCTURE

At the beginning of the reporting period, the Petro Welt Technologies Group comprised Petro Welt Technologies AG (PeWeTe) – the Austrian holding and Parent company of the three wholly-owned operating subsidiaries, KATKoneft, KATOBNEFT, and KAToil-Drilling as well as other wholly-owned subsidiaries, registered in Russia as limited liability companies (LLCs). PeWeTe also held 100% of Cyprus-based PEWETE EVOLUTION LIMITED (formerly Sonamax LIMITED) and 99.99% of WellProp Cyprus LIMITED, which, in turn, held 100% of WELLPROP LLC in Russia (formerly CARBO Ceramics Eurasia).

In August 2022, the Group sold its Russian subsidiaries. The Transaction involved the sale by Petro Welt Technologies AG of all its participations (shareholdings) in its Russian subsidiaries (direct and indirect), namely 100% of the shares (participatory interests) in OOO Petro Welt Technologies, OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling, OOO Trading House KAToil, OOO KAToil Leasing and OOO Wellprop (the “Companies”) to three Russian individuals (the “Investors”) occupying various positions in the Company’s Group: (1) Denis Stankevich (CEO of the Company); (2) Natalia Kobets (Chairwoman of the Internal Audit Commission); and (3) Irina Myryniuk (Director of Internal Audit in OOO Petro Welt Technologies). The Transaction was approved in a General Meeting of the shareholders of the Company on August 16, 2022.

The Transaction was structured as follows: (1) The Investors purchased from the Company 100% of the shares (participatory interests) in OOO Petro Welt Technologies (“Step 1”) for RUB 20.0 million in the following breakdown: 40% purchased by Denis Stankevich; 30% purchased by Natalia Kobets; and 30% purchased by Irina Myryniuk. Simultaneously with Step 1, OOO Petro Welt Technologies purchased (i) 100% of the shares (participatory interests) in OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling, OOO Trading House KAToil, OOO KAToil Leasing from the Company and (ii) 100% of the shares (participatory interests) in OOO Wellprop from WELLPROP CYPRUS LIMITED (which is a 100% subsidiary of the Company) (“Step 2”) for RUB 7,422 million.

PeWeTe also decided to terminate the operations of the company under the current joint venture in Oman. As a result, the subsidiary PEWETE EVO SERVICES LLC, which had been held by the Group and had provided its services under the joint venture in Oman, is in the process of liquidation. The majority of the assets in Oman were transferred to PeWeTe's subsidiary in Kazakhstan. This is therefore the only remaining operating business unit of the PeWeTe Group as at reporting date.

The management holding company headquartered in Vienna, Austria – PeWeTe – carries out general and administrative services for the Group, including monitoring and supervision, strategic planning, key corporate finance matters, overall marketing policy and risk management. Please see the chart regarding the Group’s structure on page 82.

THE PETRO WELT TECHNOLOGIES AG SHARE

The Petro Welt Technologies AG (PeWeTe) share, which is listed in the Prime Standard segment of the Frankfurt Stock Exchange, started the 2022 stock market year on January 3, 2022, with a starting price of EUR 2.34 and a closing price of EUR 2.35. On February 8, the PeWeTe share reached its high for the year with a value of EUR 2.68 (closing price), and the low for the year was on April 25, when the share was listed at a value of EUR 1.10. On December 30, the PeWeTe share then closed the year at a value of EUR 2.08.

In addition to the COVID-19 pandemic, the global financial markets and thus also the share price dynamics of PeWeTe AG were primarily characterized by the war in Ukraine and the resulting geopolitical and economic upheavals in 2022. In view of the general uncertainty, many investors switched from shares to government bonds and investments in gold, whereupon all major share indices fell. At the end of February 2022, for example, the DAX plummeted abruptly by around 8% at the start of military action in eastern Ukraine. The Moscow stock exchange suspended all trading, and a month after the start of the war, the Russian ruble fell at times to below RUB 145.83 per euro.

The major indices all ended the year in the red. 2022 was the worst year for the DAX in four years. After rising by 15.8% in the previous year, the DAX lost 11.4% of its value in 2022. Even in the COVID-19 crisis year of 2020, the DAX had declined by only 3.7%. The TECDAX technology index also fell by almost a quarter in 2022. This was due to concerns about the further monetary policy of the central banks, the risk of a recession and the new COVID-19 wave in China.

Against the background of these developments, the performance of the PeWeTe share was also extremely volatile. From the beginning of the year until mid-February, the share price was still on the upswing. As mentioned, the share reached its annual high of EUR 2.68 per share (closing price) on February 8. Immediately after the start of the military actions in Ukraine, the price of the PeWeTe share went into a steep downward movement until it finally reached its low for the year of EUR 1.10 on April 25. With the upturn in energy prices, the PeWeTe share price also began to climb again significantly at the beginning of May. Within just one week, the share price rose from EUR 1.21 (April 27) to EUR 1.97 (May 5). However, the PeWeTe share was not able to exceed the EUR 2 mark again until the beginning of September. Until the end of the stock market year, the value oscillated between EUR 2.04 and EUR 2.20, until the PeWeTe share closed the crisis year at a price of EUR 2.08 on December 30. Throughout the year 2022, the share price thus declined by 11.5%.

In 2022, a total of 186,165 PeWeTe shares were traded, corresponding to an average trading volume of 724 shares per day. Trading activity in PeWeTe shares was thus at around one tenth of the previous year's level (2021: 7,407 shares per day).

While the PeWeTe share suffered losses, partly due to its Russian location, its peers benefited across the board from the significant rise in energy prices. The Halliburton share recorded the biggest increase in the reporting period, soaring 80.7%, compared with +30.2% in the previous year. However, the shares of Schlumberger and Nabors also posted considerable gains of +78.1% (2021: +47.5%) and +76.9% (2021: +46.4%), respectively. Calfrac shares were also up again in 2022, by 43.8% (2021: +18.5%), and Trican Well Service shares, which had posted the largest gain among oilfield service providers in the previous year with an increase of almost 76.0%, were also up again in the period under review, by 30.9%. Baker Hughes' stock continued its growth from the previous year (2021: +25.4), rising by 28.5% during 2022.

Sources: https://finance.yahoo.com/, https://www.handelsblatt.com/

MISSION

For almost three decades, the PeWeTe Group had maintained its leading position as an independent service provider for oilfield services in Russia and Kazakhstan. Benefiting from its market advantages, the Group's performance was appreciated by both industrial players and renowned financial institutions. However, the entry into force of the European Union sanctions against the Russian Federation, which followed the start of the military operation in Ukraine, necessitated the sale of our Russian business units at the end of August 2022.

Therefore, in the second half of the year, our focus shifted primarily to holding our financial assets, securing the liquidity of our parent company, and withdrawing from the Russian market in an orderly manner. All this was to be done with minimal losses for our shareholders. At the same time, retaining jobs for our Russian personnel was a key concern.

GROUP STRATEGY AND BUSINESS MODEL

In Kazakhstan, Petro Welt Technologies AG continues to be one of the leading oilfield service (OFS) companies. The Company is very well positioned and is considered to be the undisputed market leader in its segment. We are one of the first Western companies to support and service the oil and gas industry in Kazakhstan and are specialized in services increasing the productivity of new as well as existing oil and gas formations: With hydraulic fracturing, Petro Welt Technologies AG provides services representing low-cost possibilities to enhance the existing wells' productivity or reactivate idle and/or abandoned wells. The central executive management team is based in Aktau (Kazakhstan).

Petro Welt Technologies AG is striving to generate robust growth in shareholder value by profitably expanding and concentrating its operating activities in Kazakhstan, increasing the number of hydraulic fracturing fleets, modernizing equipment, increasing the volume of work while at the same time enhancing its EBITDA/margin levels beyond 40%, maximizing its return on invested capital and expanding its market share in Kazakhstan.

The business model of Petro Welt Technologies AG is based on state-of-the-art technologies and first-class equipment. High engineering quality and a competent, experienced and well-coordinated team of employees help to achieve the objective of predominantly organic growth.

The strategically well thought-out diversification and streamlining of the service portfolio as well as a conservative financial policy have created a solid foundation for business. Longstanding customer relationships with major oil producers in the region represent an important competitive advantage for Petro Welt Technologies AG.

Given the dramatic changes in the global economy, in general, and in the oil sector, in particular, the Group pays close attention to the difficult market and industrial environment in which it operates and adjusts as necessary. Nevertheless, the Company is exploring the possibilities of a presence in other regions to provide high-level services.

Management's flexibility, its proactive decision-making processes, and prompt reactions to extraordinary obstacles enable us to protect our business and carry out our obligations toward clients and personnel alike.

MISSION STATEMENT

Our aim is to make a sustainable contribution to the satisfaction of global energy needs by fulfilling companies' requirements in the production of hydrocarbons and making the most efficient use of oil wells. Rampant uncertainties and rising tensions in oil-producing countries, mostly in the world's emerging regions, have contributed to the shifting of oil and natural gas production to safer areas such as Kazakhstan. We strive to defend and maximize shareholder value on the basis of the farsighted, profitable expansion of our fracturing, sidetracking, and drilling activities as well as our complementary services.

Sustainable corporate activity must continue even in difficult times. In addition to all the strategic decisions that PeWeTe had to make in 2022, the Company did its best to uphold its responsibility towards customers, employees, society and the environment.

NON-FINANCIAL REPORT

BUSINESS MODEL

PeWeTe Group is one of the leading oil field service companies in Kazakhstan. Until August 2022 the company was also active in Russia. At the Extraordinary General Meeting on August 16, 2022, the shareholders of Petro Welt Technologies AG (PeWeTe) decided to sell the Company's Russia-based business units, i.e. KATKoneft, KATOBNEFT, KAToil-Drilling, Wellprop, KAT.oil Leasing, Petro Welt Technologies, and Trading House KAToil. The Group completed the transaction by the end of August 2022. PeWeTe has also decided to terminate its business activities in Oman under the existing joint venture.

The activities of the PeWeTe Group in 2022, headquartered in Vienna, Austria, were divided into three business lines:

- Well Services and Stimulation
- Drilling, Sidetracking, and Integrated Project Management (IPM) (discontinued operation since August 2022)
- Proppant Manufacturing (discontinued operation since August 2022)

WELL SERVICES AND STIMULATION SEGMENT

The Well Services and Stimulation segment comprises hydraulic fracturing, cementing, and coiled tubing, with a focus on hydraulic fracturing, a highly effective method of well stimulation. This method significantly boosts oil and gas recovery by fracturing the oil reservoir formation with the help of both a gel and a proppant that are pumped into the fracture at high pressure.

In Kazakhstan, the PeWeTe Group is a leader in the application of advanced pumping technologies, including acid fracturing. Pumping in large volumes of acid enables a higher oil production rate. Both exploration and development of a field are possible with this technology at much lower cost. Remedial cementing, or squeeze cementing, offered as an additional service during hydraulic fracturing, is a sealing method used to prevent the migration of water within a joint by isolating the oil zone from the water zone so that it does not mix with hydrocarbons. The method is also used to prevent other undesirable fluids from coming into direct contact with the well casing. The Russian part of this segment of PeWeTe Group was discontinued and sold in August 2022.

DRILLING, SIDETRACKING, AND IPM SEGMENT

The Drilling, Sidetracking, and IPM segment encompasses conventional drilling, sidetrack drilling, and integrated project management (IPM). In conventional drilling, an oil or gas well is created by drilling a vertical, horizontal hole using a drilling rig that contains all necessary equipment and generates the required onsite power for all operations.

Special procedures are applied during conventional drilling operations to reduce both the number and the potential environmental impact of liquid spills that occur during drilling operations. Only environmentally friendly drilling fluids are used. Upon completion of the drilling operations, the drilling site is cleaned up and recultivated. In order to avoid environmental damage as well as work accidents, PeWeTe uses modern blowout prevention equipment from Shaffer Oil Tools, California, USA. No blowout was reported in 2022.

This segment of PeWeTe Group was discontinued and sold in August 2022.

PROPPANT MANUFACTURING SEGMENT

In 2017, PeWeTe acquired the production facility of CARBO Ceramics Eurasia and renamed it Wellprop. The plant offers goods for the oil and natural gas industry and manufactures different kinds of proppant in Kopeysk, Russia. It was built using state-of-the-art industry technologies. It manufactures proppant that meets the highest international quality standards in compliance with health, safety, and environment (HSE) regulations and thus is well known in the world market. The Company's proppant product portfolio, which is engineered to maximize and sustain hydrocarbon flow rates, encompasses micro-proppant and ceramic proppant of different densities and strength as well as resin-coated proppant.

Wellprop holds around 5% of the Russian proppant market. While PeWeTe uses a portion of the manufactured proppant for its own purposes, currently it sells most of it to third parties worldwide, including CIS countries, Europe, and Africa.

Also, the Proppant Manufacturing segment of PeWeTe Group was discontinued and sold in August 2022.

BUSINESS MODEL

Petro Welt Technologies

Well Services and Stimulation
Hydraulic fracturing: aims to maximize the flow rate of oil production.

Tender

Customers
Petroleum and natural gas companies in Kazakhstan

General Market

ABOUT THIS NON-FINANCIAL REPORT

The Non-Financial Report of Petro Welt Technologies AG (PeWeTe) for the 2022 financial year has been prepared in accordance with the legal requirements governing publication of a consolidated non-financial report (Section 267a of the Austrian Commercial Code (UGB)). The reference table on page 29 links material topics and non-financial matters pursuant to Section 267a of the Austrian Commercial Code to the respective chapters in this Report.

Due to the fact that the Russian subsidiaries were operational and owned by Petro Welt Technologies AG for two-thirds of the financial year, the relevant non-financial topics and impacts concerning also these companies are presented in the report. The respective chapters indicate which group companies or time periods were taken into account for the KPI disclosures.

SUSTAINABILITY STRATEGY

PeWeTe is well aware of the fact that it is a part of the societies in which it operates and thus must also take responsibility for its operations. It aims to have a positive impact and to avoid adverse effects to the greatest possible extent. The Company's agenda in terms of sustainability focuses on the four areas that are key to both its operations and stakeholders' interests: Clean Money, Zero Harm to People, Zero Harm to the Environment, Green Money.

__ Sustainability Strategy

Focus Area	Clean Money	Zero Harm to People	Zero Harm to the Environment	Green Money
Description	In PeWeTe's view, Legal Compliance is the minimum standard applicable to its operations. The Company fosters transparency with its customers, contractors, and shareholders alike. Fair treatment of all parties and a professional attitude are an essential part of its daily business.	Both the health and the safety of people are a top priority for PeWeTe. As a result, the Company seeks to sustain a high level of safety and security measures to avoid any negative impact on people's health. The equipment and new technological methods that are an integral part of its operational activities require highly qualified staff.	As regards sustainability, PeWeTe believes that environmental responsibility is of great importance to the Company's ability to secure its financial success through sustainable entrepreneurial practices. The continual improvement of environmental conditions both at its job sites and throughout the value chain is a main concern.	"Green Money" concerns the Company's financial success, which is built on sustainable operations. PeWeTe seeks to implement green operations throughout by optimizing operational efficiency and providing competitive solutions while causing zero harm to the environment and/or to its employees as well as by respecting business ethics.
Report Chapter	Compliance	Human Resources; Quality, Health, Safety, and Environment (QHSE)	Environment, QHSE	Products and Production

The Company's Chief Executive Officer (CEO) is responsible for the development of the PeWeTe Group's overall mid-term and long-term strategy. The Chief Financial Officer (CFO) is responsible for non-financial reporting and data collection and works closely with the CEO in the development of the Sustainability Strategy. Both are supported by management system officers and experts at the level of different Group entities regarding the topics addressed in the present Non-Financial Report.

We also monitor the best practices of oil and oilfield companies with respect to the implementation of principles for the "green economy".

EU TAXONOMY

The EU Taxonomy Regulation (EU) 2020/852 requires the PeWeTe Group to disclose three key performance indicators (Revenue, CapEx, and OpEx) in connection with those of its economic activities that are eligible thereunder. The EU Taxonomy is an integral part of the EU's efforts to achieve the goals of the European "Green Deal" and to turn Europe climate neutral by 2050. More precisely, it is a classification tool that is intended to help companies and investors make sustainable investment decisions.

According to the EU Taxonomy and the associated Delegated Act (EU) 2021/2139, an investment is sustainable if it makes a significant contribution to the achievement of at least one of the EU's environmental goals. The specifications for the first two environmental goals – climate mitigation and adaptation to climate change – applicable in 2022 are in effect. The mandatory information to be disclosed under the EU Taxonomy includes the proportion of identified Taxonomy-eligible and non-Taxonomy-eligible and for the first time in 2022 also the Taxonomy-aligned economic activities measured in terms of revenue, CapEx, and OpEx in form of standardized tables.

Reporting in accordance with the EU Taxonomy covers the PeWeTe Group along with all of its subsidiaries per December 31, 2022. As the entities sold or under liquidation in Russia and Oman are included in the financial statement, the turnover, CapEx and OpEx of these entities fall under the definition of the Taxonomy KPIs and are therefore included in the disclosure tables.

OUR ROLE UNDER THE EU TAXONOMY

The Delegated Regulation on climate mitigation and adaptation essentially focuses on the following sectors: energy, select manufacturing industries, water supply, sanitation, waste disposal and transportation, and buildings. All relevant economic activities are listed in the Delegated Act (EU) 2021/2139, including Annexes I and II thereof. We concluded after reviewing this Regulation that it does not cover our core business, which entails working as a service provider in relation to natural gas and oil production transactions. Our assessment of taxonomy eligibility thus focused on those of our economic activities that are not directly related to the Company's core business but rather constitute ancillary activities in regard to which investments are made and operating costs are incurred.

PROCESS FOR IDENTIFYING ECONOMIC ACTIVITIES

In order to compile a list of all of our economic activities that we plan to present under the EU Taxonomy, we screened all activities in accordance with the catalog of the Complementary Climate Delegated Act, which amends Delegated Regulation 2021/2139. This was followed by an assessment of the activities relevant to the PeWeTe Group. Finally, we carried out an impact analysis in coordination with appropriate experts from both the Company's subsidiaries and external consulting services. The relevant key figures were collected based on the main economic activities.

A project team was set up in order to identify the economic activities as described above. An introductory workshop serving to address both legal issues and requirements was followed by a three-step process:

- Step 1: Screen all economic activities according to the catalog set forth in the Delegated Act and assess the activities relevant to PeWeTe.
- Step 2: Collect detailed information from individual departments and subsidiaries in order to validate the economic activities identified in the first screening.
- Step 3: Map the economic activities, including key performance indicators (KPIs), and have Controlling verify whether relevant and/or significant investments were made and/or costs were incurred for a given activity during the financial year.

The Delegated Act's reporting format is identical to that used in the separate financial statements of the PeWeTe Group. Several quality assurance steps were implemented as part of the data collection process to ensure its validity and consistency.

__ EU Taxonomy-Eligible Economic Activities of the PeWeTe Group

No. of Activity	Economic Activity	Description	2022	2021
5.5.	Collection and transportation of non-hazardous waste in source-segregated fractions	Wellprop collects non-hazardous waste for recycling	✓	✓
6.5.	Transportation by motorbike, passenger car, and commercial vehicle	Purchase, lease, and use of M, N1, or N2 class vehicles	✓	✓

KEY PERFORMANCE INDICATORS 2022

The KPIs as well as their presentation are based on the requirements of Annex I ("KPIs of non-financial companies" and Annex II ("Report form for the KPIs of non-financial companies") of the Disclosure Delegated Act on the EU Taxonomy. Below is an overview of the Taxonomy KPIs and on page 29 the tables with the mandatory information.

Taxonomy-eligible turnover (i.e., revenue) is the total net revenue from sales of goods and services associated with economic activities defined in the Regulation. The PeWeTe Group does not have significant Taxonomy-eligible revenue. The Company's total revenue corresponds to the revenue from contracts with customers that is reported in its separate financial statements in accordance with IAS 1.82 (a). See the information in the Consolidated Statement of Profit or Loss as well as in the Notes (15).

__ KPI: Revenue

	in TEUR	in %
Revenue from Taxonomy-eligible economic activities	-	0
Revenue from non-Taxonomy-eligible economic investments	235,107	100
Total	**235,107**	**100**

An investment may be reported as a Taxonomy-eligible CapEx if it relates to assets or processes associated with Taxonomy-eligible economic activities. Total CapEx equates to the total additions to intangible assets and property, plant and equipment as well as leases, as shown in Notes 6, 7, and 8 to the Statement of Financial Position. The Taxonomy-eligible CapEx relates primarily to additions to property, plant and equipment and leases (TEUR 33,588).

The CapEx KPIs for the 2022 financial year are as follows:

__ KPI: CapEx

	in TEUR	in %
Investments in Taxonomy-aligned economic activities	-	0
Investments in Taxonomy-eligible but not aligned economic activities	614	1,8
Investments in non-Taxonomy-eligible economic investments	32,974	98.2
Total	**33,588**	**100**

Taxonomy-eligible OpEx are operating expenses related to assets or processes associated with Taxonomy-eligible economic activities. Under the EU Taxonomy, the sum of operating costs is only one element of operating expenses. It includes direct, uncapitalized costs related to research and development, building renovations, leasing and maintenance as well as repairs of assets classified as property, plant and equipment. The majority of the reported OpEx relates to expenses for maintenance and repairs (TEUR 4,430), which are included in the expenses shown in the Consolidated Statement of Profit or Loss.

The OpEx KPIs for the 2022 financial year are as follows:

__ KPI: OpEx

	in TEUR	in %
Operating expenses for Taxonomy-aligned economic activities	-	0
Operating expenses for Taxonomy-eligible but not aligned economic activities	3	0,1
Operating expenses for non-Taxonomy-eligible economic activities	4,427	99.9
Total	**4,430**	**100**

OUTLOOK

The Taxonomy alignment of the aforementioned eligible activities is subject to strict criteria. This leads to the classification of particular activities as being non-Taxonomy aligned.

Future developments in legislation may change the scope of activities eligible under the Taxonomy. Once the additional criteria for the EU's remaining environmental goals have been adopted, yet other portions of our business activities may be considered Taxonomy eligible.

EU TAXONOMY DISCLOSURE TABLES

__ Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
A. Taxonomy-eligible activities		TEUR	%	%	%	%	%	%	%
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	n/a	0	0	0	0	0	0	0	0
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)	n/a	0	0						
Total (A.1 + A.2)	**n/a**	**0**	**0**						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activites (B)		235,107	100						
Total (A + B)		**235,107**	**100**						

DNSH criteria										
Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversiy and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							0			
							0		0	0

EU TAXONOMY DISCLOSURE TABLES

__ CapEx

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
A. Taxonomy-eligible activities		TEUR	%	%	%	%	%	%	%
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	n/a	0	0	0	0	0	0	0	0
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transportation by motorbike, passenger car, and commercial vehicle	6.5.	614	1.8						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)		614	1.8						
Total (A.1 + A.2)		**614**	**1.8**						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activites (B)		32,974	98.2						
Total (A + B)		**33,588**	**100**						

DNSH criteria										
Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversiy and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							0			
							0		0	0

EU TAXONOMY DISCLOSURE TABLES

__ OpEx

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
A. Taxonomy-eligible activities		TEUR	%	%	%	%	%	%	%
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	n/a	0	0	0	0	0	0	0	0
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transportation by motorbike, passenger car, and commercial vehicle	6.5.	3	0.1						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)		3	0.1						
Total (A.1 + A.2)		**3**	**0.1**						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activites (B)		4,427	99.9						
Total (A + B)		**4,430**	**100**						

DNSH criteria										
Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversiy and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Y/N	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
							0			
							0		**0**	**0**

MATERIALITY ANALYSIS

The main environmental, social, and governance (ESG) issues that the Company is reporting were assessed based on the concept of double materiality. The initial materiality assessment was carried out with the support of external experts for the first Non-Financial Report 2017; since then all findings have been updated accordingly. Involving a diverse range of representatives from the Company as well as external stakeholder groups made sure that the assessment would be balanced.

The process of identifying material topics in the context of sustainability for the Non-Financial Report was divided into four steps:

- **Topic identification**
  In early 2022, we identified a list of potentially relevant topics based on a review of the existing non-financial reporting, the topics reported by peers in the oil & natural gas sector, a review of relevant sector reporting standards as well as existing and expected legislative topics. We involved external sustainability experts to support us in this task. A workshop with internal experts was conducted as part of a second-stage evaluation to discuss both the relevance of the given topics and the attendant level of clustering. This resulted in a shortlist of 17 topics.
- **Stakeholder survey**
  In January and February 2022, external stakeholder groups were consulted using an online survey. The stakeholders were asked to assess the 17 selected topics based on their importance.
- **Impact assessment**
  In a separate survey, internal experts simultaneously assessed the potential impact of select topics (on a scale of 1 to 5, depending on the significance of the impact). These experts were advised to consider the double materiality of the impacts because the term, “impact,” in this context refers to the effects of PeWeTe’s own business activities, business relationships, or products and services on the economy, the environment, people, and society, and vice versa. These effects may be positive or negative, intended, or unintended, actual or potential, and directly or indirectly related to a given business activity.
- **Consolidation and approval**
  In the last stage of the process, the results of both the stakeholder survey and the impact assessment were consolidated, evaluated, and classified as per a materiality threshold. The final material topics were approved following additional expert inputs and a review by the Company’s management.

In addition to the materiality analysis conducted for the 2021 Non-Financial Report, PeWeTe continually monitors the economic, environmental, and social impact of its activities. As the subsidiaries sold were operational for the majority of the fiscal year, the results of the materiality analysis from the previous year continue to reflect the material topics and impacts of the PeWeTe Group. Therefore, the material topics are considered appropriate and are presented in the 2022report.

In addition to complying with local laws, PeWeTe has also issued its own rules concerning the safety of its operations as well as their impact in terms of health, sustainability, and the environment. These rules are continually monitored by designated employees who report to the management of the respective operating companies. The KPIs and content related to the material topics presented in this Non-Financial Report are based on these processes and have been approved by the Management Board.

The following table links the material topics and the non-financial matters pursuant to Section 267a of the Austrian Commercial Code with the respective chapters in this Report:

Chapters	Material Topic	Non-Financial Matter	Page in Report
Compliance	Anti-Corruption & Anti-Bribery	Anti-corruption and bribery	40
	Legal Compliance	Anti-corruption and bribery, respect for human rights	41
	IT Security and Data Privacy	Social matters	42
	Human Rights	Respect for human rights, employee-related matters	43
Human Resources	Employment	Employee-related matters	45
	Training & Education	Employee-related matters, social matters	46
	Occupational Health & Safety	Employee-related matters, social matters	47
Environment	Energy & Emissions	Environmental matters	50
	Oil Spills & Soil Protection	Environmental matters	52
Products and Production	Supply Chain	Environmental matters, social matters	55

STAKEHOLDER ENGAGEMENT

PeWeTe is committed to cultivating stakeholder engagement and convinced that mutual respect, transparent behavior, and open dialogue are the best foundations for good relationships with the variety of stakeholders with whom we interact. We identify and manage relationships with individuals, groups, or organizations who may be affected by our activities or who may have an impact on our business.

We identified the following stakeholder groups – Employees, Customers, Shareholders & Investors, and Suppliers & Business Partners – as those that either have the most influence on the Company's business or are affected the most by its business decisions. Three groups (Employees, Customers, and Suppliers & Business Partners) are those we contacted in connection with our stakeholder survey.

Additionally, we recognize stakeholder groups that have less influence on our business, relatively speaking, or with whom interaction is limited or even only occasional. These stakeholder groups are: Government Authorities, Local Communities, Industry Peers & Associations, NGOs, Media, and Academia & Scientific Institutions.

NON-FINANCIAL RISK MANAGEMENT

Following the double-materiality approach for non-financial reporting recommended by the European Commission, PeWeTe systematically and regularly assesses, evaluates, and tackles the risks that the Company's business activities pose for its environment and society at large as well as the risks to the Company that arise from changes in the business climate and society's requirements. Both the potential impact and the likelihood of the risks are defined.

The Company's current risk management covers a broad range of risks. These include finance, sales & marketing risks; legal & supply chain risks; operational risks; quality, health, safety & environmental (QHSE) risks as well as management efficiency risks.

Key risks related to environmental impacts comprise the potential danger associated with onshore oil production, including blowouts at oil wells, oil spills during exploration and production activities as well as spills involving production liquids and hazardous waste during exploration and production. Such events and accidents may also impact workers on site, causing injuries and chronic diseases from exposure to hazardous substances.

In order to minimize and abate all of these potential QHSE impacts potentially associated with onshore oil exploration and production, PeWeTe works closely with its customers on issues such as avoidance, training, and ongoing improvements, also taking preventive measures in the process.

The Company proactively combats both corruption and potential human rights violations, not just in the countries in which it operates but also in its procurement and supply chain. It has developed a set of procedures and safeguards to comply with all relevant requirements.

PeWeTe has developed appropriate measures to mitigate the risk potential from data security issues. It has reacted to the threats and challenges posed by computer viruses at the global level by continually enhancing its antivirus protections and ensuring a more sophisticated and regular approach to backups.

In addition, the Company may face risks when it enters new territories without any previous experience, local resources, or knowledge of local operations. Its approach to dealing with such risks in a targeted way includes direct reporting lines, staged expansion and resource utilization, closely monitored project and risk management processes as well as project-by-project approval of investments.

In order to maintain its competitive advantages, the Company continues to enhance its risk management system. Aiming to optimize non-financial aspects of its business activities, the PeWeTe Group has identified the following non-financial risks to both the environment and society. While non-financial risks in sales and marketing refer to tenders, contracting, and market share, non-financial legal and supply chain risks affect customers, government agencies, suppliers, and contractors. The Company's operational performance concerns subsurface, surface, and manufacturing activities as well as operating areas. Non-financial QHSE risks affect people, assets, and equipment as well as PeWeTe's reputation. Management and efficiency risks concern the work and business environment, employee turnover, KPIs, and targets. We apply the most appropriate measures to mitigate each type of risk.

Material topics	Non-Financial Risk	Description of Non-Financial Risks	Mitigation Measures (or Reference to Chapter)
Anti-Corruption and Anti-Bribery	— Incidents of corruption and bribery	— Corruption can distort competition	— Anti-bribery and anti-corruption training — Code of Conduct — Code of Conduct for Suppliers — Contracts containing anti-bribery clauses — Responsibility matrix limiting the number of individuals authorized to execute contracts — Regular internal audits of the ISO system to ensure a sufficient number of internal auditors — Regular internal audits by economic safety departments — Mandatory due diligence of potential contractors — Random checks of the volume of work performed on services — Technical audits of oilfield service equipment manufacturers, including physical inspections of the production facilities — Confidential hotline (email, telephone) — Audits of potential contractors to identify Politically Exposed Persons (PEPs) — Audits regarding potential conflicts of interest — Verification of job candidates — Annual attestation of managers as to the presence/absence of conflicts of interest See Compliance chapter.

Material topics	Non-Financial Risk	Description of Non-Financial Risks	Mitigation Measures (or Reference to Chapter)
Legal Compliance	— Non-compliance with legislation	— Non-compliance incidents potentially have negative impacts on economic, social, or environmental matters	— Training; Compliance induction course, sanctions — Code of Conduct — Implementation of information security management system — Ongoing updates by legal advisers — Participation in external legal seminars — Practical law services (Thomson Reuters) See Compliance chapter.
IT Strategy and Data Protection	— Personal data leaks — Data losses	— Leaks of personal data or data losses in general can have negative impacts on individuals or partners and the Company's business.	— Completion of projects serving to centralize the IT infrastructure for all Group companies — Unification of IT business processes in several companies — Implementation of information security processes in accordance with the General Data Protection Regulation (GDPR, ISO 27701) and certification to ISO 27001 See Compliance chapter.
Human Rights	— Failure to meet minimum labor requirements applicable to the Company's own employees — Violating or negatively affecting the rights and needs of local communities	— Non-compliance with international standards regarding human rights can have a negative impact on people.	— Code of Conduct — Human resources (HR) policies — Complaints management — Training on human rights policies and procedures See Compliance chapter.
Training and Education	— Lack of experienced personnel — High turnover — Opportunity to train and attract skilled workers	— Insufficiently trained personnel can lead to reductions in production rates, lack of motivation, and higher turnover. — Attractive training programs can lead to positive impacts for both employees and the Company.	— Internal and external trainings — Roll-out of training programs See Human Resources chapter.

Material topics	Non-Financial Risk	Description of Non-Financial Risks	Mitigation Measures (or Reference to Chapter)
Occupational Health and Safety	— Employee injuries (micro-trauma) — Employee injuries resulting in fatal outcomes — Occupational diseases of employees — Traffic accidents — Process safety events (e.g., open well fountain) — Damage to corporate assets (equipment, buildings)	— Risk drivers such as unsafe working conditions, integrity failures, external factors as well as incorrect operation or negligence can lead to accidents involving employees and damage to corporate assets. — Unprotected exposure to chemical substances can lead to chronic disease.	— Implemented operational, labor, and environmental safety control system — Policy regarding key safety requirements — Personal Protection Equipment (PPE) — Regular medical check-ups — Regulations regarding drivers' work and rest periods — Strict compliance with legal requirements for particular employee categories (e.g., pregnant employees, differently abled personnel) See Human Resources chapter.
Energy and Emissions	— Increased greenhouse gas (GHG) emissions — Increased emissions of pollutants into the atmospheric air — Increased consumption of fossil fuels	— Unplanned events can lead to increased or inefficient consumption of fossil fuels and higher air emissions. — Emergencies and equipment malfunctions can lead to increased flaring and venting of hydrocarbons. — Undiscovered leaks of hydrocarbons can negatively affect air quality and global warming.	— Implementation of energy efficiency measures — Monitoring of energy consumption and air emissions — Periodic identification of hazards and assessment of the risks of negative environmental impacts See Environment chapter.

Material topics	Non-Financial Risk	Description of Non-Financial Risks	Mitigation Measures (or Reference to Chapter)
Oil Spills & Soil Protection	— Discharges of pollutants into water bodies (including those underground) — Unsafe disposal of production and consumption waste — Soil contamination	— Emergencies and equipment malfunctions can lead to oil spills, blowouts during production activities — Unsafe handling of chemicals and hazardous waste can lead to negative effects on the soil and water bodies — Violations of environmental regulations — Impairment of health and safety in the event of major spills — Direct financial costs	— Implemented system of monthly operational, labor, and environmental safety controls — Regular audits of technical equipment by Rostechnadzor pursuant to legal requirements — Well isolation and integrity procedures to protect groundwater — Band walls and secondary containments to prevent oil spills — Blowout prevention measures See Environment chapter.
Supply Chain	— Non-compliance with social and environmental standards along the supply chain	— Poor labor standards (e.g., insufficient safety requirements, absence of decent wages) can lead to negative impacts on people (also related to human rights). — Suppliers that do not engage in appropriate environmental management run the risk of negatively impacting natural surroundings.	— Introduction of a supply chain services (SCS) management system — Adherence to import substitution strategy See Products and Production chapter.

Material topics	Non-Financial Risk	Description of Non-Financial Risks	Mitigation Measures (or Reference to Chapter)
Security (Additional Topic)	— Fraudulent activities	— Fraudulent activities can lead to negative impacts on the safety of facilities or to damage to corporate assets.	— Key production facilities equipped with modern video systems — Depth of archive and coverage area enables effective controls of the movement of equipment and goods — Tracking of transport vehicles using satellite monitoring system; route confirmation — Implemented information security management system — Access to facilities via security — On-site inspections to ensure safety at work sites See Human Resources chapter.

DUE DILIGENCE PROCESSES AND QHSE MANAGEMENT

PeWeTe has built a systematic approach to loss prevention by introducing management systems, e.g., QHSE. The aim is to identify and report incidents and risks, conduct root cause analyses, and continually implement improvement measures to prevent losses. The Company places great importance on ensuring safety and environmental protection as well as legal compliance at its sites. Quality, environmental, and work safety certificates have been issued to all relevant operations. All employees are trained regularly on work safety and environmental protection. Customers' supervisors and experts are on site continuously to collaborate on maintaining safety standards and to guarantee swift communication.

Details on the due diligence processes related to material topics are set forth in the table below:

Due Diligence Process	Description	Material Topic
ISO 9001	The quality management system aims to standardize and improve the Company's processes.	All
ISO 14001	Besides evaluating potential environmental risks, PeWeTe ensures – through the environmental management system at its subsidiaries, KAToil-Drilling and KATOBNEFT LLC, as well as through the integrated management system including ISO 14001 at WellProp – continual reductions in environmental impacts at both drilling rigs and the proppant manufacturing plant. This covers 56% of PeWeTe Group employees.	Energy & Emissions; Oil spills and soil protection
ISO 45001	Occupational health and safety management system that assesses hazards and possible adverse effects on workers and employees in a continual improvement process. In place at KAToil-Drilling, KATOBNEFT LLC, KATKoneft LLC, and at WellProp via the integrated management system including ISO 45001. This covers 90% of PeWeTe Group employees. By monitoring indicators such as the lost time injury frequency rate (LTIFR)or the lost time accident (LTA)and developing countermeasures based thereon, the aim is to achieve continual improvements.	Occupational Health & Safety
Compliance Management System	The Group-wide Compliance management system, headed by the Chief Compliance Office, is tasked with ensuring fair, transparent, and sustainable business practices.	Anti-Corruption & Anti-Bribery; Legal Compliance; Human Rights
Information Security Management System (ISMS) ISO 27701	The ISMS ensures the unity of approaches used, a measurable level of information security; it also guarantees the necessary level of trust. To protect personal data and the confidentiality of information, PeWeTe complies with the requirements of the GDPR. The Data Protection Officer is responsible for putting data protection regulations into practice and dealing with questions and requests.	IT Strategy & Data Protection Information Security
Code of Conduct and Code of Conduct for Suppliers	Contains a set of rules and regulations relating to bribery and corruption that must be signed by suppliers, employees, contractors, and other collaborators.	Anti-Corruption & Anti-Bribery; Legal Compliance; Human Rights; Employment; Supply Chain
Hazard and Effect Management Process	The hazard and impacts management process comprises regulations and training programs designed to ensure safe work processes on all drilling rigs and fracking fleets.	Occupational Health & Safety; Oil spills and soil protection
Analysis of Non-Financial Risks	As required under the Austrian Sustainability and Diversity Improvement Act (NaDiVeG), PeWeTe regularly analyzes non-financial risks emanating from the Company to its subsidiaries. These analyses are supplemented by risk mitigation measures.	All

COMPLIANCE

MANAGEMENT APPROACH

The business model of the PeWeTe Group is built on engaging in fair, transparent, and sustainable business practices. As regards the "Clean Money," focus area associated with corporate social responsibility (CSR), the Company's main concerns are to ensure legal compliance in all operations and to foster transparency with customers, contractors, and shareholders alike. The fair treatment of all parties and a professional attitude are an essential part of its daily business. Because the industry is subject to numerous (sustainability-related) regulations and an often rapidly changing regulatory environment, changes may have material impacts on shareholder value. Being compliant with laws and regulations may positively affect PeWeTe's reputation with stakeholders and affect its social license to operate (SLO).

The Company strives to avoid the risk of corruption and bribery when working with business partners so that it can retain its ability to conduct business successfully at all times. Violations of applicable laws may negatively affect the Company's SLO and could lead to significant one-time costs or higher ongoing compliance costs. By contrast, compliance with such regulations provides risk mitigation opportunities and may help to avoid adverse outcomes. Additionally, PeWeTe aims to fully comply with all labor and human rights laws that apply in the countries in which it operates. The Company faces risks when operating in conflict zones, in areas comprising vulnerable communities, and in areas where human rights legislation is weak. PeWeTe's values clearly give top priority to the avoidance of human rights violations in its value chain. Violating human rights could also lead to protests, riots, or the suspension of permits as well as to substantial costs related to compensation.

A groupwide Compliance management system was set up especially to comply with legal regulations applicable to the whole PeWeTe Group. This management system comprises policies, audits, and training programs and is headed by the Compliance Unit and the Chief Compliance Officer. Compliance regulations were addressed in a targeted training program throughout the Group in order to further strengthen security in dealing with Compliance issues. Furthermore, PeWeTe periodically updates its Code of Conduct, which embodies the Company's guiding principles. In particular, the Code of Conduct is designed to provide guidance for employees in critical situations.

In addition, PeWeTe continues its work to improve information security and data protection in order to minimize the risk of adverse economic consequences and the disruption of IT systems resulting in the irreparable loss of Company data. Groupwide policies on information security and data protection ensure that all employees are aware of the approaches and procedures related to these topics. An information security management system (ISMS) was introduced for some of the Company's business processes.

COMPLIANCE STRATEGY

Preventive measures are at the forefront of PeWeTe's Compliance management system. In 2022, training programs and presentations, numerous individual consultations as well as information on specific issues were important focal points of the Company's Compliance work. To address Group concerns, the Chief Compliance Officer provided information in person and/or by telephone and email about what is and what is not appropriate conduct. In this connection, the most frequent topics included invitations, attending events, gifts, and other benefits as well as questions about conflicts of interest.

In order to further strengthen security in dealing with Compliance issues, the Compliance regulations were addressed in a targeted training program throughout the Group. In 2022, a total of 69 (2021: 69) employees were trained on these regulations. Thereof, 33 employees took part in anti-bribery training sessions and 36 participated in a Compliance induction course.

__ Number of Employees Trained in Legal Compliance

	2022	2021	Δ in %
Employees trained on Compliance regulations	69	69	0
thereof participants in the anti-bribery training sessions	33	34	(3)
thereof participants in the Compliance induction course	36	35	3

In addition to the general Compliance training (especially for new executive and non-executive employees at all Group companies), special workshops were conducted on issues such as introduction to Compliance, market behavior, conflicts of interest, and directors' dealings. Thomson Reuters' web-based e-learning program was a key pillar of this training. It includes three Compliance courses on anti-corruption and market behavior. All Group executives and administrative staff from particularly affected areas (e.g., personnel in charge of procurement or order placement, those who have signing authority as well as newcomers and recently promoted personnel) are required to complete the respective online courses and to pass a final test each year.

ANTI-CORRUPTION AND ANTI-BRIBERY

The prevention of corruption plays an essential role in the Company's Compliance management. PeWeTe's goal is to have zero cases of corruption and bribery. Extensive internal communications and a range of training courses on corruption prevention took place in 2022. All Group administrative and managerial staff are trained at regular intervals on the issue of anti-corruption. Internal control system (ICS) checks are carried out to verify whether the prescribed value limits and approval requirements have been met. In 2022, no cases of corruption or bribery were identified.

Anti-bribery and anti-corruption are specifically addressed in the groupwide Code of Conduct and Code of Conduct for Suppliers. These documents – which are binding on all employees, contractors, freelancers, and other collaborators – detail the rules and regulations that have been put in place to prevent bribery and corruption. The Compliance Officer supports the team and monitors implementation. PeWeTe offers online training to newcomers. In the reporting period, 67 employees were trained with respect to anti-corruption and anti-bribery.

Integrity audits collect the relevant information systematically and effectively. The audit findings enable a broader assessment of business partners. The process of business partner integrity checks is constantly evolving. Having put in place further workflow efficiency improvements in 2019, PeWeTe introduced the "World Check" application by Refinitiv, a screening platform designed to help meet regulatory obligations. This application helps the company identify potential risks associated with the engagement of new suppliers, Politically Exposed Persons (PEP), Specially Designated Nationals and Blocked Persons List (SDN) as well as companies subject to sanctions. The Code of Conduct for Suppliers applies to all Group companies.

Additionally, PeWeTe consistently counteracts bribery and corruption by:

- Verifying job candidates on the subject of debts to tax authorities, affiliations with contractors and customers, and potential conflicts of interest (use of SPARK-Interfax, COUNTER-FOCUS, bailiff/tax authority search engines, and other open sources of information)
- Verifying contractors as to affiliations with the Company's employees and customers as well as public authorities; existence of tax claims; work experience
- Organizing free and anonymous communications as to bribery and corruption issues with Company employees as well as contractor and customer representatives (via dedicated email addresses for appeals and telephone communications using separate numbers capable of recording voice messages).
- Controlling the reliability of the volume of services rendered by means of objective checks to preclude collusion of the Company's employees with contractor representatives aimed at overstating the volume of services rendered.
- Conducting technical audits of contractors to confirm production capacities and exclude unscrupulous contractors from the services supply chain.
- Monitoring regulations and procedures related to tenders and contractor selection; establishing a permanent Tender Committee in the Company.
- Monitoring regulations and procedures that govern all processes related to claims by customers and contractors as well as the Company's permanent commission for accounts receivable and claims work.
- Delineating the respective scope of financial accountability of the Executive Directors, the General Director, and the Management Board of PeWeTe AG.

LEGAL COMPLIANCE

PeWeTe strives to maintain full Compliance with all relevant rules and regulations in the countries where it operates. Information on legal rules and training is provided by the Chief Compliance Officer tasked with supervising the matter. Relevant legal information is updated and managed using both external support and internal legal expertise as well as legal databases at each operating site.

Employees participate in Compliance training sessions on a regular basis, either face to face or by electronic means. In 2022, 69 employees participated in such training and took the relevant tests.

Additionally, PeWeTe continued to monitor the two indicators that were introduced in 2018:

For one, the reduction in the amount of fines from customers and regulatory bodies that oversee issues of service quality, labor protection, industrial safety, and environmental protection. The fines from customers related to labor protection, industrial safety, and environmental protection increased to TEUR 11.1 from a very low level in 2021 and those related to service quality to TEUR 1,061.9. The fines from regulatory authorities related to labor protection, industrial safety, and environmental protection decreased by 50% compared with the previous year. It is our goal to reduce these fines.

For another, the number of repeat orders from state regulatory authorities resulting in sanctions against the Group was again zero in 2022.

__ Legal Compliance Data

		2022	2021	Δ in %
Number of legal disputes		25	59	(58)
Fines from customers related to labor protection, industrial safety, and environmental protection	TEUR	11.1	0.5	2,313
Fines from customers related to service quality	TEUR	1,061.9	602.4	76
Fines from regulatory authorities related to labor protection, industrial safety, and environmental protection	TEUR	2.1	4.2	(50)
Number of repeat orders from state regulatory authorities, resulting in sanctions against the Group		0	0	-

IT SECURITY AND DATA PRIVACY

The PeWeTe Group also continues its work to improve both information security and data protection in order to minimize the risk of adverse economic consequences and the disruption of IT systems resulting in the irreparable loss of corporate data. The IT infrastructure was created in 2020 using hardware from global leaders in the field. This solution has made it possible to establish safe storage, processing, and data exchanges and thus to achieve best practices with respect to the Company's IT infrastructure library (ITIL). The key principles of centralization are continuity, safety, and security as well as high capability.

Groupwide policies on information security and data protection ensure that all employees are aware of the approaches and procedures related to these issues. They ensure the security of the Company's business processes and information assets and establish basic rules for the processing of personal data as well as the approaches and procedures to be adopted in the event of an information security incident involving personal data.

Furthermore, an information security management system (ISMS) serves to manage information security processes related to some of the Company's business. It ensures the unity of approaches used, provides a measurable level of security, and fosters trust among government bodies, shareholders, customers, partners, and employees vis-à-vis the Company. As for the protection of personal data and the confidentiality of information, PeWeTe complies with all applicable legislation, in particular, the requirements of the General Data Protection Regulation 2016/679 (GDPR). The Data Protection Officer is responsible for putting these regulations into practice and for dealing with all related questions and requests. He or she is supported by PeWeTe's Data Protection Commission.

A modern, centralized virtualization system uses all available capacities to ensure fault tolerance and high availability of the information systems. The Group's key IT systems were migrated to these resources, making it possible not only to unify and delimit access rules but also to speed up the transition to a production management system and enterprise resource planning (ERP).

The Company obtained the ISO 27001 and ISO 27701 certifications on, respectively, December 20, 2020, and February 08, 2021; they are valid for three years. These certifications cover centralized IT services as well as technical support. Thanks to the implementation of both the aforementioned information security measures and the consistent pursuit of PeWeTe's IT strategy in 2021, the number of IT system downtimes declined yet further in the year 2022. There were zero information security breaches that would have triggered adverse economic consequences (losses) and/or disruptions of IT systems resulting in the irreparable loss of Company data; there were no complaints regarding information security and data protection either.

The Company also completed an important transition to new production software in order to achieve new levels of operational efficiency. Increasing both the security of the Company's assets and the maturity of the ISMS in 2021 made it possible to further boost data protection in the Company.

__ IT Strategy and Data Protection Data

	2022	2021	Δ
Number of high-consequence information security breaches	0	0	-
Number of complaints regarding information security and data protection	0	0	-

HUMAN RIGHTS

PeWeTe fully complies with the labor laws of the countries in which it operates and respects human rights. To ensure respect for human rights along the supply chain as well, the Company has expanded its contracts by a human rights clause. Specifically, Russian legislation includes strict labor law regulations that provide human rights protections.

To further sensitize all employees of PeWeTe to human rights issues, new employees must attend two mandatory training sessions on human rights policies and procedures. Overall, all employees hired participated in such training in 2022.

__ Trainings on Human Rights Policies or Procedures

	2022	2021	Δ in %
Number of training sessions on human rights policies or procedures	1	2	n/a
Number of employees trained on human rights policies or procedures	907	446	103,4

Potential conflicts with local communities or authorities are managed by PeWeTe's customers as they are fully responsible for all actions in their licensed areas. Local communities can send complaints to the regional prosecutor's office, which is then obliged to initiate an inspection of the accused organization. PeWeTe strives to help its customers manage such complaints in the best possible way.

The Company takes this risk seriously and adopts preventive measures to mitigate it. Such steps include promoting tolerance, observing and analyzing behavior as well as giving feedback and complying with the Code of Conduct. Well-established HR policies are also in place.

All employees are checked as to their suitability for particular jobs, their health, and their ethical behavior. Their skills and competence are also verified early on. Numerous processes based on quality management (ISO) are also in place. When it works on a customer's property, the Company must fully comply with that customer's regulations, which often are stricter than applicable law.

PeWeTe's employees have different options for filing complaints about workplace issues. They may do so by email, by secure telephone line, or by placing anonymous cards in so-called "green boxes." As shown in the table below, in 2022 the Company received no complaints either by email or via secure telephone line.

__ Number of Complaints About Workplace Issues

	2022	2021	Δ in %
Number of complaints about workplace issues	0	0	-
thereof by e-mail	0	0	-
thereof by telephone line	0	0	-

Moreover, the SPARK-Interfax information system has been implemented to check subcontractors and suppliers. It provides access to information on legal disputes involving potential suppliers and contractors. The Company takes appropriate action if there are pertinent findings. Severe violations of human rights may also result in contract termination. SPARK-Interfax is updated periodically and delivers new information as soon as it becomes available in official sources.

WHAT'S NEXT

To be successful in the long run, PeWeTe relies on longer-term targets and measures to support its activities in connection with the material topics. We are committed to reducing compliance breaches especially of requirements related to anti-corruption and anti-bribery, information and data security, and human rights.

Description	Target 2022	Performance 2022	Status	Target 2023 in %
Number of corruption and bribery cases	0	0	✓	0.0
Reductions in the amount of fines from customers	(10.0%)	78	✓	(10.0)
Number of violations by the information security group	0	0	✓	0.0

HUMAN RESOURCES

MANAGEMENT APPROACH

The Oil & Gas industry has a long history of addressing health, safety, and security risks. As the work is usually conducted in harsh environments, employees are exposed to the flammability and toxicity of hydrocarbons as well as to long term health risks such as dust inhalation. Despite the industry's significant progress in this matter, accidents can still occur.

Hence the health, safety, and security of its workers is of utmost importance to PeWeTe's operations. The top priority accorded to these issues is reflected in the "Zero Harm to People" focus area of our Sustainability Strategy. As a result, the Company strives to sustain a high level of safety and security in order to avoid adversely affecting people's health. The equipment and new technological methods that are an integral part of PeWeTe's operational activities require highly qualified staff.

To support its ambitions and ensure continual improvements in this area, PeWeTe has adopted a systematic approach to the management of both HSE and social responsibility. Among others, the measures in this area include an integrated management system as well as an HSE policy. The Company is committed to:

- Maintaining and improving the effectiveness of its integrated management system (IMS) in accordance with the requirements of ISO 45001 – the international standard for occupational health and safety (OH&S) management
- Preventing injuries and any other deterioration in employees' health by implementing further measures aimed at providing safe labor conditions for the Company's personnel
- Maintaining the competence of our personnel by organizing regular and continual training for managers, specialists, and workers involved in rendering services.

Contractors and subcontractors are also required to manage HSE issues in line with PeWeTe's applicable policy.

EMPLOYMENT

Building and retaining a talented and skilled team is key to the success of our business. We are committed to creating an environment in which every employee can learn, connect, and collaborate as well as live a safe and healthy life.

To attract and retain the right people, the Company has introduced state-of-the-art HR development processes focused on developing specific training programs, strengthening employee relations, and defining a job grading system. HR priorities include fostering teamwork and entrepreneurship to make the Company more agile in less predictable markets. Shared values aim to create a common identity and contribute to a "One Company" culture. Conflict resolution processes and zero tolerance policies have improved management's decision making for the Company's benefit.

In the reporting period, most of PeWeTe's personnel worked for the Group's three subsidiaries (KATKoneft, KATOBneft, and KAToil-Drilling) which were sold in August 2022. For the non-financial reporting, PeWeTe discloses the employee data as at December 31, 2022. Due to the discontinuation of operations, a strong decrease is reflected in the KPIs. At the time of the sale of the Russia-based subsidiaries, the number of employees of the units sold amounted to 3,655, of which 204 female.

Employee Data

	12/31/2022[1]	12/31/2021	Δ in %
Number of employees	114	3,319	(95)
thereof under the age of 30	15	645	(99)
thereof aged 30 to 50	81	2,160	(95)
thereof aged 50 and over	18	514	(94)

[1] PeWeTe AG and PeWeTe Kazakhstan

In 2022, PeWeTe hired 26 new employees, and 8 employees left the company. This equates to a fluctuation rate of 7%.

At the end of the year 2022, women accounted for 15% of all employees. It is also important to PeWeTe to provide equal opportunities for differently-abled people. In 2022, a total of 4 individuals in this category were employed.

Our compensation policy – which includes setting ambitious performance targets in keeping with the Company's overall strategy and offering variable incentives linked to their attainment – once again proved effective in reaching the goals we had set for ourselves in the 2022 financial year. The terms and conditions of employment, including all incentives and benefits, are defined in the collective compensation agreements between the Company's operating subsidiaries and their employees. PeWeTe strives to be an employer of choice in the long term.

EDUCATION & CONTINUING PROFESSIONAL DEVELOPMENT

Given the importance of employee education and continuing professional development (CPD) to the operations of Petro Welt Technologies AG, the Company places great emphasis on this issue. Its 2022 training budget was TEUR 75.02.

It is our goal to offer our employees ongoing training opportunities in order to boost their skills and expertise.

Special training programs are offered to the Company's internal auditors to ensure that the organization continues to improve. Operational personnel undergo special training on stuck prevention, well control and well integrity, drilling fluids, and hydraulic fracturing technologies as well as on the repair and maintenance of the utilized equipment.

In 2022, a total of 619 employees (2021: 265 employees) participated in external technical training programs such as JOIFF's "stuck pipe," IWCF's "well control" as well as "preventive maintenance system (PMS)" – all of which are aimed at teaching safe and efficient working methods.

_ Training Data

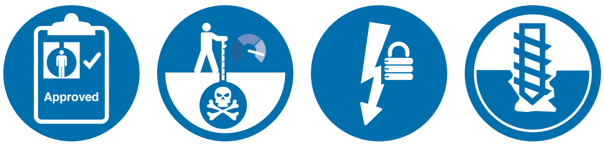
	2022	2021	Δ in %
Number of employees participating in external training programs	619	390	59
Number of employees participating in occupational health and safety as well as mandatory training	3,355	1,111	202
Training hours (external)	54,670	60,376	(10)
Training hours (occupational health and safety, mandatory training)	56,562	47,990	14
Training costs (in TEUR)	75,021	40,058	87

OCCUPATIONAL HEALTH AND SAFETY

TThe Company follows a Zero Harm policy with respect to both personal safety and environmental issues and has developed a detailed program to prevent workplace accidents. Safety training is conducted on a monthly basis for both the employees and the subcontractors of Petro Welt Technologies AG. The cost of workplace safety measures was EUR 4.07 million in 2022, up from EUR 1.50 million in 2021.

PeWeTe's "Key Safety Requirements" policy contains a list of 13 requirements and rules that are designed to mitigate risks of identified hazards, which are likely to result in injuries, accidents, or emissions of hazardous substances into the atmosphere. Besides other standard safety rules such as the use of protective equipment, this list includes the following requirements among others:

- Obtain permits before performing hazardous operations
- Carry out gas-air environmental analyses
- Check the insulation of power sources
- Continuously monitor wells during drilling and other interventions



To increase workplace safety, the Company also builds on employee awareness. All PeWeTe employees undergo a rigorous training program to learn about the hazards related to their work. Our "Hazard and Effects Management" process encompasses regulations and training programs for all operating segments as well as guidance on implementing the worksite hazard management process for all rigs and fracturing fleets.

To prevent any kind of blowout, we utilize modern blowout prevention equipment – including NL Shaffer and integrated 13 ram-type blowout preventers (BOPs) as well as control units and prevention packages. These blowout prevention systems are in place in all of our operations and are always in proper working order. No blowout occurred during the reporting period.

In order to monitor the number of accidents and incidents in the field, the lost time injury frequency rate (LTIFR), the number of lost time injuries occurred per 1 million hours worked, is determined on a regular basis. The rate for the PeWeTe Group was 0.95 in 2022 (down from 0.98 in 2021). A total of five work-related accidents occurred in the reporting period.

__ Occupational Health and Safety in Numbers

	2022	2021	Δ in %
Work-related accidents with lost workdays (lost time accident, LTA)	5	5	0
Total working hours	5,271,440	5,085,686	4
Lost time injury frequency rate (LTIFR), Group-wide	0.95	1.06	(11)
Commuting accidents	6	13	(54)
Work-related accidents requiring medical treatment (no lost workdays)	0	0	-
Work-related accidents resulting in limited work (no lost workdays)	0	0	-

Special attention is paid in oilfield service clusters to security rules related to fire, power supply, and fountain safety. These measures are monitored by a four-level security commission. In keeping with the principle of continual improvement, all operating companies offer regular training with respect to service quality and work safety. The measures taken include continuous monitoring of the use of protective equipment and gear, such as measuring emissions, checking water quality, or regularly changing filtering devices.

In order to keep employees safe during the global COVID-19 pandemic and to reduce the risk of exposure to the virus at the workplace, PeWeTe implemented preventive measures. These preventive measures are specified in a Group-wide standard. In the first half of 2022, the Group was able to lift most COVID-19 restrictions as the pandemic situation improved.

WHAT'S NEXT

We have compiled a set of HSE goals and targets to minimize the impact of PeWeTe's operations on its workers' health and safety. This includes:

- Zero injuries by working without causing harm to people, assets, reputation, and the environment
- Ensuring proper implementation of all safety rules and procedures
- Maintaining a state of complete Compliance with all HSE laws and rules
- Reducing the economic, social, and environmental damage from potential accidents at the production facilities to the lowest reasonably practicable level of risk

An overview of quantitative targets in this area is shown below.

Description	Target 2022	Performance 2022	Status	Target 2023
Number of lost time injuries per million person hours (LTIFR)	1.5	0.95	✓	Keep LTIFR below 1.5
Reduction in the number of accidents caused by operating companies	5 cases or fewer	5	✓	5 cases or fewer

ENVIRONMENT

MANAGEMENT APPROACH

Oil and gas production activities can adversely affect the environment – and environmental risks are of increasing importance to a growing number of stakeholders. Therefore, PeWeTe believes that its responsibility toward the environment is key to both its operating license and the Group's financial success. This is achieved through practices that are aimed at reducing the impact of PeWeTe's operations. In line with the "Zero Harm to the Environment" focus area of its Sustainability Strategy, the Group's main concern is to continually improve the environmental situation on its worksites and throughout the value chain. In particular, the Company has identified issues related to energy, emissions, effluents, waste, and soil protection as being materially important.

PeWeTe's subsidiaries, KAToil-Drilling and KATOBneft LLC, used environmental management systems to improve their environmental performance. Both companies have been certified under ISO 14001:2015. Also, in 2019 Wellprop LLC obtained an integrated management system certification, which includes environmental management systems that meet the requirements of ISO 14001:2015. PeWeTe's policy is based on a detailed assessment of various factors that affect production processes in their entirety and timely corrective actions. Periodic identification of hazards and assessments of adverse risks to the environment are carried out in connection with production activities. Internal environmental audits and inspections are conducted in the field to ensure compliance with all rules and regulations – whether internal or external.

In order to minimize negative impacts on the environment and maximize rational uses of natural resources, PeWeTe is committed to:

- Improving existing technologies and implementing new, best available, and economically viable technologies to prevent pollution
- Complying with all applicable laws and requirements associated with environmental protection
- Continuously monitoring air emissions (subject to intensified monitoring during inclement weather)
- Using natural resources rationally
- Managing waste efficiently
- Making managerial decisions with environmental aspects in mind

ENERGY AND EMISSIONS

All of PeWeTe's core business activities encompass energy-intensive processes. Oil and gas production generate significant direct greenhouse gas (GHG) emissions from a variety of sources. The main sources of air emissions resulting from our activities include combustion processes associated with the generation of power and heat as well as the use of turbines, boilers, compressors, pumps, and other engines. The flaring and venting of hydrocarbons is another source of atmospheric pollution, as are fugitive emissions. We strive to maximize energy efficiency and keep all emissions as low as possible.

Our main sources of energy are electricity, natural gas, and diesel as well as heating at certain locations. In some cases, we generate the required energy ourselves, in others it is supplied by customers using autonomous power sources.

The Company's total energy consumption in 2022 was 573,581 MWh and thus stable compared with 578,766 MWh in 2021. Energy consumption breaks down as follows:

__ Energy Consumption (MWh)

	2022	2021	Δ in %
Natural gas	180,407	170,867	6
Diesel fuel	331,171	336,960	(2)
Electricity (purchased)	44,382	52,135	(15)
Heating	17,621	18,804	(2)
Total	**573,581**	**578,766**	**(1)**

Although a large part of the Group's subsidiaries were sold in August 2022, energy consumption was stable throughout the year compared to 2021. This is because productivity increased significantly in the first half of the year compared to the previous year, resulting in higher energy consumption during this period.As mentioned before, a significant source of air emissions are the exhaust gas emissions produced by the combustion of natural gas or diesel fuels in turbines, boilers, compressors, pumps and other engines for power generation, water injection or oil and gas extraction. The flaring and venting of hydrocarbons is another source of atmospheric pollution, as are fugitive emissions.

Associated gas brought to the surface with crude oil during oil production is sometimes disposed of by venting or flaring into the atmosphere. As this practice is not only a waste of a valuable resource but also a significant source of GHG emissions, PeWeTe strives to reduce it as much as possible. However, flaring or venting are also important safety measures used in oil and natural gas facilities to ensure that gas and other hydrocarbons are safely disposed of in the event of an emergency, a power or equipment failure, or any other plant upset condition. Fugitive emissions may be associated with leaking pipes and tubing, valves, flanges, pump seals, or compressor seals.

GHG Emissions (t)

	2022	2021	Δ in %
Direct GHG emissions (Scope 1)			
CO_2	213,595	203,190	5
Hydrocarbons	590	614	(4)
Indirect GHG emissions (Scope 2)			
from electricity purchased[1]	14,282	16,370	(13)
from heating purchased	2,918	3,114	(6)

[1] Location-based approach

Thanks to its commitment to continuously monitor air emissions, PeWeTe not only monitors GHG emissions but also other air emissions that could impact air quality.

Other Air Emissions (t)

	2022	2021	Δ in %
Nitrogen oxides (NO_x)	250,270	255,003	(2)
Sulfur oxides (SO_x)	55,000	55,150	(0.3)
Solids (particulate matter)	64,207	62,008	4

OIL SPILLS AND SOIL PROTECTION

Oil spills represent a major, potential negative impact of our activities and can occur due to leaks, equipment failure, accidents, and human error or third-party interference. PeWeTe has defined a range of precautionary measures to prevent oil spills. Among other things, it has also implemented the legally required, mandatory training programs for its employees so that they know how to prevent oil spills. In addition, blowout preventers (BOPs), special adjustable plugs, and tanks are deployed in the field. At the Wellprop facility, all diesel oil lubricant storage tanks are equipped with protection plates to prevent spills, and all lubricant waste is collected in special tanks and delivered to licensed companies for further utilization.

If there is an oil spill, it is documented according to our internal standards for investigating, classifying, and reporting incidents related to occupational safety, industrial and fire safety as well as environmental protection. Also, customer representatives are regularly on site to review our processes. There were no oil spills to the local environment in 2022, just as in 2021.

	2022	2021	Δ in %
Number of blowouts	0	0	-
Number of oil spills	0	0	-
Amount of oil spilled	0	0	-

Soil protection is usually the responsibility of PeWeTe's customers. They install the band walls around the well pad, which ensure that there are no adverse effects on the soil surrounding operations. All measures that aim to prevent oil spills can thus also be classified as activities aimed at soil protection.

When it comes to drilling, including sidetracking and hydraulic fracturing, different kinds of fluids are used for extraction. The Company is committed to using only environmentally friendly drilling fluids. In hydraulic fracturing, the fluids used for stimulating hydrocarbon-bearing formations consist primarily of water, but they also include small quantities of a variety of additives such as dilute acids, friction reducers, viscosifiers, inhibitory chemicals, and proppant materials. For example, these additives serve to help dissolve minerals and create cracks (fractures) in the rock, making it possible to pump fracturing fluids and proppant to the target zone at higher rates and at lower pressure than would be required using just water alone. The additives also prevent corrosion, scale formation, and microbial growth leading to biofouling, and make high-pressure pumping and the fracturing process more efficient.

As concerns about chemicals used in hydraulic fracturing fluids have led to increased awareness among stakeholders of their risks, PeWeTe decided back in 2020 to expand its disclosures of chemicals used in hydraulic fracturing, drilling, and sidetracking (IPM) processes. Due to the fact that chemicals utilized in the IPM segment (mostly sidetracking) are almost fully extractable, the Company also discloses the extent to which chemicals are recovered and safely disposed of. The overwhelming number of solids are contained in drilling mud.

Chemicals Used in Production

		2022	2021	Δ in %
Hydraulic fracturing				
Liquid chemicals	l	121,566,435	101,400,120	20
Solid chemicals	kg	62,808,616	63,200,136	(0.6)
IPM segment				
Liquid chemicals	l	1,617,521	1,615,120	0.2
Solid chemicals	kg	5,198,365	5,587,575	(7)
Disposal of chemicals				
Liquid chemicals	l	1,520,347	1,430,246	6
Solid chemicals	kg	5,198,365	4,989,988	2

To reduce negative impacts on the environment above and below the surface, PeWeTe sets up its operations according to customers' work plans and in line with industry safety standards.

Prior to every operation, established well isolation and integrity procedures are put in place to protect both the groundwater and bores. Special environmental security training is conducted for managers and specialists to improve their expertise and skills, while seminars, conferences as well as geological and technical meetings on the safe operation of subsurface resources are held on a regular basis with representatives of customers and research institutes.

In addition, periodic identification of hazards and assessments of adverse risks to the environment are carried out in connection with production activities. The results of the hazard identification and the risk assessment are documented by the respective operating company's department of Service Quality, Labor Protection, Industrial Safety, and Environmental Protection.

The Company has also implemented waste management policies to limit its negative impact on the environment. Our oilfield service companies take steps to find additional uses for waste. Our proppant production facility has implemented measures to collect sewage water in designated tanks, which is then delivered to licensed cleaning facilities.

In 2022, our operations produced 19,333 tons of waste, and hazardous waste accounted for 99.9% thereof. All the waste has been disposed of. This represents a decrease of 0.4% in the total waste generated. This is due mainly to a contractual drilling agreement pursuant to which the responsibility for drilling waste management (drill cuttings, drilling mud, drilling waste water) was assigned to KATоil-Drilling LLC. As a result, waste volumes have grown, as has the percentage of hazardous waste.

__ Waste

		2021	2020	Δ in %
Waste disposed	t	19,333	16,203	19
Share of hazardous waste	%	99.9	99.9	0

The Company consistently stays within the legal limits applicable to waste disposal and emissions.

Once field operations are completed, PeWeTe has contractual obligations to clean up and recultivate the given area. The decommissioning of operating facilities usually involves the complete removal of permanent facilities and well abandonment, including the removal or disposal of associated equipment, material, and waste. The wells are abandoned in a stable and safe condition subject to borehole sealing. No cleaning and recultivating activities took place in the 2022 financial year.

WHAT'S NEXT

Overall, we are committed to maintaining and improving the effectiveness of our internal management systems (including environmental management, ISO 14001), and to reducing our negative impact on the environment.

Description	Target 2022	Performance 2022	Status	Target 2023
Number of oil spills with impact on the environment	0	0	✓	0

PRODUCTS AND PRODUCTION

MANAGEMENT APPROACH

PeWeTe is committed to the growth and diversification of its business. For instance, the economic viability of companies in energy-intensive industries is highly contingent on short and long-term trends arising from both mitigation and regulatory actions pertaining to climate change. Regulatory actions may impair PeWeTe's asset values, profitability, and creditworthiness. In keeping with the "Green Money" focus area of its Sustainability Strategy, therefore, the Company aims to optimize its operational efficiency and provide competitive solutions while causing zero harm to the environment and its employees as well as respecting business ethics. By using state-of-the-art technologies, PeWeTe helps to mitigate the adverse effects of its operations on the environment and on its employees. By using state-of-the-art and efficient management methods, PeWeTe maximizes the benefits of each business action and management decision it takes. Its aim is to guarantee financial gains for its shareholders and investors. The Company is at the forefront of Russian multi-stage fracturing technology and strives to remain the industry's technology leader. This modern form of fracturing utilizes longer, horizontal well designs to maximize the oil production flow rate. The increased flow rate reduces both the number of wells required for field development and associated development costs.

Importantly, Products & Production also require a successful supply chain services (SCS) management system that aims to meet the Company's operational requirements and provide better services to its external customers. At PeWeTe, all supply chain activities are synchronized with operations and are carried out in collaboration with the Company's QHSE management and finance functions.

Efficient supply chain management helps to reduce potential environmental effects of sourcing, logistics, and storage. Given the rather complicated economic environment; the significant increases in the costs of fuel, materials, equipment, and supplies; and, at the same time, the all-inclusive focus on lowering costs while maintaining quality at the appropriate level, nowadays SCS is a function that effectively leverages the Company's purchasing power and generates substantial and measurable savings for it.

SUPPLY CHAIN

The supply chain function of the PeWeTe Group faced new challenges in 2022 after a special military operation began in Ukraine and extensive sanctions were imposed on Russia by the United States and European countries as a result.

From the end of February 2022, most suppliers delivering imported products received notices that they were unable to fulfil orders already placed due to the sanctions imposed on many sectors of the Russian economy, including the energy sector.

Suppliers of domestic products also received letters about the impossibility of maintaining prices, given the strong exchange rate, the Central Bank's key interest rate and a significant increase in inflation.

The validity period of trade offers received was reduced to one day.

In order to avoid asset defaults and to be able to make decisions on purchases quickly under the new conditions, management decisions were taken that made it possible to shorten the decision-making period to one day, so that in the second quarter of 2022, the necessary goods could be found on the market and purchases could be made, including for imported nomenclature whose orders had been terminated due to the impossibility of carrying out deliveries because of sanctions restrictions.

Given the existing risk of non-delivery of imported products, the approaches to payment terms for purchased products were revised, excluding advances for imported nomenclature.

It should be noted that from the third quarter of 2022, suppliers have successfully started rebuilding logistics chains. This has undoubtedly had an impact both on delivery times, which have increased by an average of 60 days, and on the cost of purchased goods compared to previous purchases of identical nomenclature.

As a measure to influence timely delivery and lower purchase prices, specialists of PeWeTe Group companies have strengthened the direction of import substitution and selection of low-cost analogues of American and European products, both on the territory of the Russian Federation and on the territory of friendly countries. Apart from the new challenges in 2022 mentioned above, SCS activities are primarily focused on sourcing, procurement, and logistics as well as on materials management. Splitting the procurement process into two parts – procurement and sourcing – enables PeWeTe to make the process more transparent and to achieve the desired cost optimization overall. Introducing this organizational change allowed the Company to incorporate modern practices pursuant to which these are two different spheres of activity that can be optimized by segregating the respective responsibilities. Doing so also reduces potential conflicts of interest. Furthermore, the Company operates a proprietary electronic trading platform through which counterparties can contact the Economic Security Hotline in connection with complaints and appeals.

Setting up supply chain services entails centralizing all activities and both unifying and standardizing all systems and processes. Centralizing supply chain activities translates into clear cost and efficiency benefits, because it enhances purchasing power, consolidates shipping, and minimizes storage locations. Furthermore, it is important to continually optimize business processes in order to boost efficiency.

__ Supply Chain Data

		2022	2021	Δ in %
Overall savings in procurement	TEUR	524	2,523	(79)
Savings from import substitution initiatives	TEUR	632	791	(20)
Percentage of procurement budget spent on local (national) suppliers	%	0.93	79	(99)
Number of violations of the Group's tender policies and procedures		0	0	-

Another item in the development of SCS is the centralization of both transportation and logistics management. It entails unifying and standardizing all systems and processes which, in turn, requires proper vendor management, implementing effective contracting strategies, and establishing standard KPIs for both operational control purposes and suppliers. By screening suppliers, improving contracts, monitoring the market, and automating certain business processes, PeWeTe aims to improve transportation services and reduce logistics costs.

Both the changes that have already been introduced and those that will be implemented soon will usher in a new era for PeWeTe that will boost its market strength.

MATERIALS MANAGEMENT

As part of setting up supply chain services, at present PeWeTe is also working on centralizing the materials management function with the aim of achieving full transparency and full visibility of inventories in each warehouse in near real time to prevent overstocking and obsolescence. This allows restocking other regions in an emergency or if it is economically beneficial to do so.

As expected, the implementation of sophisticated software, an address storage system based on the first in, first out (FIFO) method, and the automation of certain warehouse management processes will streamline inventory, labor, and facilities management in the Company's warehouses.

The respective KPIs are calculated on the basis of the reporting from the automated 1C MTO system. This system makes it possible to attract new suppliers, thereby boosting competition and getting the best price offers.

Proper order management, timely minimum/maximum spare parts planning and storage as well as enhancement of the technological infrastructure of warehouses will cut down on production stoppages and reduce shortages of tangible assets. Several measures aimed at systematizing, regulating, and accounting for slow-moving and obsolete inventories will reduce the percentage of illiquid asset inventories. In turn, this will enable the Company to realize additional economic benefits.

WHAT'S NEXT

As stated above, PeWeTe is continually in the process of restructuring and improving its SCS activities.

The main objectives are:
- Identify and report all opportunities for SCS improvements
- Identify and systematically analyze SCS risks
- Determine root causes
- Implement corrective actions to reduce SCS risks to an acceptable level
- Close associated remedial work plans to prevent recurrence
- Achieve SCS excellence through continual improvements
- Establish responsibilities and accountability
- Communicate the relationship between the delivery of services and products to internal customers and the delivery of services and products to external customers
- Establish targets for investigation and development, terminate action plans to prevent recurrence
- Define requirements for management review
- Determine how lessons learned will be communicated throughout the organization
- Provide direction for continual improvements in the delivery of services and products to internal customers
- Promote quality management concepts

One of the major targets of PeWeTe's SCS management is to establish full visibility of and control over purchases. It is crucial for the Company to know how, where, and how much it spends on materials and services.

Along with the quantitative targets stated below and the targets related to the material topic, Technology, these are our ambitions in the SCS focus area:

Description	Target 2022	Performance 2022	Status	Target 2023
Share of existing counterparties using paperless document flow	75%	55%	×	75%

Vienna, April 27, 2023

Denis Stankevich
Chief Executive Officer

Kirill Bakhmetyev
Chief Financial Officer

CORPORATE GOVERNANCE REPORT

Corporate governance is of high importance to Petro Welt Technologies AG (PeWeTe) above and beyond its obligations to fulfill the requirements of applicable laws. It is the duty of the Company's Management Board, subject to supervision by the Supervisory Board, to manage PeWeTe in accordance with applicable national and international standards.

To ensure a high degree of transparency and clarity for all capital market players, the Company's corporate bodies decided in 2006 to apply the German Corporate Governance Code ("Code").

This Report is based on the Code as resolved on April 28, 2022, which may be downloaded from www.dcgk.de.

THE EXECUTIVE BODIES OF PEWETE

Upon submission of proof of shareholding (section 10a of the Austrian Stock Corporation Act (AktG) and section 16 of the Company's Articles of Association), the shareholders are entitled to exercise their rights, particularly their voting rights, at the Annual General Meeting (AGM). Each share in the Company entitles the owner to one vote. There are no multiple or preferential voting rights, and there is no cap on the number of voting rights. All information on the convening of the AGM, as well as all reports and information required for the resolutions to be voted upon, are published pursuant to the applicable provisions of the AktG and made available on the website of PeWeTe (www.pewete.com).

FUNCTIONS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

Pursuant to the applicable legal requirements, the Company is managed on the basis of a dual board system that requires strictly separating the management and supervisory bodies. Under this system, a member of one corporate body may not simultaneously be a member of the other one.

MEMBERS OF THE SUPERVISORY BOARD

- **Maurice Gregoire Dijols**, Chairman of the Supervisory Board, born August 1, 1951

- **Remi Paul**, Member of the Supervisory Board, born February 16, 1966

- **Stephan Theusinger**, Member of the Supervisory Board, born September 6, 1977 (from January 25, 2022)

- **Ralf Wojtek**, Member of the Supervisory Board, born May 29, 1945 (until January 25, 2022)

All current members of the Supervisory Board were elected to the Supervisory Board up to the conclusion of the Annual General Meeting tasked with formally approving the actions of the Supervisory Board members regarding the 2026 financial year.

The members of the Company's Supervisory Board hold the following positions in domestic or foreign companies:
Ralf Wojtek
- GO! Holding AG, Berlin, Germany – member of the Supervisory Board

Maurice Gregoire Dijols
- Alussa Energy Acquisition Corp, Cayman Islands – Non-Executive Director

Stephan Theusinger
- C. + A. Board Management AG, Andermatt, Switzerland
- C. + A. Management Services AG, Schattdorf, Switzerland

In its current composition, the Supervisory Board fulfills all impartiality requirements. The following Supervisory Board members are deemed independent:
- Remi Paul
- Ralf Wojtek (until January 25, 2022)
- Stephan Theusinger (elected January 25, 2022)

Maurice Gregoire Dijols is the sole owner of Joma Industrial Source Corp. (Joma). He controls 87% (per December 31, 2021) of the shares of PeWeTe indirectly through this company. Joma acquired additional shares, whereby Maurice Gregoire Dijols controls 90.23% of the total shares of PeWeTe as of February 23, 2022.

The Supervisory Board supervises and advises the Management Board with respect to its management of PeWeTe. The Company's Articles of Association govern individual tasks and responsibilities as well as the convening, scheduling, and chairing of Supervisory Board meetings. The responsibilities of the Supervisory Board include appointing and dismissing members of the Management Board and setting the salaries of the members of the Management Board. The Supervisory Board has established an Audit Committee, which is responsible for fulfilling the auditing duties assigned to it at the Supervisory Board's behest, to the extent legally permitted. The formation of this committee is mandatory under Austrian law.

MEMBERS OF THE MANAGEMENT BOARD

The members of the Management Board were:
- Denis Stankevich
- Kirill Bakhmetyev

- **Denis Stankevich**,
  Chairman of the Management Board, born December 10, 1974; responsible for key corporate functions such as business strategy, business development, and business policy.

- **Kirill Bakhmetyev**,
  Chief financial officer born March 13, 1969; responsible for central planning, corporate finance, accounting and investment policy, internal control system, investor relations.

All matters of fundamental or significant importance require the approval of all members of the Management Board. The Management Board abides by the Company's Articles of Association and the guidelines issued by the Supervisory Board that regulate the tasks and responsibilities of the Management Board members, in particular, procedures regarding the decision-making process and rules on the avoidance of conflicts of interest.

PeWeTe has purchased a D&O insurance policy for all members of its Supervisory Board and its Management Board. The insurance policy has no deductibles in the event of claims.

REMUNERATION OF SUPERVISORY BOARD AND MANAGEMENT BOARD

PeWeTe follows the recommendations of the Code, pursuant to which the remuneration of the Supervisory Board and the Management Board should be disclosed individually for each member. The specific remuneration paid is disclosed in the Remuneration Report in accordance with the Remuneration Policy.

The remuneration of the Management Board members comprises fixed and variable elements. The base salary and benefits form the fixed remuneration based on prevailing market practice. The variable remuneration drives and rewards best-in-class performance by setting ambitious and stretched targets. These targets encompass both short and long-term objectives such as contract portfolio expressed in revenue, benchmarks versus peers, profit, etc.

RISK MANAGEMENT

The responsible handling of risk is one of the fundamental principles of good corporate governance. Both the Management Board of PeWeTe and the managerial employees of the PeWeTe Group have at their disposal comprehensive reporting and control systems specific to the Group and the Company for monitoring, assessing, and controlling risks. These systems are continually refined and adapted to changing parameters and are regularly checked for efficiency and functionality as part of the annual audit. The Management Board briefs the Supervisory Board on a regular basis with respect to all existent risks and their development.

The Risk Report, which is a part of the annual report of PeWeTe, contains further details on risk management within the Group. It also includes the mandatory report on the internal control and risk management systems as they apply to accounting procedures.

TRANSPARENCY

PeWeTe informs capital market players, interested parties, and the general public immediately, regularly, and simultaneously of the Group's current financial position. The management report, semi-annual report, and quarterly reports are all published within the time periods specified by the Frankfurt Stock Exchange. In addition, PeWeTe also notifies interested parties of all events and new developments via press releases and, if necessary, ad hoc notices. Information is made available in German and English. The Company's website, www.pewete.com, also offers in-depth information on the PeWeTe Group and on the PeWeTe share. PeWeTe regularly runs Compliance training sessions for management and employees of the PeWeTe Group. The compliance training courses are automatically generated and take place purely online at the time of employment.

FINANCIAL CALENDAR

The Company's financial calendar offers a transparent overview of all scheduled important events and publications. The calendar is published and made available on PeWeTe's website.

DIRECTORS' DEALINGS

Directors of PeWeTe Group in 2022

None of the directors listed below holds any shares of the Company:

- Denis Stankevich, Chairman of Petro Welt Technologies AG (PeWeTe)
- Kirill Bakhmetyev, Chief Financial Officer of Petro Welt Technologies AG (PeWeTe)
- Uzim Ilyasova – General Manager of PeWeTe Kazakhstan LLP
- Androulla Papadopoulou and Eliana Giannakou Hadjisavva – Directors of PEWETE Evolution LIMITED
- Eliana Giannakou Hadjisavva – General Manager of Wellprop Cyprus LIMITED
- Christian Jennevin – General Director of PeWeTe EVO SERVICES LLC, Oman
- Christian Jennevin – Administrator of PeWeTe EVO EUROPE LLC, Romania, Company liquidated in December 2022.

Directors of PeWeTe Group companies until the sale of the Russian subsidiaries as per August 29, 2022

None of the directors listed below holds any shares of the Company

- Nikolay Mulko – General Manager of Petro Welt Technologies LLC (PeWeTe) Petro Welt Technologies LLC is a management company that serves as the sole executive body of KAToil-Drilling LLC, KATOBNEFT LLC, and KATKoneft LLC
- Olga Matsukevich – General Manager of Trading House KAToil LLC
- Irina Belyaeva – General Manager of KAT.oil Leasing LLC
- Anna Nikitina – General Manager of Wellprop LLC

Supervisory Board of Petro Welt Technologies AG (PeWeTe)

- Maurice Gregoire Dijols – Chairman of the Supervisory Board
- Remi Paul – 0 shares
- Ralf Wojtek – 0 shares (until January 25, 2022)
- Stephan Theusinger – 0 shares (from January 25, 2022)

Shareholders

	Number of Shares	Share
Petro Welt Holding Limited	23,300,000	47.70%
Joma Industrial Source Corp.	19,228,711 (20,778,088 as of February 23, 2022)	39.36% (42.53% as of February 23, 2022)
Free float	6,321,289 (4,771,912 as of February 23, 2022)	12.94% (9.77% as of February 23, 2022)
Total	**48,850,000**	**100.00%**

In 2022, the majority shareholder Joma Industrial Source Corp. announced its intention to acquire all shares of Petro Welt Technologies AG held by the remaining minority shareholders by way of a squeeze-out. The general meeting which will resolve on the exclusion of the minority shareholders is planned to be held in 2023.

DIVERSITY MANAGEMENT

PeWeTe is committed to the equal treatment of all people – regardless of gender, age, different ability, religion, culture, color, education, social background, sexual orientation, or nationality. The Company resolutely opposes all forms of discrimination, bullying, and sexual harassment. In management development, special attention is paid to communicating these leadership values. The fact that it is active in an industry with a strong technical focus makes it particularly challenging for the Company to achieve a satisfactory gender balance in all areas of its activities. Given the sometimes adverse working conditions, the PeWeTe Group has adopted a policy of granting special leave above and beyond annual leave where applicable. Work is underway to develop and implement gender equality goals and measures. In 2022, no cases of discrimination were reported to the management.

The strategic objective is to achieve a better diversity mix among employees. We aim to raise the share of women in management processes, to provide greater access to educational and training programs in all regions in which we operate, and to promote young specialists and prospective students.

PeWeTe continually monitors gender, age, employee background, seniority, relevant knowledge and experience as well as pay equity to ensure fair treatment and equal opportunities at all career stages. The Company has installed an effective whistle-blowing system.

DIVERSITY STRATEGY FOR THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The main criteria for selecting the members of the Management and Supervisory Boards are relevant knowledge on a broad range of issues as well as personal integrity and experience in executive positions. Aspects related to the diversity of the Supervisory Board, specifically, the representation of both genders and the age structure, are taken into account as well.

The members of the Supervisory Board are elected by the Annual General Meeting. Female managers are evaluated on an equal footing with male managers, and female candidates for the Supervisory Board having the same professional qualifications as male candidates are recommended for election. PeWeTe is not required to institute a mandatory quota for women as per the Austrian Act on Equal Treatment of Women and Men on Supervisory Boards (GFMA-G). The law prescribes a minimum number of women (30%) only for companies with six or more Supervisory Board members.

The Supervisory Board must take diversity into account when considering the best candidates for the Management Board. In particular, diversity is understood to mean different yet complementary specialist profiles as well as professional and general experience, also in the international domain, with both genders being appropriately represented.

At present, the Company's Supervisory Board and Management Board do not have any female members. The promotion of women to management positions is not restricted. Until the sale of the Russian Group companies, the percentage of women in management positions was 15% at the Group level. Four women hold general management positions within the Group as disclosed in the Director's Dealings above. Until the sale of the Russian Group companies, the percentage of women among employees throughout the Group was 11%. The members of the Supervisory Board are between 46 and 71 years old, with an average age of 58 years, whereas the members of the Management Board are 48 and 53 years old.

DECLARATION OF COMPLIANCE

PeWeTe is committed to the recognized principles of corporate governance. As a foreign issuer on the Frankfurt Stock Exchange with headquarters in Austria, PeWeTe resolved, in accordance with the Austrian Corporate Governance Code, to apply the German Corporate Governance Code. The Annual Declaration of Compliance pursuant to the German Stock Corporation Act (dAktG) is a basic requirement thereof.

PeWeTe (hereinafter the "Company") is a company organized under Austrian law and is subject to Austrian laws, rules, and regulations. As such, the Company's compliance with the recommendations of the German Corporate Governance Code (the "Code") is contingent on the latter's compatibility with the Austrian laws, rules, and regulations that govern the Company. The Company's Management Board and Supervisory Board hereby declare, without being legally obliged to do so, that the recommendations of the German Corporate Governance Code Government Commission (Regierungskommission Deutscher Corporate Governance Kodex) – as resolved on April 28, 2022 – have been and are being complied with, save for the recommendations listed below.

1. Recommendations A.1, B.1, and C.1
The Code contains recommendations regarding the diversity of and age limits for both board members and executive employees. Nomination proposals of the Supervisory Board to the relevant bodies as well as nominations for the Management Board take these objectives into consideration (c. f. Diversity Strategy for the Supervisory Board and the Management Board). The Company's Corporate Governance Report reflects the aforementioned objectives, especially regarding a women's quota, and the state of their realization.

The Supervisory Board's composition ensures effective consulting and monitoring of the Management Board in accordance with Austrian law and in line with the Company's interests. In order to ensure the dutiful performance of its tasks as required by law, the Supervisory Board's nomination proposals to the AGM focus primarily on the knowledge, skills, and experience of the nominees. In addition, the Supervisory Board reasonably takes into account the Company's international operations as well as potential conflicts of interest and diversity.

2. Recommendation B.5
Due to the specifics of the oil service industry, there are only a limited number of senior-level experts with international experience.

3. Recommendation C.2
Due to the specifics of the oil service industry, there are only a limited number of senior-level experts with international experience.

4. Recommendations C.10 and D.3
The Company does not comply with this recommendation because its Supervisory Board has only a limited number of members. Thus, the Chairman of the Supervisory Board also chairs the Audit Committee.

5. Recommendations D.1
The Supervisory Board has adopted its own rules of procedure. The rules of procedure of the Supervisory Board are unpublished. There is no obligation under Austrian law and the German Corporate Governance Code (GCGC) to publish the rules of procedure of the Supervisory Board on the Company's website.

6. Recommendation D.2 and D.4
Given that the Company's Supervisory Board has only a limited number of members, the Company and the Supervisory Board believe that establishing additional committees – aside from the mandatory Audit Committee – would not be appropriate and would not enhance the efficiency of the Supervisory Board's work. A nomination committee has not been established for the same reason.

7. Recommendation D. 6

Due to the small size of the Supervisory Board, additional meetings of the Supervisory Board alone would not increase the efficiency of its work.

8. Recommendation F.2

The Company's consolidated financial statements are not publicly accessible within 90 days of the end of the financial year, nor are its interim reports publicly accessible within 45 days of the end of the reporting period. This is due to the complex reporting requirements in Russia, Kazakhstan, and other jurisdictions in which the Company does business.

9. Recommendation G.1 to G.16

The Remuneration Policy and Remuneration Report of the Company are drafted and implemented in accordance with section 78a et seq. of the AktG and with the involvement of the shareholders (based on DIRECTIVE (EU) 2017/828 – Shareholder Rights Directive).

Currently, the Company does not follow the Code's recommendation to include a compensation cap in the director's contracts of Management Board members in case they prematurely step down from their Management Board functions without good cause.

The respective German laws do not apply in Austria and the Company thus does not abide by this recommendation.

The monetary elements of the remuneration paid to the members of the Company's Management Board do not include stock options or comparable instruments, nor participation in any corporate pension schemes. Therefore, recommendations stock options or comparable instruments (e.g. requests for compliance with relevant benchmarks; no retroactive modification of performance targets or benchmarks; agreement on a cap for extraordinary, unforeseen developments) have not been implemented. Consequently, the Company's Remuneration Report does not contain any details regarding the value of stock option plans or similar long-term incentives and high-risk components of its directors' remuneration, or details of payments into pension schemes. In addition, the Company's Corporate Governance Report does not disclose any stock option programs and similar security-based incentive systems. If stock option plans or programs for the Management Board are implemented, the strict standards of the Code shall apply.

Vienna, April 27, 2023

Denis Stankevich
Chief Executive Officer

Kirill Bakhmetyev
Chief Financial Officer

REPORT OF THE SUPERVISORY BOARD FOR 2022

Throughout the 2022 financial year, the Supervisory Board diligently monitored the Management Board's stewardship of the business of Petro Welt Technologies AG (PeWeTe) and advised the Management Board in its decision-making process on the basis of detailed oral and written reports as well as constructive discussions between the Supervisory Board and the Management Board.

The Management Board regularly provided the Supervisory Board with timely and comprehensive information on business operations, the overall economic situation in the Company's core markets, the operational environment as well as business opportunities and risks for PeWeTe and the Group on the whole. The Supervisory Board held six and the Audit Committee three meetings during 2022 on:

- March 31, 2022 (all members of the Supervisory Board, the Management Board and the Audit Committee);
- April 25, 2022 (all members of the Supervisory Board and the Audit Committee; auditors);
- June 29, 2022 (all members of the Supervisory Board and the Management Board);
- August 16, 2022 (all members of the Supervisory Board)
- September 29, 2022 (all members of the Supervisory Board and the Management Board);
- December 22, 2022 (all members of the Supervisory Board and the Audit Committee, auditors)

The Supervisory Board reviewed the Company's financial statements prior to publication and was kept informed by the auditors of all audit activities and their results.

The members of the Supervisory Board received comprehensive information about the Company's current business and material business events from the Management Board.

PeWeTe's financial statements for the year ending December 31, 2022, and the 2022 Management Report including the non-financial portions were audited by Mazars Austria GmbH. The audit's final findings did not give rise to any objections, thus allowing an unqualified auditor's opinion to be issued for the 2022 financial year. The same applies to the 2022 consolidated financial statements. The Supervisory Board has approved both the standalone and the consolidated financial statements for the year ending December 31, 2022, including the Management Report, the Corporate Governance and Sustainability Reports, and the Non-Financial Report for 2022. The 2022 financial statements of PeWeTe are thus adopted pursuant to section 96 (4) of the Austrian Stock Corporation Act. Furthermore, the Supervisory Board has approved the consolidated financial statements and the Group Management Report for 2022.

The Supervisory Board has evaluated and approved the proposal of PeWeTe's Management Board to not pay dividends for the 2022 financial year.

Additional information regarding the Supervisory Board's composition and work as well as its remuneration can be found in the Notes, the Corporate Governance Report, and the Remuneration Report.

Finally, we sincerely thank the Management Board and all of the Group's employees for their commitment and support in the 2022 financial year as well as all shareholders, customers, and partners for their trust.

Vienna, April 27, 2023

Maurice Gregoire Dijols
on behalf of the Supervisory Board

The year 2022 brought unprecedented turning points for the global oil industry.

Against this backdrop, PeWeTe had to make hard decisions to secure the future of the Company and thus protect the interests of its stakeholders.

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

IN ACCORDANCE WITH SECTION 267 OF THE AUSTRIAN COMMERCIAL CODE

ECONOMIC ENVIRONMENT

In 2022, the global economy faced immense challenges. Massively increased inflation, supply chain disruptions caused by Russia's war in Ukraine and the People's Republic of China's zero-COVID-19 strategy put a severe strain on global trade. More and more economies are experiencing slowed growth or even contraction. According to the International Monetary Fund (IMF), the global economy grew by 3.2% in 2022, after an increase of 6.0% in 2021.

The world's largest economies performed poorly in 2022. According to the IMF, global GDP actually contracted in the second quarter, albeit by only 0.1 percentage points. This was mainly due to the negative economic growth in China, Russia and the USA during this period, as well as the Eastern European countries, which were directly affected by the war in Ukraine and the subsequent sanctions.

At the same time, however, growth was recorded in the Southern European economies, which are dependent on tourism, and this enabled positive development in Europe as a whole in 2022. Although economic output in Europe declined slightly in the second half of the year, GDP increased by 3.1% overall in 2022 (2021: +5.2%). However, in addition to weakening economic indicators and the politically uncertain situation, Europe is struggling with a worsening energy crisis, which is severely impacting growth and further pushing up inflation. For 2023, the IMF therefore expects only low economic growth of 0.5% in Europe.

The USA experienced a particularly sharp decline in economic output. After GDP here still rose by 5.7% in 2021, growth slowed significantly to 1.6% in 2022. The main reasons for this were private consumption, which was slowed by lower incomes, and lower spending as a result of higher interest rates, especially for real estate investments. According to the IMF, growth in the US economy is expected to slow further and is likely to be only 1.0% in 2023.

China's GDP grew by only 3.2% in 2022 (2021: +8.1%). Economic growth was slowed down primarily by renewed COVID-19 outbreaks and mobility restrictions as part of the Chinese government's zero-COVID strategy. Not only did lockdowns lead to significant restrictions domestically, but the already strained global supply chains were also further hampered by the restrictions. In addition, the country is still struggling with a real estate crisis that could also spill over into the domestic banking sector. Due to these developments, the Chinese economy is likely to continue to grow only slowly in 2023, according to the IMF, with an expected GDP increase of 4.4%.

India was among the fastest-growing major economies in 2022, with GDP rising by 6.8%, but was also unable to maintain its growth level from the previous year (2021: +8.7%). This slowdown reflects subdued demand from abroad and slower growth from India's trading partner China. According to the IMF, the Indian economy will grow by 6.1% in 2023.

Growth in world trade slowed considerably in the reporting period. In terms of trade volume, world trade developed well in 2022, but in value terms, it was subdued in view of the strong US dollar and the decline in commodity prices since the middle of the year. According to the IMF, growth fell from 10.1% in 2021 to 4.3% in 2022, with only a 2.5% increase expected for 2023.

Global inflation rose to 8.8% in 2022 (from 4.7% in 2021), but is expected to fall to 6.5% in 2023 and 4.1% in 2024, according to the IMF. However, further shocks in energy and food prices could delay the slowdown in inflation. For 2023, the OECD expects global economic output to increase by 2.2%. The IMF is somewhat more optimistic with a forecast of +2.7%. In any case, growth is at its lowest level since 2001 – apart from the global financial crisis and the acute phase of the COVID-19 pandemic.

RUSSIA'S ECONOMY IN 2022

2022 was a difficult year for the Russian economy. The war in Ukraine, which started at the end of February 2022, brought extensive international sanctions and made Russia the most sanctioned country in the world. The restrictive measures had an effect and led, among other things, to a decline in trade and rising inflation. After a year of negative economic momentum, the Russian economy will continue to contract in 2023.

At the beginning of 2022, Russia's economy still showed a positive development. The country was in the post-COVID recovery phase until mid-February 2022 and has so far experienced robust economic growth of 4.7%, driven by the high demand for raw materials and rapidly rising oil prices. This more than compensated for the COVID-related decline of 2.9% in 2020.

However, the start of the war in Ukraine changed the situation abruptly. From the end of February 2022 until the end of the year, nine sanctions packages were introduced by the European Union (EU), targeting in particular the political, military and economic elite in order to weaken the Russian economy and increase the cost of warfare. In December 2022, the EU Parliament also passed a resolution branding Russia a sponsor of terror.

Canada, Japan, the USA, the United Kingdom and Switzerland, as well as the rest of the Western world, also introduced comprehensive sanctions against Russia. Financial sanctions against Russia were particularly severe, in addition to the widespread international boycott of flights. Meanwhile, the Kremlin introduced foreign exchange and capital account restrictions as well as export restrictions, for example on wood products and agricultural products such as sugar, wheat and corn.

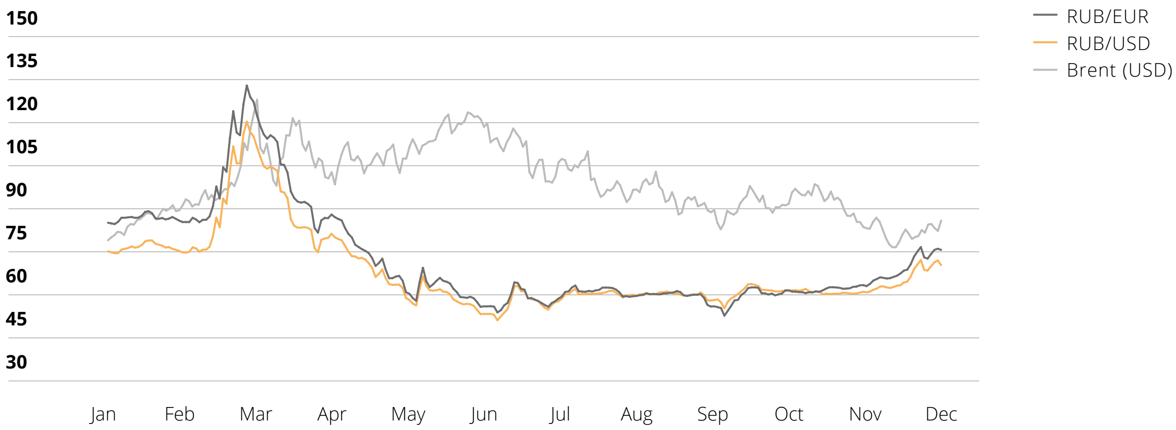
According to the IMF, Russia's GDP has fallen by 3.4% in 2022. Both the IMF and the World Bank as well as the OECD forecast a further decline in 2023. While the IMF expects a loss of 2.3%, the World Bank anticipates a minus of 3.6% and the OECD a minus of 5.6%.

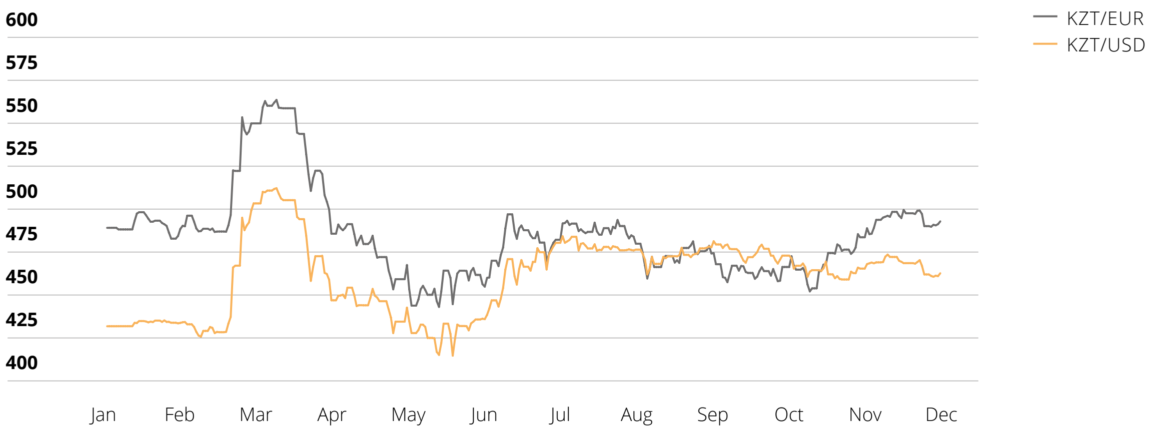
The Purchasing Managers Index (PMI) for Russia's services sector fell to 45.9 in December 2022 from 48.3 in November. Both output and new orders declined for the third consecutive month as demand from domestic and foreign customers deteriorated. The manufacturing PMI was 53.0 in December 2022, after hitting a six-year high of 53.2 the month before. While new orders continued to rise on the back of domestic demand, output growth weakened. At the same time, employment rose at its fastest pace in over 21 years.

The Russian state budget has been in deficit since June 2022 despite increased orders and high revenues from commodity exports, mainly due to high war costs of around USD 82 billion in the first nine months of 2022 alone. Russian trade in goods and services also declined significantly in 2022. The oil embargo agreed by the EU in early June 2022 targets Russia's government revenues, as does the import ban on Russian coal imposed in August. In 2023, exports will therefore continue to decline, while imports are expected to be higher than in 2022.

One month after the start of the war, the rouble had temporarily fallen below RUB 145.83 per euro. The Russian central bank reacted to these currency losses and raised the country's key interest rate from 9.5 to 20%. By the end of December, however, the key interest rate was back at 7.5% and thus at pre-war levels, and the value of the Russian currency settled at RUB 76.13 per euro by the end of 2022. Inflation was 12.6% in October.

__ Exchange Rates and Oil Price Development





KAZAKHSTAN'S ECONOMY IN 2022

In 2022, the Kazakh economy continued its upswing from the previous year. In addition to the robust development of consumption and investments, the country benefited above all from the strong increase in global energy and crude oil prices. However, the war in Ukraine has permanently destroyed important supply chains, and the close political and economic proximity to Russia poses considerable risks.

After the start of the war in Ukraine at the end of February 2022, growth in the Kazakh economy slowed significantly and the creeping loss of economic momentum continued throughout the year. According to the World Bank, Kazakhstan's GDP grew by 3.0% in 2022 (2021: +4.1%). Economic growth in Kazakhstan was slowed not only by the war and the resulting disruption of supply chains, but also by the sanctions against Russia and the withdrawal of numerous international producers, as well as technically related failures in oil production.

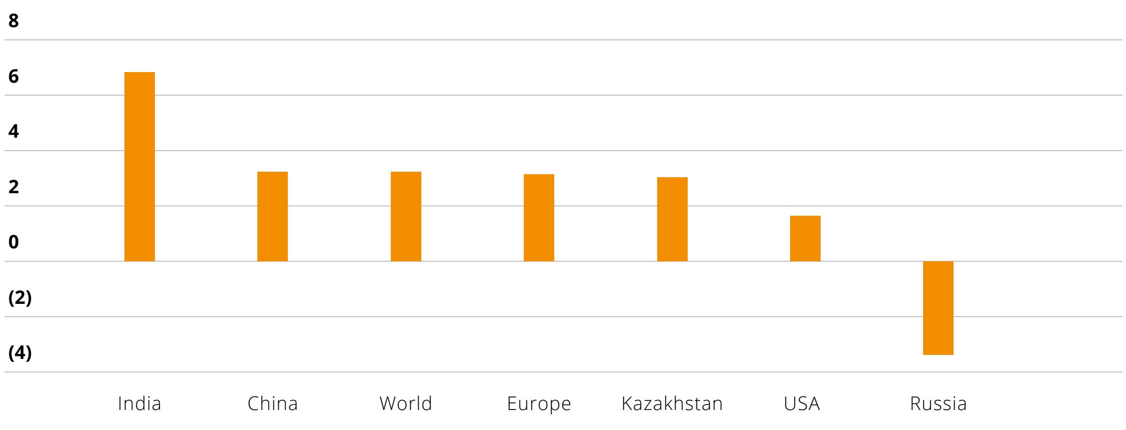
Growth was driven by higher revenues from commodity transactions. The significant increase in commodity prices also drove investment activity (2022: +3.3%). In addition to numerous domestic companies, foreign investors also contributed to growth. In the first half of 2022 alone, foreign direct investment of around USD 2.8 billion flowed into Kazakhstan – a doubling compared to the same period last year. Among other things, this is because numerous international companies avoided the Russian market and switched to Kazakhstan.

Due to low demand, the Kazakh services PMI was 48.2 in December 2022, down from 49.1 in November. This was the second consecutive month of decline in the sector and the sharpest fall since January. However, the number of orders fell only marginally. In manufacturing, the PMI fell to 50.8 in December 2022 as output declined despite improvements in new business. While orders developed positively, production could not keep pace as companies continued to face delays, mainly due to disrupted supply chains.

Slightly higher growth rates are expected again for 2023. According to the World Bank, Kazakhstan's GDP will increase by 3.5%, the IMF even expects an increase of 4.4%. Inflation in Kazakhstan was well into double digits at 14.6% in 2022. In December, inflation even accelerated to 20.3% – the highest value since the 1990s. Nevertheless, according to the World Bank, private consumption grew by 3.2% in 2022. Private consumption is also expected to increase further in 2023, which should have a positive impact on imports.

In 2022, Kazakhstan's imports increased by around one fifth compared to the same period of the previous year. The most important import goods were chemical products, food products, and base metals, in addition to means of transport, machinery and equipment. Although many imports are stagnating due to the war in Ukraine and the resulting supply chain difficulties, Russia remains the main supplier to the Kazakhstan market. Kazakh exports will increase only slightly in 2023. In the previous year, they had increased by almost 50%, which was due to higher energy and crude oil prices.

__ GDP Growth of Major Economies in 2022 (%)



THE GLOBAL OIL MARKET

DEMAND

Several risks had a significant impact on demand in the global oil market during the reporting period. In addition to slowing growth in the largest economies and concerns about global recession, the energy crisis in Europe, increasing product shortages and COVID-19 restrictions in China were key factors.

Global oil demand in 2022 was mainly shaped by the persistently weak economy in China. The ongoing lockdowns and restrictive measures disrupted supply chains and slowed demand. However, as the country gradually eases COVID-19 restrictions, demand is increasingly recovering. By 2023, China is again expected to account for about half of global oil consumption growth.

According to the Organisation of Petroleum Exporting Countries (OPEC), global oil demand was 99.6 million barrels per day (mb/d) in 2022, up from 99.0 mb/d in 2021. The slight growth recorded here was mainly driven by recovering demand for gasoline and diesel in the US. In the EU, however, demand fell slightly, due to rising inflation and slowing economic and industrial activity.

Global demand is expected to increase slightly to 101.8 mb/d in 2023, according to OPEC. A recovery in economic activity is forecast for India and the Middle East, which should lead to a steady increase in fuel demand in industry and transport. However, the prospect of a global recession could dampen oil consumption significantly, as could further COVID-19 restrictions, particularly in China, or ongoing geopolitical tensions.

SUPPLY

Around the world, there is great concern about insufficient oil supply due to the war in Ukraine and the sanctions against Russia. Other factors of uncertainty are the production capacities of OPEC+, the oil price cap of the G7 countries, the outlook for US shale oil and the use and replenishment of global oil reserves. Accordingly, crude oil prices were volatile in 2022.

The forced reduction of Russian oil exports drove up the world market price for oil. On May 30, 2022, a record value of USD 122.84 per barrel was reached for Brent crude oil. At the end of 2022, the price of Brent crude oil was USD 85.91 per barrel.

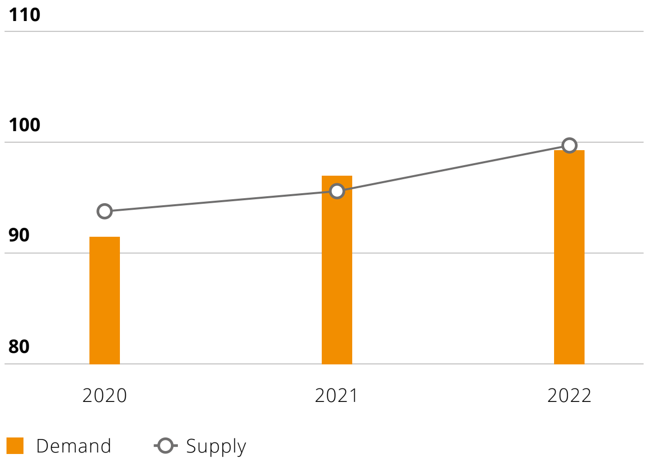
However, prices for Russian crude oil declined. In north-western Europe, the price of Urals crude fell by almost USD 30 per barrel to USD 43 per barrel by the beginning of December 2022. At the end of December 2022, the price settled at USD 56.28 per barrel. Russian crude oil was thus well below the price cap of USD 60 per barrel agreed by the G7, Australia and the EU. At the beginning of the war, the prices for Urals and Brent were still at a similarly high level: On 24 February 2022, the price of Urals crude oil was USD 94.99 per barrel, while Brent crude oil was trading at USD 99.08 per barrel.

According to IMF forecasts, oil prices will rise significantly in 2023, by an average of 30%. Prices are not expected to weaken again until 2024. However, according to the IMF, a global adjustment of oil supply and demand will not occur until 2025 at the earliest.

Global supply increased by 4.7 mb/d to around 101.7 mb/d in 2022, according to the IEA. In November, Saudi Arabia and other Gulf countries cut output in line with lower OPEC+ production targets, causing global oil supply to fall for the first time after a five-month upward trend. In 2023, volumes are expected to reach 100.8 mb/d.

Despite Western sanctions against Russia's oil revenues and the price cap of USD 60 per barrel set by the EU, OPEC+ members confirmed their previous oil production target at the end of 2022. Oil production is to be reduced by 2.0 mb/d by the end of 2023. However, actual production was already well below the target in November 2022, i.e. before the quota was reduced, as many OPEC+ members were unable to meet their production levels due to operational problems and capacity constraints. Even after the quota reduction, actual OPEC+ production was still 1.7 mb/d below target.

_ Development of Global Oil Demand/Supply 2020–2022 (mb/d)



Source: U. S. Energy Information

OIL AND GAS PRODUCTION IN RUSSIA, KAZAKHSTAN AND OMAN

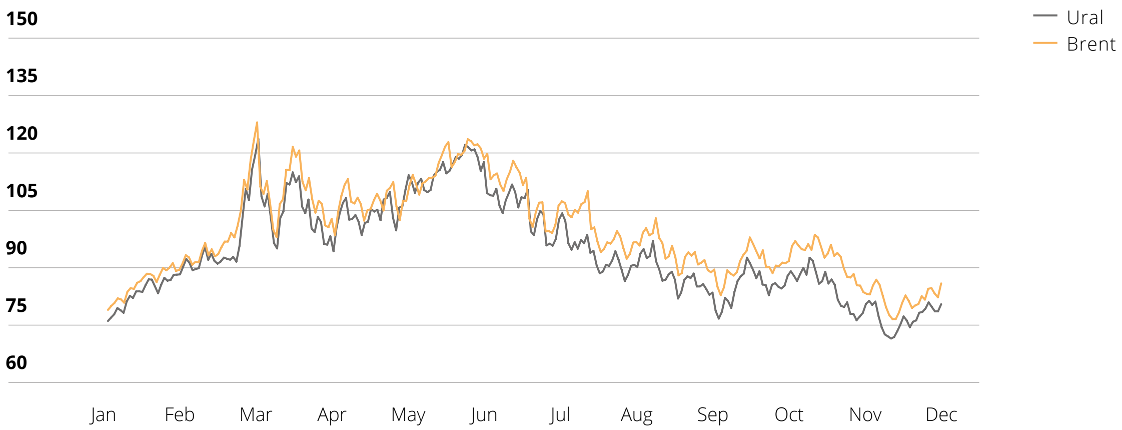
RUSSIA

Before the war in Ukraine began, Russia was the world's second-largest oil exporter with around 8 mb/d of crude oil and oil products, and the EU's most important gas supplier: before 24 February 2022, the EU member states covered almost half of their demand with natural gas from Russia. By the end of October 2022, it was only around 14%. Before the Kremlin can redirect its gas supplies to the east, exports to Europe will come to a standstill.

According to the Russian Ministry of Economy, national oil production declined by around 17.0% to 10.74 mb/d in 2022. This is mainly due to the sanctions imposed on Russia by Western industrialized countries. According to IEA estimates, the average output of Russian oil will fall to about 9.6 mb/d in 2023, as further sanctions will weaken oil production.

In March 2022, the US government announced a ban on imports of oil, liquefied natural gas and coal from Russia in response to the war in Ukraine. At the beginning of June 2022, the EU also agreed on an oil embargo to further curb the flow of money from European states to Russia. Since December 2022, Russian oil has been banned from entering the EU – except for Hungary, the Czech Republic and Slovakia, which continue to be supplied with Russian oil via the Druzhba pipeline. Since February 2023, refined petroleum products such as diesel and petrol have also been affected by the embargo.

_ Development of Brent oil price vs. Urals oil price (USD per barrel)



However, the transitional periods of several months led to increased oil purchases in the EU to build up stocks. As a result, Russia received even more money from the EU states for oil exports in the short term.

According to the IEA, revenues from oil and gas sales accounted for up to 45% of the Russian state budget last year. Oil accounted for about 37% of the state's export revenues. While revenues from business with Western oil and gas customers declined, export revenues were secured by new customers such as India or China. Russia granted both countries substantial price discounts of up to 30%, whereupon India tripled its oil imports from Russia after the outbreak of the war. However, China bought the most oil from Russia.

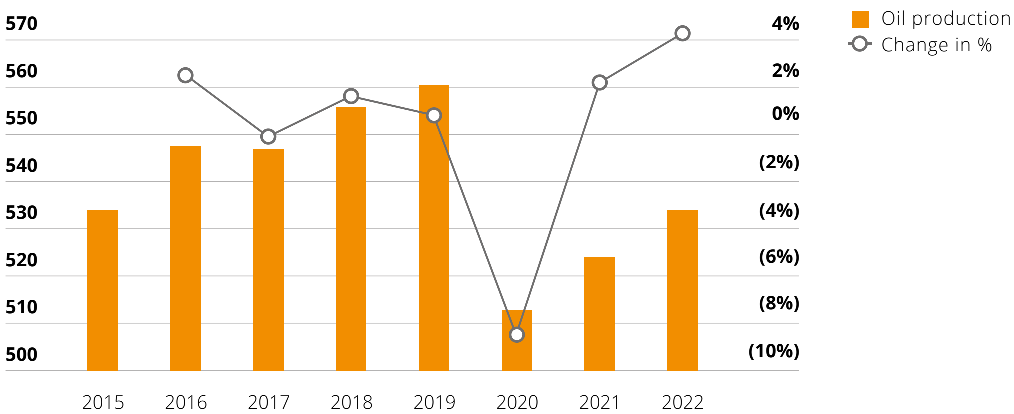
According to the Centre for Research on Energy and Clean Air (CREA), exports to Egypt and the United Arab Emirates also increased. The latter in turn acted as transshipment centers. On the one hand, they refined the crude oil, on the other hand they re-exported the Russian oil or used it for the domestic market to export more oil from their own production.

In December, Russian oil exports rose to 8.1 mb/d, the highest level since April, driven by significantly increased diesel exports, according to the IEA. Although exports to the EU had fallen to 1.1 mb/d, exports were largely unchanged in December compared to the previous month. This was due to exports to India, which reached a new high of 1.3 mb/d.

In the future, however, it is likely to become increasingly difficult for Russia to compensate for the decline in EU imports of Russian oil. This is because despite increased export volumes to India, China, Egypt and Turkey, Russian export revenues declined, mainly due to the large price discounts.

The volume of natural gas delivered to Europe via Russian pipelines fell overall to about 20% of the previous year's level, which in turn led to a steep rise in natural gas prices. Russia justified the supply shortage with maintenance problems and the refusal of some countries to pay for the gas in roubles. Gas prices are expected to remain high until the end of 2023.

__ Oil Production Russia 2022 (million tons)



KAZAKHSTAN

Kazakhstan replaced Russia as the EU's main oil supplier last year after Russian exports fell to a record low due to Western sanctions. Due to increased demand from the EU, Kazakhstan's oil and gas production in 2022 declined only slightly compared to the previous year, despite repeated problems with the main export route to international markets. According to Kazakhstan's Ministry of Energy, oil production fell by around 2% to 1.75 mb/d in the reporting period compared to 2021.

Kazakhstan experienced increased demand for oil and gas as a result of the war in Ukraine and the sanctions against Russia. In addition to the significantly increased import flows to the EU, China and Russia became the largest importers of Kazakh oil and gas in 2022.

However, technical outages posed major challenges to Kazakhstan's oil and gas industry in 2022. For five months, the Kashagan field was affected by both planned and unplanned maintenance, and emergency repairs had to be carried out at the Caspian Pipeline Consortium terminal on Russia's Black Sea coast. It was not until November 2022 that the Kashagan field was gradually brought back into operation. The completion of planned maintenance work at the Karachaganak gas field is expected to result in small production increases. For 2023, OPEC therefore expects Kazakhstan's oil production to increase marginally by 157 thousand barrels per day (tb/d).

However, as the country's main oil export route passes through Russia, Kazakhstan's export revenues were reduced in 2022. According to the operator of the Caspian Pipeline Consortium, Kazakhstan suffered losses of 1.2 mb/d last year, a drop of around 10% compared to the volumes originally expected for 2022.

Kazakhstan's export industry is therefore looking for new ways to become less dependent on the transport routes that go via Russia. To this end, the transport infrastructure is to be modernized, transit routes digitalized, and Kazakhstan's railways restructured into an efficient transport and logistics company. As a result, pipeline capacity is expected to increase in the coming years. In addition, Kazakhstan is investing in the exploration of new oil and gas fields and the expansion of existing ones in order to meet rising demand and boost oil and gas production in the country.

Numerous privatizations are planned in Kazakhstan with the aim of reducing the state share in the economy to 14% by 2025. In addition to the privatization of the pipeline company KazTransOil, shares in the state-owned oil and gas producer KazMunayGas (KMG) have already been sold. KMG went public at the end of 2022.

OILFIELD SERVICES (OFS)

THE RUSSIAN HYDRAULIC FRACTURING MARKET

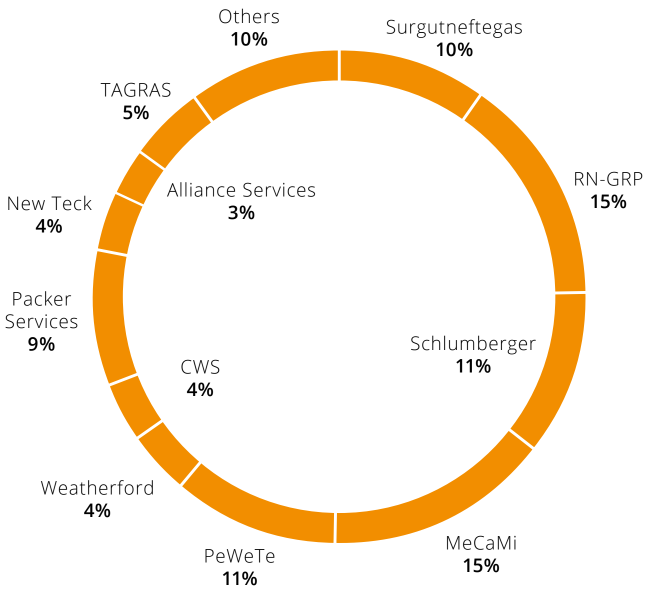
Against the background of a monthly increase in OPEC+ quotas by 400,000 barrels/day from August 2021 to April 2022, including the Russian quota, which increased by 105 thousand barrels/day, there was a significant increase in demand for hydraulic fracturing fleets on the Russian market in 2022.

At the same time, there were no significant changes in hydraulic fracturing fleets and the regions where they were deployed in 2022. The increasing shortage of available fleets led to an increase in prices per contract in new tenders. Some oilfield service providers plan to increase the number of their fleets in this environment.

Market shares in the Russian hydraulic fracturing market remained virtually unchanged in 2022. In terms of the number of fleets, the following five companies continue to lead: RN-GRP, MeKaMi, Katkoneft, Schlumberger, and Surgutneftegaz.

The hydraulic fracturing market in Russia is forecast to experience positive growth dynamics through 2030, both in physical and monetary terms. The main drivers will be the increasing use of multistage hydraulic fracturing in horizontal wells and the increase in the average stage of multistage hydraulic fracturing. Reorientation of customers towards multistage hydraulic fracturing, which is the most effective method to increase oil production, is also an important market trend.

__ Russia Fracturing Market Shares



THE KAZAKH OFS MARKET

The volume of oil and condensate production in Kazakhstan reached 84.2 million tons in 2022 (2021: 85.7 million tons), 101.6% of the planned volume. Of this, 29.2 million tons of oil were produced at the Tengiz field (100% of the plan), 12.7 million tons (109.5%) at the Kashagan field and 11.3 million tons (103.8%) at the Karachaganak field. For the next two years, the country's energy ministry proposed to revise the targets downwards (from 92.6 million tons to 90.5 million tons for 2023, and from 98.1 million tons to 95.4 million tons for 2024).

In 2022, Kazakhstan exported 3% more oil than planned, but almost 5% less than the previous year (64.3 million tons). For 2023, deliveries to international markets are planned to increase to 71 million tons. In particular, the country wants to start exports to Germany. In January 2023, the first 20,000 tons of oil from Karachaganak should already be delivered, and in just one year, 1.5 million tons. In the future, Kazakhstan is ready to deliver 6 to 7 million tons per year to Germany.

In 2022, the country's largest fields, Tengiz, Kashagan and Karachaganak, delivered 29.2, 12.7 and 11.3 million tons of oil to the CPC pipeline system, respectively. In 2023, the project to remove bottlenecks on the Kazakh section of the CPC is expected to be completed, increasing the pipeline's throughput capacity from 53.7 to 72.5 million tons per year.

Kazakhstan's refining segment grew 4.6% year-on-year in 2022, with petroleum products production of 13.7 million tons. Production at the Shymkent refinery is planned to increase to 9 million tons in 2023.

Kazakhstan's natural gas production in 2022 was 53.3 billion cubic metres, 103.1% of the planned figure. Commercial gas production was 27.8 billion cubic metres, 6% below plan, due to restrictions on the delivery of raw gas from Karachaganak to the Orenburg gas processing plant and unscheduled repairs at the Tengiz and Kashagan fields and at the SNPS Aktobemunaigas facilities). Without these factors, gas production could increase by 3.5% by 2023. Gas exports reached 4.6 billion cubic metres in 2022, 85% of the planned value, better meeting the growing domestic demand.

DEVELOPMENT OF THE PEWETE GROUP

HIGHLIGHTS 2022

- Sale of the Russian business units as of August 28, 2022 and liquidation of the joint venture in Oman.
- The company's main market is now Kazakhstan.
- Sales decrease in EUR by 0.8%, in RUB by 11.8%.
- Result clearly negative due to losses from the sale of subsidiaries.
- Equity ratio declines to 15.5%.
- The main operating revenue and earnings driver is the Well Services segment, followed by Drilling, Sidetracking and Integrated Project Management (IPM).

FOCUS ON THE MARKET IN KAZAKHSTAN

During 2022, the global economy came under unprecedented pressure. In addition to the corona pandemic and the war in Ukraine, high inflation in particular posed a major challenge. Geopolitical conflicts exacerbated the energy crisis and drove inflation expectations even higher.

At the Extraordinary General Meeting on August 16, 2022, the shareholders of Petro Welt Technologies AG approved the sale of the Russian-based business units represented by the subsidiaries OOO KATKoneft, OOO KATOBNEFT, OOO KAToil-Drilling, OOO Wellprop, OOO KAT.oil Leasing, OOO Petro Welt Technologies and OOO Trading House KAToil. The Group completed the transaction at the end of August 2022. The profits and losses generated by these subsidiaries are reported as discontinued operations.

PeWeTe also decided to terminate the operations of the company under the current joint venture in Oman. As a result, the subsidiary PEWETE EVO SERVICES LLC, which had been held by the Group and provides its services under the joint venture in Oman, is in the process of liquidation. Therefore, PEWETE EVO SERVICES LLC is also reported as discontinued operation. The majority of the assets in Oman were transferred to PeWeTe's subsidiary in Kazakhstan. This is therefore the only remaining operating business unit of the PeWeTe Group and is presented under continuing operations.

DEVELOPMENT AT A GLANCE

Revenue of the PeWeTe Group measured in RUB decreased by 11.8% in 2022 and thus declined noticeably compared to the level in 2021. In EUR, however, revenue decreased by only 0.8% to EUR 235.1 million. Cost of sales decreased by 12.2% in RUB and by 1.2% in EUR to EUR 199.4 million in 2021 (2021: EUR 201.9 million). On balance, gross profit was also slightly higher than in the previous year at EUR 35.7 million (2021: EUR 35.0 million), and the gross profit margin increased accordingly to 15.2% (2021: 14.8%).

EBIT, on the other hand, was massively impacted by the loss from the sale of the business units in Russia – which amounted to EUR 399.4 million – and came to EUR -388.8 million. The EBIT margin was correspondingly negative at -165.4%. In view of this development, EBITDA also fell significantly to EUR -361.5 million (2021: EUR 33.5 million), while the EBITDA margin dropped to -153.8% (2021: 14.1%). Adjusted EBIT, excluding the result of the Russian subsidiaries sold at the end of August 2022, amounted to EUR 10.6 million with a margin of 4.5%. Adjusted EBITDA amounted to EUR 37.9 million with a margin 16.1%.

The financial result also turned negative at EUR -15.8 million, mainly due to substantial foreign currency losses. On the basis of all these developments, the result before income tax amounted to EUR -404.6 million, and the consolidated net result to EUR -411.8 million.

As a consequence of the sale of the Russian business units and the resulting loss, the equity ratio decreased to 15.5% (2021: 51.0%). However, PeWeTe still has a comfortable liquidity position of EUR 58.6 million, measured against the significantly reduced business volume.

__ Exchange Rates

	Closing Rate as of 12/31/2022	Closing Rate as of 08/31/2022	Closing rate as of 12/31/2021	Average rate 2022	Average rate 01–08/2022	Average rate 2021
1 Euro (EUR)						
= Russian ruble (RUB)		60.58	84.07		77.54	87.19
= Kazakh tenge (KZT)	492.86		487.79	485.28		504.04
1 US dollar (USD)						
= Russian ruble (RUB)		60.37	74.29		71.95	73.65
= Kazakh tenge (KZT)	462.65		431.67	460.85		426.03

Due to the deconsolidation of the Russian operations as of the end of August 2022, the Group used the average exchange rate and the closing rate of the Russian ruble only for the period January-August 2022.

GROUP STRUCTURE

__ Structure of the Group, as of 28 August 2022:

Petro Welt Technologies AG, Vienna, Austria	100% →	Petro Welt Technologies LLC[1], Moscow, Russia
Petro Welt Technologies AG, Vienna, Austria	100% →	KATKoneft LLC, Kogalym, Russia
Petro Welt Technologies AG, Vienna, Austria	100% →	KATOBNEFT LLC, Nizhnevartovsk, Russia
Petro Welt Technologies AG, Vienna, Austria	100% →	KAToil-Drilling LLC, Kogalym, Russia
Petro Welt Technologies AG, Vienna, Austria	100% →	KAT.oil Leasing LLC, Kogalym, Russia
Petro Welt Technologies AG, Vienna, Austria	100% →	Trading House KAToil LLC, Moscow, Russia
Petro Welt Technologies AG, Vienna, Austria	100% ↓	PEWETE EVOLUTION LIMITED, Limassol, Cyprus
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	100% →	PeWeTe Kazakhstan LLP, Aktau, Kazakhstan
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	70% →	PEWETE EVO SERVICES LLC, Muscat, Oman
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	99.99% →	PEWETE EVO EUROPE S.R.L., Bucharest, Romania
Petro Welt Technologies AG, Vienna, Austria	99.99% ↓	WellProp Cyprus LIMITED, Limassol, Cyprus
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	0.01% ↓	WellProp Cyprus LIMITED, Limassol, Cyprus
WellProp Cyprus LIMITED, Limassol, Cyprus	100% →	PEWETE EVO EUROPE S.R.L., Bucharest, Romania
WellProp Cyprus LIMITED, Limassol, Cyprus	100% →	WELLPROP LLC, Kopeysk, Russia

[1] Management company

__ Structure of the Group, as of 29 August 2022:

Petro Welt Technologies AG, Vienna, Austria	100% ↓	PEWETE EVOLUTION LIMITED, Limassol, Cyprus
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	100% →	PeWeTe Kazakhstan LLP, Aktau, Kazakhstan
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	70% →	PEWETE EVO SERVICES LLC, Muscat, Oman
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	99.99% →	PEWETE EVO EUROPE S.R.L.[1], Bucharest, Romania
Petro Welt Technologies AG, Vienna, Austria	99.99% ↓	WellProp Cyprus LIMITED, Limassol, Cyprus
PEWETE EVOLUTION LIMITED, Limassol, Cyprus	0.01% ↓	WellProp Cyprus LIMITED, Limassol, Cyprus
WellProp Cyprus LIMITED, Limassol, Cyprus	100% →	PEWETE EVO EUROPE S.R.L.[1], Bucharest, Romania

[1] PeWeTe EVO EUROPE S.R.L. has been liquidated in December 2022.

OPERATING PERFORMANCE OF THE GROUP

Against the backdrop of an increase in oil production and the increase in quotas under the OPEC+ agreement, the PeWeTe Group recorded a thoroughly solid operating performance in 2022.

Notwithstanding the sale of the Russian business units at the end of August 2022, PeWeTe Group's revenue for the full year shows almost stable thanks to this positive operating performance. The Well Services and Well Stimulation segments, consolidated only for the period January to August 2022, achieved a slight increase in revenue in this period alone compared to the full year 2021. Revenue achieved in the first eight months of 2022 amounted to EUR 115,4 million (+16.4% compared to the full year 2021).

REVENUE DEVELOPMENT

Overall, operating performance continued to largely determine the Group's total revenue in 2022. Measured in RUB, Group sales decreased by 11.8% year-on-year to RUB 18.229 billion (2021: RUB 20.663 billion). However, translated into the reporting currency EUR, the decrease amounted to only 0.8% to EUR 235.1 million (2021: EUR 237.0 million) due to the higher RUB exchange rate during the reporting period.

In 2022, the PeWeTe Group generated its revenue mainly in two currencies: Russian rubles and Kazakh tenge. Both currencies were also subject to high volatility in the reporting year. In the first eight months of 2022, the average RUB/EUR exchange rate for the eight months ended on August 31, 2022 was RUB 77.54 per euro (2021 full year: 87.19). This means that the Russian ruble appreciated by an average of 11.1% compared with 2021. As of August 31, 2022, the RUB/EUR exchange rate was even RUB 60.58, 27.9% higher than as of December 31, 2021. The Group generated 6.3% of its sales in Kazakh tenge during the reporting period. The average exchange rate of the Kazakh tenge against the euro decreased by 3.7% year-on-year in 2022.

In the Well Services and Well Stimulation segment, PeWeTe recorded a 16.4% increase in revenue to EUR 115.4 million in the reporting period (2021: EUR 99.1 million). EUR 14.7 million of this amount is attributable to the continuing operations of PeWeTe Kazakhstan LLP. The Russian operations of the segment were sold and deconsolidated as of the end of August 2022.

The Drilling, Sidetracking and IPM segment recorded a decline in sales of 11.4% to EUR 110.6 million in 2022 (2021: EUR 124.9 million). The activities of the segment were sold in their entirety at the end of August 2022 and thus deconsolidated.

COST OF SALES PERFORMANCE

Due to the ongoing optimization of operating efficiency, but also the disposal of the Russian business units, the cost of sales of the PeWeTe Group was slightly below the previous year's value. Expressed in figures, at EUR 199.4 million, the cost of sales was 1.2% lower than in 2021 (EUR 201.9 million). EUR 9.1 million of the total cost of sales is attributable to continuing operations.

The situation is similar in RUB: While cost of sales decreased by 12.2% in Russian local currency, sales decreased by 11.8% as mentioned above.

The number of employees as at December 31, 2022 was 114 and is attributable to the remaining subsidiaries within the Group. Wages and salaries decreased by 0.5% at the same time.

The Group's gross profit increased by 2.0% to EUR 35.7 million in the reporting period (2021: EUR 35.0 million). Thereof, EUR 5.6 million is attributable to continuing operations. The gross profit margin increased from 14.8% in the previous year to 15.2% in 2022.

DEVELOPMENT OF EARNINGS

In 2022, the PeWeTe Group's administrative expenses were reduced by a total of 18.0% to EUR 21.9 million (2021: 26.7 million). This was mainly due to the sale of the Russian business units, which were deconsolidated at the end of August. Social security contributions decreased by 15.1%, while travel and entertainment expenses almost tripled to TEUR 1,640 due to the partial lifting of pandemic restrictions. While audit costs were 6.4% lower than in the previous year, consulting costs decreased by 46.0% in the reporting period.

Selling expenses (including transport costs) increased only slightly to EUR 1.9 million and were entirely attributable to the Russian proppant manufacturing unit sold. Other operating expenses more than quintupled (+411.8%), while other operating income increased by 208.3%.

However, the most serious impact on EBIT came from the loss on the sale of subsidiaries in the amount of EUR 399.4 million. On balance, this resulted in a negative operating result (EBIT) of EUR -388.8 million, compared to EUR 7.3 million in the previous year. In line with this, the EBIT margin fell to -165.4%, compared to 3.1% in the previous year.

In view of this development, EBITDA also showed a massive decline to EUR -361.5 million, compared to EUR 33.5 million in 2021. At the same time, the EBITDA margin fell to -153.8% (2021: 14.1%). Adjusted EBIT, excluding the result of the Russian subsidiaries sold at the end of August 2022, amounted to EUR 10.6 million with a margin of 4.5%. Adjusted EBITDA amounted to EUR 37.9 million with a margin 16.1%.

The foreign currency result turned clearly negative at EUR -22.4 million in 2022, while interest income increased by 106.0% to EUR 10.3 million. At EUR 3.7 million, interest expenses were also 5.7% higher than in the previous year. On balance, the financial result was clearly negative at EUR -15.8 million, compared to EUR 1.9 million in the previous year. The financial result of the continuing operations amounted to EUR -19.1 million.

Against this backdrop, the profit before tax (PBT) of the PeWeTe Group recorded a slump to EUR -404.6 million, also mainly driven by the withdrawal from the Russian market (2021: EUR 9.2 million). In line with this, the PBT margin declined to -172.1% (2021: 3.9%).

With tax expenses almost doubling to EUR 7.2 million in the reporting period, an even more significant decline was recorded in net loss at EUR -411.8 million (2021: EUR 2.9 million). On this basis, earnings per share also turned into the negative, compared with EUR 0.06 in the previous year.

The earnings development of the continuing operations was also negative: Earnings before income tax amounted to EUR -24.4 million, net earnings to EUR -26.7 million.

__ Group Figures EBITDA and EBIT

Key positions		2022	thereof continued	2021	+/-	+/- %
Revenue	in EUR million	235.1	14.7	237.0	(1.9)	(0.8)
Gross profit	in EUR million	35.7	5.6	35.0	0.7	2.0
EBITDA	in EUR million	(361.5)	(3.8)	33.5	(395.0)	>(100)
EBIT	in EUR million	(388.8)	(5.3)	7.3	(396.1)	>(100)
Gross profit margin	in %	15.2	38.1	14.8		
EBIT margin	in %	(165.4)	(36.1)	3.1		
EBITDA margin	in %	(153.8)	(25.9)	14.1		
Group result	in EUR million	(411.8)	(26.7)	2.9	(414.7)	>(100)
Earnings per share	in EUR	(8.43)	(0.55)	0.06	(8.49)	>(100)

SEGMENT REPORTING

The operating margin of the Well Services and Well Stimulation segment was 3.0%, down from 4.5% in 2021. The Drilling, Sidetracking and IPM segment generated an operating margin of 6.4%, compared with 9.7% in 2021.

WELL SERVICES AND STIMULATION

The Well Services and Stimulation segment proved to be the strongest revenue and earnings generator of the PeWeTe Group in 2022. Even though the number of jobs decreased by 11.1% year-on-year to 3,776 (2021: 4,249), revenue increased by 16.4% to EUR 115.4 million (2021: EUR 99.1 million). This positive development was driven by a 31.0% increase in average revenue per job to TEUR 30.6 (2021: TEUR 23.3) against the backdrop of a persistent fleet shortage. In RUB terms, total segment revenue increased by 3.5% year-on-year, while revenue per job rose by 20.0%. 451 jobs – twice as much as last year – were attributable to the Kazakh subsidiary PeWeTe Kazakhstan LLP in 2022, whose business continues to exist and is reported under continuing operations. Otherwise, the activities of this segment will be discontinued with the disposal of the Russian business units.

In total, the Well Services and Well Stimulation segment contributed 49.1% of the Group's total revenue in 2022, compared to 41.8% in the previous year.

The segment's gross profit profit was EUR 10.5 million, compared to EUR 9.8 million in 2021, notwithstanding the continued challenging market environment, and EBIT decreased by 22.2% to EUR 3.5 million (2021: EUR 4.5 million), with an EBIT margin of 3.5% (2021: 4.5%).

As of December 31, 2022, the equipment operated by the Petro Welt Technologies Group consisted of three fracturing fleets (2021: 18), all of which are deployed in Kazakhstan.

DRILLING, SIDETRACKING, AND INTEGRATED PROJECT MANAGEMENT (IPM)

In Drilling, Sidetracking and IPM, average revenue per job also increased by 7.1% to TEUR 469.0 (2021: TEUR 437.9), but on an annual basis the number of jobs decreased to 236, compared to 285 in the previous year. On balance, this resulted in a decrease in sales of 11.4% to EUR 110.6 million (2021: EUR 124.9 million).

In RUB, the segment's sales even declined by 21.1%, and revenue per job also fell by 4.7% in Russian local currency. This was entirely attributable to the sale of the Russian subsidiaries at the end of August 2022.

With a share of 47.0% of the PeWeTe Group's total revenue in 2022 (2021: 52.7%), the segment ranked second in the reporting period.

Despite the persistently difficult market environment, the segment's gross result was EUR 19.9 million (2021: EUR 19.4 million), while the operating result amounted to EUR 7.1 million, compared to EUR 10.8 million in 2021.

With the disposal of the Russian business units, the activities of this segment will not be continued.

PROPPANT MANUFACTURING

In the Proppant Manufacturing segment, which was also only consolidated until August 2022, sales decreased by a total of 30.0% to EUR 9.1 million in 2022 (2021: EUR 13.0 million). As a result, the share of sales decreased from 5.5% in 2021 to 3.9%. In RUB, sales even decreased by 36.4% to RUB 0.7 billion. The main reason for this declining development was the deconsolidation of the Proppant business at the end of August 2022.

Against this background, the segment's operating result was EUR 2.0 million (2021: EUR 1.1 million).

With the disposal of the Russian business units, the activities of this segment will not be continued.

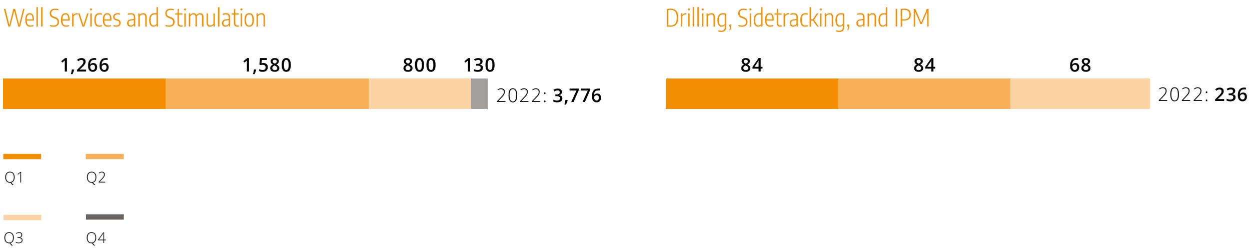
_ External Revenue

Key positions		2022	2021	+/-	+/- %
Well Services and Stimulation	in EUR million	115.4	99.1	16.3	16.4
Jobs	Number	3,776	4,249	(473)	(11.1)
Average revenue per job	in TEUR	30.6	23.3	7.2	31.0
Share of revenue	in %	49.1	41.8		
Drilling, Sidetracking, and IPM	in EUR million	110.6	124.9	(14.3)	(11.4)
Jobs	Number	236	285	(49)	(17.2)
Average revenue per job	in TEUR	469.0	437.9	31.1	7.1
Share of revenue	in %	47.0	52.7		
Total	in EUR million	226.0	224.0	2.0	0.9
Proppant production	in EUR million	9.1	13.0	(3.9)	(30.0)
Share of revenue	in EUR million	3.9	5.5		
Total	in EUR million	235.1	237.0	(1,9)	(0.8)

_ Revenue Development 2022 by Quarter and Segment

in EUR million	Q1	Q2	Q3	Q4	2022
Petro Welt Technologies (consolidated)	62.4	89.8	77.6	5.3	235.1
Well Services and Stimulation	29.2	43.9	37.0	5.3	115.4
Drilling, Sidetracking, and IPM	31.2	42.0	37.4	–	110.6
Proppant Manufacturing	2.0	3.9	3.2	–	9.1

_ Quarterly Development of the Service Job Count



DEVELOPMENT OF BALANCE SHEET STRUCTURE AND EQUITY

Compared to year-end 2021, the total assets of the PeWeTe Group decreased by 59.7% to EUR 162.8 million as of December 31, 2022 (2021: EUR 403.6 million). This is mainly due to the disposal of the Russian business units, which led to declines, some of them significant, in a large part of the balance sheet items. Exceptions were – in addition to the share capital and the capital reserve, both of which remained unchanged – receivables from the sale of the business units in Russia, which amounted to EUR 75.7 million as a result of the recognition of the deferred consideration for the subsidiaries sold. Retained earnings, in turn, decreased from EUR 278.2 million to EUR -133.6 million.

The liquidity position, calculated as the sum of cash and cash equivalents and bank balances, was EUR 58.6 million at the end of the reporting period, 59.2% lower than at the end of the previous year (2021: EUR 143.5 million). The gearing ratio was 300.3% as of the balance sheet date (2021: 11.7%). The background to this significant change was the deconsolidation of subsidiaries that held a substantial share of cash and cash equivalents and bank balances.

_ Group Balance Sheet Structure

Balance sheet positions	12/31/2022 in EUR million	12/31/2022 share in %	12/31/2021 in EUR million	12/31/2021 share in %
Current assets	100.9	62.0	273.0	67.6
Non-current assets	61.9	38.0	130.6	32.4
Assets	**162.8**	**100.0**	**403.6**	**100.0**
Current liabilities	7.3	4.5	65.5	16.2
Non-current liabilities	130.3	80.0	132.1	32.7
Equity	25.3	15.5	206.0	51.0
Liabilities and equity	**162.8**	**100.0**	**403.6**	**100.0**

__ Development of Debt and Debt-to-Equity Ratio

Key Figures		12/31/2022	12/31/2021
Liabilities to Petro Welt Holding (Cyprus) Ltd.	in EUR million	129.9	126.3
Trade payables	in EUR million	1.8	35.6
Other liabilities with the exception of accrued liabilities	in EUR million	2.7	5.6
Less cash and cash equivalents	in EUR million	(58.6)	(142.6)
Less bank deposits	in EUR million	–	(0.9)
Net debt	**in EUR million**	**75.8**	**24.0**
Total equity	in EUR million	25.3	206.0
Net debt-to-equity ratio		**300.3%**	**11.7%**

CASH FLOW

Cash flow from operating activities was strongly influenced by profit before tax (including discontinued operations), which slumped to EUR -404.6 million in 2022, driven by the sale of the Russian business units. Cash flow from operating activities decreased by 83.8% to EUR 5.6 million in the reporting period (2021: EUR 34.5 million) due to sale of the business units in Russian.

Cash flow from investing activities decreased dramatically to around EUR 142.5 million in 2022 (2021: EUR 29.6 million). The sale of the Russian business units, net of cash transferred, amounting to EUR 122.6 million, had a major influence here. A significant increase was recorded in investments in property, plant and equipment, which were up from the previous EUR 20.6 million to EUR 33.2 million.

Cash and cash equivalents decreased significantly in the reporting period to EUR 58.6 million as of December 31, 2022 (2021: EUR 142.6 million). This development was also related to the withdrawal from the Russian market.

FINANCIAL PROFILE

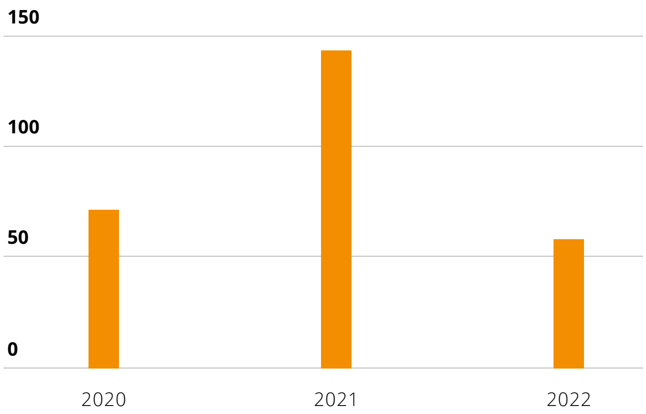
Due to the significant decrease in cash and cash equivalents in connection with the sale of the Russian business units, the net debt of the PeWeTe Group increased significantly in the past year: Having stood at EUR 24.0 million at the end of 2021, this figure rose to EUR 75.8 million during 2022.

While the company's cash and cash equivalents are largely denominated in U.S. dollars and euros, the company reports its liabilities to Petro Welt Holding Limited (Cyprus) in euros. In 2022, the euro depreciated somewhat overall against both currencies.

The net debt-to-equity of the PeWeTe Group deteriorated significantly from 11.7% at December 31, 2021 to 300.3% at December 31, 2022.

With an equity ratio of 15.5% (2021: 51.0%), the PeWeTe Group continues to have the ability to finance itself given the significant reduction in business volume over the course of the year. The company's financial profile can therefore be assessed as reliable.

__ Cash and Cash Equivalents (EUR million)



RISK MANAGEMENT REPORT

The Group's material non-financial risks are described in the chapter, Non-Financial Report.

Petro Welt Technologies AG (PeWeTe) maintains a group-wide Opportunities and Risk Management System, which it has documented in the Group's Risk Management Handbook since 2005. This system is an essential part of the Group's business planning and controlling processes.

The Management Board authorized the Company's Chief Financial Officer (CFO), Kirill Bakhmetiev, from October 04, 2021, to act as the Group's Chief Risk Manager (CRM) responsible for the Group's risk reporting on both a regular and an ad hoc basis. This appointment has enabled the Management Board to gain access to all risk-related information at any time so that it can identify and assess various risk events, take appropriate action, and respond as necessary to different developments and scenarios.

For further information, see note 27, "Financial risk management objectives and policies," in the Notes to the Consolidated Financial Statements for the year ended December 31, 2022.

RISK FACTORS AND RISK MEASUREMENT

The Company's risk management and internal control system is an integral part of its corporate governance system.

The purpose of the system's organization and functions is to ensure, in conditions of uncertainty, reasonable confidence in achieving the following:
- The Company's strategic and operational objectives;
- Objectives aiming to ensure the safety of assets;
- Goals to ensure compliance of all forms of reporting with established requirements;
- Objectives regarding compliance with applicable legal requirements as well as the regulatory documents of the Group's entities.

Risks arise from the Group companies that PeWeTe operates in Russia, Kazakhstan, and Oman. Material risks to the Group's net assets, financial position, and results of operations stem from the monetary policies and economic actions of the Russian, Kazakhstani, and Omani governments. In 2021, all countries (including Russia) began to develop specific quarantine legislation and rules that also affected oil industry logistics. Further risks to the PeWeTe Group's business prospects, earnings, and financial performance may arise on account of the ongoing political tensions between Russia and the European Union, The United States of America and the United Kingdom.

The currency risk associated with the volatility of the Russian ruble and the Kazakhstani tenge is one of the key risks to the financial stability of the PeWeTe Group. The latter's risk management system aims to eliminate financial risks and helps to develop countermeasures that mitigate these risks. Timely planning in the supply chain and maintaining a balanced structure of assets and liabilities are the main ways to lower these risks.

A certain level of sales risk is an integral part of ordinary business activities and is likely to arise from current changes in the OFS segment. The Group depends on a limited number of key customers, most of which are large oil and/or state-controlled companies. Any failure to achieve our operational goals could potentially lead to the loss of key customers and, consequently, to a significant decrease in revenue. To counteract these risks, the PeWeTe Group focuses on innovative services, technologies, and processes that are tailored to customers' needs. Our strategically broad range of services as well as our excellent knowledge of both the market and production should help us to remain independent in our markets. We are also expanding our range of services and our markets into attractive niches where innovative solutions and high quality are required.

The Group is constantly improving its risk management system, which makes it possible to respond to emerging changes in a timely manner (both externally and internally) to maintain the effectiveness of its actions and increase its efficiency in conditions of risk and uncertainty.

In 2022, the Group continued to work on the following improvement measures:
- Review and prepare materials for large and priority projects as well as develop recommendations and proposals to increase profitability and mitigate risks;
- Update and develop local regulations.
- The following tasks are being implemented with respect to the priorities regarding the development and improvement of the risk management system:
- Improve the regulatory and methodological framework, taking into account changes in legislative requirements and trends in best practices worldwide;
- Integrate the risk management process into key areas: establish a development strategy, investment planning, budgeting as well as risk management at the level of both operational and financial activities;
- Improve the quality of risk information by unifying typification and the development of recommendations for the description of typical risks;
- Improve the efficiency of information exchanges.

The Management Board pays considerable attention to risk management issues in order to ensure with a reasonable degree of confidence that the Company will achieve the goals it has set for itself, given the uncertainties and negative impact factors. Risk identification, description, assessment, and monitoring are carried out on an ongoing basis, and measures are being developed to reduce their adverse impact on the Company's activities.

The Management Board has overall responsibility for establishing and overseeing the Group's risk management framework. The founding of the management company, Petro Welt Technologies LLC, in Russia served to rigorously implement and regularly monitor the Group's risk management policies in all Group subsidiaries.

The Group's risk management policies are established to identify and analyze the risks the Group faces, to set appropriate risk limits and controls, and to monitor both risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Internal Control department oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and reports the results of these reviews to the Audit Committee.

LIQUIDITY AND CREDIT QUALITY RISKS

In 2021, the PeWeTe Group further improved its liquidity management policy to ensure stable and smooth operation of all of the Group's operating companies.

To optimize the Group's working capital management, the Company developed and implemented an intra-Group financing policy. All internal funding arrangements must be reviewed and approved by the Executive Board.

Furthermore, the Group's treasury management, together with a partner bank, developed a factoring program for suppliers and contractors in 2021 in order to extend the payment terms of Group companies' trade payables and to lower liquidity risks.

To mitigate credit risks, PeWeTe continued its credit policy and, among other things, strengthened its position with regard to its ability to obtain guarantees from business partners for loans granted.

Qualitative and timely analyses of the Group companies' planned cash flows continue to form the basis for managing PeWeTe's liquidity risks. When preparing the cash flow budget and payment schedule, data on the timing and amount of cash inflows and outflows are adjusted to take the identified risks into account. Continual improvements of PeWeTe's treasury automation and related business processes play an important role in this connection.

In 2021, the PeWeTe Group introduced a regulation regarding bank deposits that further describes the Company's approach to depositing available funds with banks, tightens the requirements applicable to those credit institutions where PeWeTe Group companies may deposit funds, and describes the Group's approach to risk diversification. The new approach made it possible to reduce credit risks while ensuring that bank deposits remain highly profitable.

MATERIAL GROUP RISKS

MARKET RISKS

The development of oilfield services is directly dependent on the oil market. The reduction in oil industry capital spending caused by the collapse in global oil demand in the wake of the COVID-19 pandemic and the measures taken by OPEC+ members to reduce oil production accounted for fully 15% of the 25% decline overall in the past year. The remaining portion of the decline – i.e., 10% of the OFS volume – stemmed from the weakening of the ruble. Price competition among contractors has intensified against this backdrop, and requirements regarding both the quality of work and operational efficiency have increased.

The recovery of the OFS market is not proceeding as quickly as hoped. The OPEC+ agreement, which was made in the spring of 2020, originally called for a 19% production cut from May through July 2020. Oil-exporting countries gradually started to increase production as of August 1, 2021, but are still holding back growth.

According to CDU TEK, the production volume of oil and natural gas condensate in Russia between January and November 2021 rose by 1.6% to 477.86 million tons year on year. While Deloitte estimates that the OFS market grew by 9% in 2021, it will not rebound as quickly in the coming years. Despite the sharp rise in crude oil prices due to the Ukraine crisis and calls from the United States and other consumers to boost output, OPEC+ is likely to stick to its plans for a moderate increase in oil production. From May 1, 2022, the monthly target increase of OPEC+ will rise slightly to 432,000 barrels per day (kb/d).

The withdrawal of some of the largest international companies from certain emerging markets and market niches, the bankruptcy of local companies, and ongoing merger and acquisition activity across the industry confirm the continued volatility of the international OFS market. The GE deal to acquire Baker Hughes was an example of these developments. Meanwhile, some oil companies are even considering a long-term cap on oil production, taking into account not only the 2020 global lockdown but also efforts to build a green economy based on the concept of sustainable development. Shell's new strategy is one of the most representative examples of this approach.

The entire industry faces major challenges resulting from low prices for oilfield services. Exploration and production (E&P) companies have pushed the supply chain to aggressively cut costs which, in turn, affects profit margins. The resulting impact on the service sector includes lower capacity utilization and lower rates, forcing service companies to reduce staff.

For these reasons, demand for the Group's services is closely linked, in particular, to the level of activity in the exploration, development, and production sectors and, in general, to the investment activity of oil and natural gas companies. A decline in upstream activity among the PeWeTe Group's customers may expose its operating subsidiaries to increasingly higher downstream risks regarding their service contracts and prices. As a further consequence, both Group revenue and earnings may deteriorate.

Currently, the Group operates mainly in Russia and Kazakhstan and provides services to all major oil and gas companies in this region. Hydrocarbon production volumes are often determined by producers' long-term strategic plans and sometimes by international contracts. In the near future, the PeWeTe Group's significant equity interests in national oil companies such as Rosneft, whose upstream operations and budgets are more resilient when facing declines in energy prices, will be an important factor in the Group's ability to mitigate market risks. The Group has begun investing in the Middle East to take advantage of market trends in this region.

The future success of the PeWeTe Group depends primarily on its ability to create an efficient contract portfolio. Sometimes it is difficult to predict when a contract will be awarded in response to a bid submitted by a subsidiary. Contract awards may be affected by events beyond the Group's control – such as energy prices, the global political and economic environment, the ability of customers to obtain the necessary permits and licenses, and the availability of financing at a reasonable cost. In such cases, contract awards may be delayed, and some of the Group's customers may even decide to cancel tenders.

These major challenges can be mastered through a high degree of entrepreneurial competence and operational flexibility combined with the ability to adapt one's own business model to new circumstances.

FOREIGN CURRENCY RISKS

The Group is exposed to currency risks, to the extent that there is a mismatch between the currencies in which sales, purchases, and borrowings are denominated, for one, and the respective functional currencies of Group entities, for another. The functional currencies of the Group companies are primarily the Russian ruble (RUB) and the Kazakhstani tenge (KZT). The currency in which the respective transactions are primarily denominated is the euro (EUR).

The Group's reporting currency is the euro. Almost all of the Group's revenue and expenses are generated in rubles and partly in tenge. Fluctuations in exchange rates between the euro, the ruble, and the tenge affect the translation of the Group's financial results into euros. Any further instability in exchange rates between the US dollar, the euro, and the ruble may impact the Group's supply costs, particularly with respect to operating equipment and machinery. Exchange rate volatility may also affect the Group's consolidated balance sheet.

The Company's risk management activities focus primarily on reducing the impact of currency risk factors on the PeWeTe Group. The latter pursues a policy of balancing revenues and liabilities in each currency.

Our Russian entities have regularly monitored foreign exchange markets and fresh forecasts to build up their hard currency reserves so that they can continue to purchase imported equipment and parts as well as boost their dividends to the level customary for the Company. Switching supplies to local suppliers is one of the most reliable ways to manage exchange rate risks. Doing so can mitigate the direct risk of instability arising from foreign exchange rates. Thanks to its import substitution strategy, the Group ensures that up to 80% of its procurement budget is spent on local (i.e., national) suppliers.

As for other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

LEGAL RISKS

In the Company's lawsuit against its former Board members, Manfred Kastner, Ronald Harder, and Leonid Mirzoyan (Commercial Court of Vienna, docket no. 43 Cg 40/17f), for repayment of a total of EUR 1,589,603.50, a final and binding interim judgment was obtained in favor of the Company; it holds that the disbursement of the aforementioned funds to the respondents was unlawful. In February 2020, the Company filed another lawsuit against its former Board members, Manfred Kastner, Ronald Harder, and Leonid Mirzoyan (Commercial Court of Vienna, docket no. 43 Cg 7/21h), for payment of tax damages in the amount of EUR 1,237,616.86 resulting from the unlawful disbursement of their severance packages.

These lawsuits have been combined with the first proceedings against the former Board members and will be decided upon jointly. In February 2021, the former Supervisory Board members, Gerhard Strate, Mirco Schroeter, and Walter Höft, joined both proceedings as intervening parties on respondents' side. Following the interim verdict, the joined proceedings will deal with respondents' counterclaims, which the Company disputes both on the merits and in terms of the amount, as well as with the Company's claim to payment of tax damages. The evidentiary proceedings might be concluded in the third quarter of 2022.

SHAREHOLDER STRUCTURE AND SHARE CAPITAL INFORMATION

IN ACCORDANCE WITH SECTION 243 A (1) OF THE AUSTRIAN COMMERCIAL CODE

As of December 31, 2022, the share capital of Petro Welt Technologies AG was EUR 48,850,00 (December 31, 2021: EUR 48,850,000). It is divided into 48,850,000 outstanding no-par value shares. The shares are listed on the official market of the Prime Standard of the Frankfurt Stock Exchange. All shares are admitted to official trading. No preferred shares have been issued. There are no restrictions on voting or transfer rights. As of the December 31, 2021, balance sheet date, Petro Welt Technologies AG has not bought back any of its treasury shares.

Since its successful initial public offering (IPO) in 2006, Petro Welt Technologies AG has committed itself to voluntary compliance with the German Corporate Governance Code (Code). Apart from a few exceptions, which are disclosed in the Company's Declaration of Conformity, the Company has fully complied with the Code's recommendations.

On 7 September 2022, Joma Industrial Source Corp. requested to initiate the procedure for the exclusion of minority shareholders (squeeze-out). Joma Industrial Source Corp. intends to acquire all shares of Petro Welt Technologies AG, which are not held by it or its indirect subsidiary Petro Welt Holding Limited, against payment of a cash settlement price of EUR 2.20 per share, including dividend entitlements. At this point it will be referred to the mandatory publications around the planned squeeze-out at https://www.pewete.com/de/news/ad-hoc. The Annual General Meeting, which decides on the squeeze-out, is to be held in 2023.

INTERNAL CONTROL SYSTEM

IN ACCORDANCE WITH SECTION 243 A (2) OF THE AUSTRIAN COMMERCIAL CODE

The basic characteristics of the internal control system (ICS) and the risk management system (RMS) of Petro Welt Technologies AG are described on the basis of the five components of the Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Framework).

The ICS covers the organizational structures along with the management accounting principles, methods, and procedures that are crucial for policy implementation by the Group's Management Board, the Audit Committee, and the Moscow-based Executive Board of Directors as well as by the management teams of the Company's subsidiaries and their audit committees, internal audit departments, and top executives.

Both the ICS and internal business processes are increasingly drawing the attention of regulators (the Austrian FMA, the German BaFin, etc.) regarding all issues associated with management as well as financial accounting and reporting. The Company has thus prepared Group and individual Company guidelines that take the form of process manuals to facilitate implementation. These include the accounting manual that applies to subsidiaries in accordance with Russian GAAP and IFRS accounting policies; the budgeting manual and schedule; inventory guidelines; a handbook on the circulation of documents; a health, safety, and environmental management (HSE) manual as well as other manuals and internal instructions.

The key components of the Group's ICS comprise the management accounting environment, risk assessment and management, management accounting activities, data processing and the exchange of information as well as monitoring and supervision. The management accounting environment, for its part, encompasses business policies, employees' ethical values and authorizations, the assignment of responsibilities, the organizational structure as well as guidance.

The following corporate bodies are involved in the management accounting process: the Management Board, the Audit Committee, along with the audit committees, internal audit departments, and authorized employees of the Company's subsidiaries.

The ICS concerns the budgets and financial results of subsidiaries as well as the consolidated budget and financial results of the Group. The subsidiaries' departments responsible for accounting and reporting report directly and regularly to the Executive Board of Directors of the Moscow-based management company which, in turn, regularly reports on business developments to the Management Board of the Petro Welt Technologies Group. These departments monitor and report on planning, budgeting, reporting as well as on deviation analyses and target attainment. They prepare monthly, quarterly, and annual financial reports in line with the requirements of Russian GAAP and the IFRS.

While quarterly reporting to the Supervisory Board mainly concerns the internal, quarterly accounting process, it also includes a general report on the economic environment in the oil and natural gas field services industry. Other reports to the Supervisory Board include the annual report and the Management Board report that focuses on the annual budget, including the Company's financial, liquidity, and investment planning.

FINANCIAL ACCOUNTING

Financial accounting in Russia is carried out using the so-called "1C program." Inventory management and disposal of assets are the responsibility of the local inventory managers at the level of the individual subsidiary. Their roles are stipulated in the inventory guidelines that apply to Group subsidiaries. Additions to non-current assets are entered into 1C and are checked against the approved investment plans on a monthly basis. Depreciation, amortization, and impairment of non-current assets are automatically recorded in 1C.

Accounts payable uses the main document entry function of 1C to enter and review creditor's invoices as well as prepare payment orders. Particular importance is attached to checking legal requirements, sales and corporation tax data as well as the Group's internal regulations such as instructions related to payments, signing authorizations, and value limits. The accounting for subsidiaries is carried out in line with Russian GAAP by the respective accounting department in close cooperation with Group accounting.

The subsidiaries' financial accounting departments adjust their Russian GAAP financial data on a quarterly basis and then prepare the IFRS packages. Once these have been finalized, they are submitted for evaluation to the Group's IFRS reporting department. Following this department's approval, all data is forwarded to Group accounting for consolidation.

In the third quarter of 2020, the Group launched the project of switching from 1C UPP to 1C ERP in our OFS cluster in order to harmonize all entities' bookkeeping rules as well as integrate accounting and supply chain into a single IT system. The Group established a new Corporate Accounting Policy for Russian local GAAP to this end and introduced it in the first quarter of 2021.

IT SYSTEMS

As stated above, the 1C system is used for financial accounting. The Group uses the "Oracle Hyperion" planning system for budgeting, management accounting, and management reporting.

SAFETY MEASURES AND OPERATIONAL QUALITY MONITORING IN 2022

Quality of service and safety measures have been core values of Petro Welt Technologies AG since 2017 and will remain a priority in the future. In order to ensure the safety of PeWeTe's employees in the field and to maintain the high quality of our work, we will continue to take all steps necessary to protect our employees from a wide variety of potential hazards and to control risks.

A root cause analysis of some of the most serious incidents that occurred in 2021 revealed new hazards and risks in connection with existing safety and quality assurance processes. To address these, the Group developed a strategic program aimed at minimizing risks and improving the quality of operational processes. Four key phases were defined for this purpose, as follows.

Phase 1: Quality, Health, Safety, and Environment (QHSE). This phase focused on improving safety standards. In 2021, all operating segments introduced the OLIMP online training program. A total of 97 safety training sessions were conducted in the reporting period.

Phase 2: Hazard and Effects Management Process (HEMP). The standard for job safety analyses (JSA) was introduced at KATOBneft and KAToil-Drilling. In 2022, the JSA standard will also be introduced at the operating company, KATKoneft.

Phase 3: The HSE culture standard was introduced at KATOBneft and KAToil-Drilling in 2021.

Phase 4: Road safety management. Vehicle-based monitoring systems (IVMS), i.e., tracking systems, were installed in all heavy vehicles. All vehicles used to transport passengers are equipped with a video surveillance system.

RESEARCH AND DEVELOPMENT

IN ACCORDANCE WITH SECTION 243 (3) OF THE AUSTRIAN COMMERCIAL CODE

In 2022, Petro Welt Technologies AG continued its research and development (R&D) activities focused on new types of proppants and new fracturing technologies.

WellProp and KATKoneft jointly continued to promote a technology using a synthetic gelling agent. The synthetic gelling agent (WP-SG), produced under the WellProp brand, is one of the so-called “neat fluids” due to its high residual conductivity (up to 98%), which results in a significant reduction in the colatation of the proppant and the pore volume of the reservoir.

In July 2022, a patent was granted for a new type of high-tech proppant (self-flowing proppant). WellProp began developing the technical basis for the production of self-gelling proppant. The patent application for waterproof proppants is in progress. A production trial was conducted in 2022, which confirmed that the production of waterproof proppant is possible in the existing facilities. The two products have great potential.

The company has also completed work on resin-coated proppants. The investment project to build production facilities was launched in 2022.

Research and development activities were discontinued after the sale of the Russian holdings.

NON-FINANCIAL REPORT

The Non-Financial Report for 2022 prepared in accordance with Section 267a of the Austrian Commercial Code (UGB) starts on page 12 of this Report.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

On 7 September 2022, Joma Industrial Source Corp. requested to initiate the procedure for the exclusion of minority shareholders (squeeze-out). Joma Industrial Source Corp. intends to acquire all shares of Petro Welt Technologies AG, which are not held by it or its indirect subsidiary Petro Welt Holding Limited, against payment of a cash settlement price of EUR 2.20 per share, including dividend entitlements. At this point it will be referred to the mandatory publications around the planned squeeze-out at https://www.pewete.com/de/news/ad-hoc. The Annual General Meeting, which decides on the squeeze-out, is to be held in 2023.

OUTLOOK 2023

GENERAL ENVIRONMENT

According to the International Monetary Fund, global growth is expected to fall from 3.4% in 2022 to 2.9% in 2023 and then rise to 3.1% in 2024. Central bank rate hikes to combat inflation and the war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster than expected recovery. The current estimate is that global inflation will decline from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic levels of about 3.5% (2017–19).

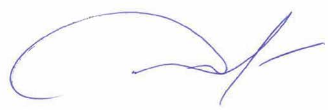
Even though the GDP growth rate has slowed down noticeably compared to 2021, the war in Ukraine had a limited impact on Kazakhstan. However, the country has been plagued by high inflation, which increased further to about 19% in 2022. In addition to global inflation, the main factors behind this were the devaluation of the tenge and rapid wage and credit growth. High commodity prices have strengthened Kazakhstan's large fiscal and external buffers, and 2022 also saw a current account surplus. Kazakhstan's banking system is resilient and has weathered the effects of war well. However, Kazakhstan's economic outlook remains fraught with uncertainty. The war in Ukraine poses downside risks, particularly with regard to the country's oil exports via Russia, while inflationary pressures could reignite social tensions. On the positive side, high commodity prices could further strengthen buffers and Kazakhstan could benefit from the relocation of foreign companies.

Global oil demand is expected to increase slightly to 101.8 mb/d in 2023, according to OPEC. For instance, the expected recovery in economic activity in India and the Middle East should lead to an increase in fuel demand in the industrial and transport sectors. However, the prospect of a global recession could dampen oil consumption significantly, as could ongoing geopolitical tensions or further COVID-19 constraints, particularly in China, which is again expected to account for around half of global oil consumption growth in 2023.

GUIDANCE FOR REVENUES AND EARNINGS

Management expects revenue of around KZT 8.8 billion to KZT 9.8 billion in 2023. Converted into the reporting currency of the euro, revenue could be in a range of EUR 17.6 million to EUR 20.6 million at an exchange rate of KZT 475 to KZT 500 per euro. EBITDA is currently forecast to be up to KZT 3.7 billion, which corresponds to an amount of EUR 6.6 million to EUR 7.7 million at an exchange rate per euro in the aforementioned range. This expectation is based on the situation at the time of publication of this report and does not include serious negative effects, in particular a further escalation of the tense geopolitical and economic situation.

Vienna, April 27, 2023



Denis Stankevich
Chief Executive Officer

Kirill Bakhmetyev
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the consolidated financial statements of

Petro Welt Technologies AG,
Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the financial year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2022 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements under Section 245a UGB (Austrian Company Code).

BASIS FOR OPINION

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following „EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the „Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured the key audit matters as follows:
- Description and facts
- Audit approach and key observations

This report is a translation of the original report in German, which is solely valid.

SALE OF RUSSIAN SUBSIDIARIES

Description and facts

Due to the international sanctions imposed on Russia, the Management Board of Petro Welt Technologies AG (hereinafter „PeWeTe") decided in fiscal year 2022 to sell all Russian group companies. The sale was resolved and approved by the shareholders at the extraordinary general meeting of PeWeTe held on August 16, 2022.

In August 2022, PeWeTe sold all of its directly and indirectly held Russian group companies to three individuals, holding various positions in the PeWeTe Group. The transaction was structured in three steps, which are explained in the notes under point „5. Subsidiaries" sub item „Sale of Russian subsidiaries".

From an accounting perspective, it has to be assessed whether these sales actually represent a loss of control in accordance with IFRS 10, which led to the companies mentioned being deconsolidated. Furthermore, it must be assessed whether the companies are deconsolidated at the right time.

The valuation of the receivable from sale leads to estimation uncertainties and judgements as the purchase price is to be paid in tranches with payment periods up to 36 months. The discounting of the receivable from sale depends largely on the underlying interest rate and future exchange rate developments. The future development of Russian legislation regarding the sale of participation interests in Russian legal entities, which is subject to constant changes and increases the uncertainty with regard to the repayment of the receivable from sale.

In this context, the determination of the current and deferred taxes in connection with the sale of the Russian group companies must also be assessed, which is described under point „22. Income taxes".

Since the deconsolidation of significant companies due to the loss of control and also the valuation of the receivable from sale have a significant effect on the consolidated financial statements as well as the tax implications thereon, we consider the sale of the Russian group companies to be particularly important due to the implicit estimation uncertainties and assumptions as a Key Audit Matter.

Audit approach and key observations

We have assessed and audited the sale of the Russian group companies as follows:

- Assessing the criteria used by PeWeTe to determine loss of control
- Consultation of our Mazars IFRS specialists to discuss our conclusions
- Communication with members of the Management Board
- Critical review of the expert opinion of B1 – Consult LLC, Moscow, Russia, regarding the valuation of the Russian group companies sold
- Assessing the exchange rates and discount rates used by the Management for the valuation of the receivable from sale with valuation specialists
- Verification of the mathematical accuracy in determine the fair value for the receivable from sale
- Interviewing the tax representatives of PeWeTe regarding the assumptions made in the calculation of the tax liability recorded
- Discussion of the tax conclusions and approaches with our Mazars tax experts
- Critical review of the tax calculation
- Checking the mathematical correctness of the tax calculation
- Assessing the appropriateness of the disclosures in the notes to the consolidated financial statements.

Based on the audit procedures performed, we found that the assumptions made by the Group are subject to a high degree of estimation uncertainty in some cases, but are appropriate based on the information available and are supported by the available information.

This report is a translation of the original report in German, which is solely valid.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the annual financial report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise spears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional regulations of Section 245a UGB (Austrian Company Code) for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

This report is a translation of the original report in German, which is solely valid.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, 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 financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continues as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

This report is a translation of the original report in German, which is solely valid.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicate in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Comments on the Group Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the Group management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a UGB (Austrian Company Code), and is consistent with the consolidated financial statements, on which we have issued an unqualified opinion.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group management report came to our attention.

This report is a translation of the original report in German, which is solely valid.

Additional information in accordance with Article 10 EU regulation
We were elected as auditor by the ordinary general meeting on July 29, 2022. We were appointed as by the Supervisory Board on September 9, 2022. We are auditors without cease since 2021.

We confirm that the audit opinion in the Section „Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the Group companies in conducting the audit.

Responsible Austrian Certified Public Accountant
The engagement partner is Mr. Peter Wundsam, Certified Public Accountant.

Vienna, April 27, 2023

Mazars Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Peter Wundsam m. p.
Certified Public Accountant

pp Bettina Maria Szaurer m. p.
Certified Public Accountant

Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the group management report are identical with the German audited version. This audit opinion is only applicable to the German and compete financial statement with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

This report is a translation of the original report in German, which is solely valid.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

in TEUR	Notes	12/31/2022	12/31/2021
Assets			
Non-current assets		**61,860**	**130,623**
Property, plant and equipment	6	13,745	125,941
Intangible assets	7	18	2,122
Right-of-use assets	8	178	719
Non-current receivables for the sale of subsidiaries	5	39,433	-
Non-current loans to affiliated parties	29	8,486	-
Other assets		-	107
Deferred tax assets	22	-	1,734
Current assets		**100,928**	**273,024**
Current receivable for sale of subsidiaries	5	36,246	-
Inventories	9	2,636	36,570
Trade receivables	10	953	69,971
Contract assets	10	-	13,755
Assets classified as held for sale	5, 6	-	2,919
Bank deposits	12	-	926
Other current assets	11	2,208	5,415
Income tax receivable		295	871
Cash and cash equivalents	12	58,590	142,597
Total assets		**162,788**	**403,647**
Equity and liabilities			
Equity		**25,253**	**206,002**
Share capital	13	48,850	48,850
Capital reserve	13	111,987	111,987
Retained earnings	13	(133,612)	278,199
Remeasurement of defined benefit plans	23	-	444
Currency translation reserve	13	(1,972)	(233,478)
Non-current liabilities		**130,252**	**132,118**
Non-current financial liabilities to affiliated parties	14	129,888	126,310
Non-current lease liabilities		122	639
Deferred tax liabilities	22	242	4,973
Employee benefits	23	-	196
Current liabilities		**7,283**	**65,527**
Trade payables	14	1,819	35,581
Other current liabilities	14	3,540	28,347
Current lease liabilities		56	110
Advance payments received	14	-	330
Income tax payables	14	1,868	1,159
Total equity and liabilities		**162,788**	**403,647**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

in TEUR	Notes	2022	2021[1]	2021 (audited)
Revenue	15	14,722	7,680	236,973
Cost of sales	16	(9,127)	(5,420)	(201,938)
Gross profit		**5,595**	**2,260**	**35,035**
Administrative expenses	17	(9,832)	(11,965)	(26,691)
Selling expenses	18	-	-	(1,840)
Other operating income	19	5,455	265	2,447
Other operating expenses	20	(6,523)	(490)	(1,656)
Operating result		**(5,305)**	**(9,930)**	**7,295**
Finance income	21	4,244	593	5,375
Finance costs	21	(23,345)	(3,409)	(3,470)
Net finance (loss)/income		**(19,101)**	**(2,816)**	**1,905**
(Loss)/profit before income tax		**(24,406)**	**(12,746)**	**9,200**
Income tax expense	22	(2,323)	(1,904)	(4,465)
(Loss)/profit from continuing operations		**(26,729)**	**(14,650)**	**4,735**
(Loss)/profit from discontinued operations (net of income tax)	5	(385,082)	17,575	(1,810)
(Loss)/profit		**(411,811)**	**2,925**	**2,925**
Basic earnings per share in EUR	24	(8.43)	0.06	0.06
Diluted earnings per share in EUR	24	(8.43)	0.06	0.06

[1] Adjusted following a classification of PEWETE EVO EUROPE S.R.L., PEWETE EVO SERVICES LLC, OOO KATKoneft, OOO KATOBNEFT, OOO Trading House KAToil, OOO KAToil Leasing, OOO KAT-oil Drilling, OOO Petro Welt Technologies and OOO Wellprop as a discontinued operation. As a result the consolidated statement of profit or loss for the year ended December 31, 2021 was adjusted. Refer to Note 5.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

in TEUR	Notes	2022	2021
(Loss)/profit		**(411,811)**	**2,925**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences from:			
Translation of a foreign operation	13	101,984	13,995
Net investments in foreign operations	13	1,190	7,677
Income tax effect related to currency translation differences	22	(303)	(1,729)
Sale of subsidiaries	5	128,635	-
Items that will never be reclassified to profit or loss			
Net gains on remeasurement of defined benefit plans	23	-	116
Income tax effect related to remeasurement of defined benefit plans	22	-	(23)
Sale of subsidiaries		(444)	-
Total other comprehensive income		**231,062**	**20,036**
Total comprehensive (loss)/income		**(180,749)**	**22,961**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

					Currency translation reserve		
in TEUR	Share capital	Capital reserve	Retained earnings	Remeasurement of defined benefit plans	Translation of a foreign operation	Net investment in foreign operations	Total equity
As of January 1, 2021	48,850	111,987	275,274	351	(131,237)	(122,184)	183,041
Profit	-	-	2,925	-	-	-	2,925
Currency translation differences	-	-	-	-	13,995	5,948	19,943
Net gains on remeasurement of defined benefit plans	-	-	-	93	-	-	93
Total comprehensive income	**-**	**-**	**2,925**	**93**	**13,995**	**5,948**	**22,961**
As of December 31, 2021	**48,850**	**111,987**	**278,199**	**444**	**(117,242)**	**(116,236)**	**206,002**
As of January 1, 2022	48,850	111,987	278,199	444	(117,242)	(116,236)	206,002
Loss	-	-	(411,811)	(444)	13,286	115,349	(283,620)
Currency translation differences	-	-	-	-	101,984	887	102,871
Total comprehensive income	**-**	**-**	**(411,811)**	**(444)**	**115,270**	**116,236**	**(180,749)**
As of December 31, 2022	**48,850**	**111,987**	**(133,612)**	**-**	**(1,972)**	**-**	**25,253**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

in TEUR	Notes	2022	2021
(Loss)/profit before tax		**(404,574)**	**7,390**
Adjustments for			
Loss from disposal of participations in Russia	5	399,381	-
Depreciation and amortization	6, 7, 8	23,291	28,699
Impairment / (Reversal of impairment) of property, plant and equipment and assets held for sale	5, 6	3,964	(1,794)
Net loss/(gain) on the disposal of property, plant and equipment	19, 20	2,075	(351)
Foreign exchange loss/(gain)	21	22,458	(396)
Net finance income	21	(6,646)	(1,509)
Income taxes paid		(5,456)	(4,523)
Change in working capital		**(29,118)**	**6,944**
Change in inventories		(13,221)	1,815
Change in contract assets		(25,540)	(3,429)
Change in trade and other receivables		(3,082)	5,018
Change in trade and other liabilities		12,924	3,540
Cash flows from operating activities		**5,574**	**34,460**
Purchase of property, plant and equipment		(33,169)	(20,551)
Proceeds from sale of equipment		5,681	716
Addition to bank deposits		-	(9,936)
Withdrawal of bank deposits		1,113	54,956
Interest received		6,050	4,368
Cash proceeds from repayment of loans		422	-
Sale of subsidiaries, net of cash transferred	5	(122,553)	-
Cash flows (used in)/from investing activities		**(142,456)**	**29,553**
Payment of lease liabilities		(127)	(200)
Cash flows used in financing activities		**(127)**	**(200)**
Effect of exchange rate changes on cash and cash equivalents		53,002	7,097
Net change in cash and cash equivalents		(84,007)	70,910
Cash and cash equivalents at January 1		142,597	71,687
Cash and cash equivalents at December 31		**58,590**	**142,597**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS DESCRIPTION

Petro Welt Technologies AG ("the Company") is a company established under Austrian law (FN 69011 m). The Company's registered office is 1010 Vienna, Kärntner Ring 11-13. The shares of the Company are traded on the Prime Standard at the Frankfurt Stock Exchange.

The consolidated financial statements comprise the Company and its subsidiaries listed in Note 5 (together with the Company referred to as the "Group").

The Group is primarily engaged in supply of technology and integrated project management for the oil and gas production industry. The main activities of the Group include hydraulic fracturing, sidetrack drilling, drilling and remedial as well as auxiliary services.

The GroupGroup's operations are located in Kazakhstan. The major part of operations was located in the Russian Federation until the sale of Russian perimeter of business in the third quarter of 2022. For further details please refer to the Note 5.

Number of employees was 114 as at December 31, 2022, including 10 employees of management and office staff (2021: 3,319, including 374 employees of management and office staff).

The ultimate beneficiary owner of the Group is Mr Maurice Dijols. The Company's immediate parent companies are Petro Welt Holding Limited (Cyprus) and Joma Industrial Source Corp.

These consolidated financial statements are published in German and English languages. The German version of the consolidated financial statements prevails.

2. OPERATING ENVIRONMENT OF THE GROUP

RUSSIAN BUSINESS ENVIRONMENT

The Group's operations were primarily located in the Russian Federation until the sale of the Russian perimeter of business ("the Transaction") in the third quarter of 2022. For further details please refer to the Note 5.

In 2022 the Group was exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the start of a special military operation in Ukraine by the Russian Federation, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

The imposition and subsequent strengthening of sanctions resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.
It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term, however, these events can have a significant negative impact on the Russian economy.

KAZAKHSTAN BUSINESS ENVIRONMENT

The Group's operations located in Kazakhstan are exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Special military operation in Ukraine and COVID-19 coronavirus pandemic expand volatility in the global price of oil and exchange rates, may have negative impact on accessibility of goods and services, which increase the level of uncertainty in the business environment.

The consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

3. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) as well as the additional requirements in accordance with § 245a UGB (Austrian Commercial Code). Petro Welt Technologies AG and its subsidiary companies maintain their accounting records according to the regulations applicable in their country of registration. These consolidated financial statements are based on such financial books and records adjusted in order to comply with IFRS as adopted by the EU.

A summary of principal accounting policies applied in the preparation of these consolidated financial statements is set out in Note 4. The policies have been consistently applied to all the periods presented, unless otherwise stated.

(B) GOING CONCERN

The increased sanction pressure on the Russian economy as well as restrictions in supply of various goods and services to Russian entities have negatively impacted the Group's financial performance for the reporting period and also its liquidity position. Under these circumstances, the Group was forced to suspend its activities in Russian Federation, which adversely affected the financial results of the Group's activities, as well as its liquidity.

For the year ended December 31, 2022, the Group recognised a net loss of TEUR 411,811. This loss mostly relates to the sale of Russian perimeter. The Group's net current assets as at December 31, 2022 were TEUR 93,645. The Group has TEUR 58,590 of resources comprising cash and cash equivalents available at the date of authorisation of these financial statements.

Based on the Group's liquidity position as at the date of authorisation of these consolidated financial statements, management estimates that even in the downside case, it will not need additional financing to meet its financial obligations.

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in euros, which is the functional currency of the parent company. The functional currencies of the foreign subsidiaries are as follows:

- Russian foreign subsidiaries – Russian ruble ("RUB");
- Petro Welt Technologies Kazakhstan LLP – Kazakh tenge ("KZT");
- PEWETE EVO EUROPE S.R.L. – Romanian leu ("RON");
- PEWETE EVO SERVICES LLC – Omani rial ("OMR").

All financial information presented in euros has been rounded to the nearest thousand, except when otherwise indicated.

(D) USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRSs as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 4 – useful lives of property, plant and equipment;
- Note 5 – valuation of receivable for sale of subsidiaries;
- Note 6 – impairment test: key assumptions underlying recoverable amounts;
- Note 13 – Equity: intra-Group loans, which are part of the net investments in foreign operations;
- Notes 4, 15 – revenue recognition: estimate of expected returns;
- Note 22 – recognition of deferred tax assets: availability of future taxable profit against which tax loss carry-forwards can be used;
- Note 22 – estimation of taxable profit, tax neutralization of loss of disposal and exit taxation;
- Note 26 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

4. SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Incremental costs of obtaining a contract with a customer must be capitalized as an asset and amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

The Group provides oil field services, which increase the productivity of new and existing oil wells. The main activities of the Group include hydraulic fracturing, sidetrack drilling, drilling, remedial as well as auxiliary services and manufacturing of proppant.

(i) Sale of proppant
The sale of proppant is generally a single performance obligation. Revenue is recognized at the point in time when control over the proppant is transferred to the customer, generally upon delivery of the goods (i.e. transfer of substantially all the risks and rewards associated with the goods to the customer).

(ii) Rendering of oilfield services
The Group's well services and stimulation segment provides hydraulic fracturing, sidetrack drilling, drilling, remedial as well as auxiliary services.

The Group concluded that sidetrack drilling and drilling services are satisfied over time, given that the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The performance obligation is the drilling services for an individual well. The Group recognizes sidetrack drilling and drilling revenue using the output method by reference to the stage of completion which is calculated on the basis of the physical volume of finished work.

The Group recognizes hydraulic fracturing and auxiliary services revenue when the service has been completed as the period of providing these services is short-term (usually one day or less).

In certain contracts, the Group purchases materials from the customer to facilitate the Group's fulfilment of its performance obligations under a separate contract with the same customer. In management's judgment the Group does not obtain control over such materials and consequently the related costs are excluded from revenue and costs of goods sold.

FINANCIAL INSTRUMENTS
(i) Recognition and initial measurement
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification – financial assets
The Group classifies financial assets into the following categories, as appropriate: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

A financial asset is measured at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- 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.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- 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.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. The Group does not have financial asset measured at fair value through profit or loss or other comprehensive income.

The amortized cost is reduced by impairment losses. The interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss.

(iii) Non-derivative financial liabilities
The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(iv) Impairment – financial assets, contract assets and lease receivables
The Group recognizes loss allowances for expected credit losses ("ECLs") on:
- financial assets measured at amortised cost;
- contract assets;
- lease receivables, which are disclosed as part of trade receivables.

LLoss allowances are measured on the basis of lifetime ECLs, except for bank balances for which credit risk has not increased significantly since initial recognition, and which are measured on the basis of 12-month ECLs or a shorter period if the expected life of the instrument is less than 12 months.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes, when available, credit ratings provided by international rating agencies (Moody's, S&P and Fitch).

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

ECL is determined based on the estimated exposure at default (EAD), which usually corresponds to the gross carrying amount as of the reporting date, the assessed probability of default (PD) and the estimated loss given default (LGD).

The probability of default is determined based on international rating agencies' data. The rating category for each borrower is determined on the basis of the lowest rating that the borrower has received out of three international rating agencies' ratings. In case of the absence of an external rating the pre-default category is used.

The Group considers a financial asset, contract asset or lease receivable to have low credit risk when the credit risk rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due or when the credit risk rating of the counterparty has been downgraded below investment grade.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

For details of the application of the accounting policy for accounts receivables, contract assets and lease receivables, refer to Note 10, for cash and cash equivalents and bank deposits – Note 12 and for receivable for the sale of subsidiaries, refer to Note 5.

(v) Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial instrument, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(vi) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

CASH AND CASH EQUIVALENTS
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intraGroup balances and transactions, including income, expenses, dividends and unrealized gains on transactions between Group members are eliminated in full. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Goodwill is initially measured at cost being the excess of the aggregate of consideration transferred any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the aggregate of consideration transferred, any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of profit and loss. After initial recognition, goodwill is measured at cost less any accumulated impairment.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

VALUE ADDED TAX

Output value added tax related to sales is payable to tax authorities on the earlier of collection of the receivables from customers, or delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

INVENTORIES

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprise material, direct labour and the appropriate indirect manufacturing costs (based on normal operating capacity). Obsolete and slow-moving inventories are written down, taking into account their expected use and their future realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

PROPERTY, PLANT AND EQUIPMENT

IItems of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in the consolidated statement of profit or loss.

Construction in progress is accounted for based on actual costs less provision for impairment. Upon completion, assets are transferred to corresponding category of property, plant and equipment at their carrying amount. Construction in progress is not depreciated until the asset is available for use.

Costs of minor repairs and maintenance are expensed when incurred through consolidated statement of profit or loss. Costs of replacing of major parts or components are capitalized and the replaced part is retired.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over the estimated useful lives:

Useful life	Number of years
Buildings	5–33 years
Plant and machinery	2–15 years
Operational and office equipment, data processing equipment	2–15 years
Vehicles	2–7 years

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated cost of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its useful life. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses arising from the retirement or disposal of property, plant and equipment are included in profit or loss as incurred.

INTANGIBLE ASSETS

Intangible assets include computer software and rights to use this software. Acquired items of intangible assets are capitalized on the basis of the costs incurred to acquire and bring them to use. The items of intangible assets are amortized using straight-line method.

Patents that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Patents 10–20 years;
- Software 3–10 years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment test for an asset is required (goodwill), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are collaborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Group of CGUs) on a pro rata basis.

Impairment losses are recognized in the consolidated statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed.

PENSION AND POST-EMPLOYMENT BENEFITS

Defined benefit pension plans

Defined benefit pension plans estimate the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans operated by the Group is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

The defined benefit obligations are calculated by an independent actuary. The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid associated with the operations of the plans, and that have terms to maturity approximating the terms of the related pension liabilities.

Actuarial gains and losses arising from measurement of pension benefit obligations are recognized in other comprehensive income. Past service cost is immediately recognized in the consolidated statement of profit or loss within operating expenses.

Other liabilities to employees after the termination of their employment

The Group pays a one-time financial assistance in connection with the achievement of the employees' anniversary of age, lump benefits upon retirement or disability, reallocation from Far North territory compensation etc. The size of these payments is usually dependent on one or more factors such as age, years of service and minimum wage rates that are used in Group companies.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions for the calculation of liabilities for these types of payments are recognized in profit or loss in the period in which they arise.

INCOME TAXES

Income taxes have been provided for in the consolidated financial statements in accordance with Russian legislation and legislation of other jurisdictions in which the Group operated during the reporting period. The income tax charge comprises current tax and deferred tax and is recognized in profit or loss except if it is recognized in other comprehensive income because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits and losses for the current or prior periods.

Deferred income tax is recognized for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recognized for temporary differences on initial recognition of goodwill or any asset or liability if the transaction, when initially recorded, affects neither accounting nor taxable profit.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded in the statement of financial position only to the extent that it is probable that the sufficient taxable profit will be available against which the deductions can be utilized.

The future taxable profits and the amount of tax benefits that are probable in the future are based on management expectations that are believed to be reasonable under the circumstances.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency differences arising in translation are recognised in profit or loss.

Due to the sale of Russian perimeter till the end of August 2022 the Group used average exchange rate and the closing rate of Russian Ruble for corresponding period.

The relevant exchange rates used for foreign currency transactions in relation to the Russian Ruble and Kazakhstan tenge are as follows:

Currency (1 USD =)	Closing rate as of 12/31/2022	Closing rate as of 08/31/2022	Closing rate as of 12/31/2021	Average rate 2022	Average rate 8 months 2022	Average rate 2021
Russian ruble (RUB)	-	60.37	74.29	-	71.95	73.65
Kazakh tenge (KZT)	462.65	-	431.67	460.85	-	426.03

Currency (1 EUR =)	Closing rate as of 12/31/2022	Closing rate as of 08/31/2022	Closing rate as of 12/31/2021	Average rate 2022	Average rate 8 months 2022	Average rate 2021
Russian ruble (RUB)	-	60.58	84.07	-	77.54	87.19
Kazakh tenge (KZT)	492.86	-	487.79	485.28	-	504.04

FOREIGN OPERATIONS

The results and financial position of all of the Company's subsidiaries that have a functional currency which is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of profit or loss and each statement of other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- All resulting exchange differences are recognized as a separate component of other comprehensive income; and
- In the consolidated statement of cash flow, cash balances at the beginning and end of each period presented are translated at exchange rates at the respective dates. All cash flows are translated at the average exchange rates for the period presented, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Resulting exchange differences, if any, are presented as Effect of exchange rate fluctuations on cash and cash equivalents within the consolidated statement of cash flow.

The financial statements of the Russian companies are translated into the presentation currency (EUR) using the official exchange rates of the Central Bank of Russian Federation.

The Group used average exchange rate for 8 months 2022 and the closing rate as of August 31, 2022 of Russian Ruble due to the sale of Russian perimeter till the end of August 2022.

The relevant exchange rates used for foreign currency translation in relation to the euro are as follows:

Currency (1 EUR =)	Closing rate as of 12/31/2021	Closing rate as of 08/31/2022	Closing rate as of 12/31/2021	Average rate 2022	Average rate 8 months 2022	Average rate 2021
Russian ruble (RUB)	-	60.37	84.07	-	71.54	87.19
Kazakh tenge (KZT)	492.86	-	487.79	504.04	-	504.04
Omani rial (OMR)	0,4	-	0.44	0.4	-	0.46
Romanian leu (RON)	4.95	-	4.95	4.93	-	4.92

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such an item form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Exchange differences and related income tax effects resulting from intra-Group loans issued by Petro Welt Technologies AG to OOO KAT.oil Leasing, which are part of the net investment, are recognized in other comprehensive income.

Repayment of intra-Group loan, that is accounted for as part of the net investment in a foreign operation is not considered as disposal of control under foreign operation and does not result in reclassification of translation reserve related to that foreign operation to profit or loss.

PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. The Group includes contract incremental costs and an allocation of other direct costs.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Management board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

DIVIDENDS

Dividends are recorded in equity in the period in which they are declared. Dividends declared after the reporting date and before the consolidated financial statements are authorized for issue are disclosed in the subsequent events note.

EARNINGS PER SHARE

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (e.g., personal computers) and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term (i.e., leases with a lease term of 12 months or less).

(ii) As lessor

The Group leases out its drilling, sidetracking and some of its fracturing equipment.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group has classified these leases as operating leases.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after January 1, 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

(a) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). Endorsed for use in the EU.

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At December 31, 2022, the Group has an unsecured loan in the amount of TEUR 129,888, the interest rate of which is based on the EURIBOR and that might be subject to the IBOR reform. At the current time is a continued existence of the reformed EURIBOR until the end of 2025. Therefore, based on the current status of knowledge, no material risks were identified.

The Group does not apply hedge accounting and, therefore, does not expect any related effect as a result of the IBOR transition.

The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

Amendments related to non-current liabilities with Covenants will not affect the Consolidated Financial Statements of the Group since there is no such instruments at the date of authorisation of these Financial Statements.

EURIBOR has been reformed already in 2019 but only with a provisional validity until December 31, 2025. Therefore its continued sustainability is currently uncertain which means that in the future reform to an alternative benchmark rate might become necessary. The Group monitors developments in this regard and in case of probable changes the Group is to determine actual approach on transition and potential effect on consolidated financial statements.

(b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). Endorsed for use in the EU.
The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 1, 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. Under the amendments, the Group will present a separate deferred tax liability and a deferred tax asset. There will be no impact on retained earnings on adoption of the amendments.

(c) Classification of Liabilities as Current or Non-current (Amendments to IAS 1). Endorsed for use in the EU.
The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after January 1, 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than January 1, 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

OTHER STANDARDS
The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). Endorsed for use in the EU;
- Definition of Accounting Estimates (Amendments to IAS 8). Endorsed for use in the EU;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). Not endorsed for use in the EU;
- Non-current Liabilities with Covenants (Amendments to IAS 1). Endorsed for use in the EU.

5. SUBSIDIARIES

The subsidiaries of the Group and the share held by the Group are as follows:

Entity	Country of incorporation/the principal place of business	12/31/2022 % share	12/31/2021 % share	Activity
OOO KATKoneft	Kogalym, Russia	-	100.0	Oilfield services
OOO KATOBNEFT	Nizhnevartovsk, Russia	-	100.0	Oilfield services
OOO Trading House KAToil	Moscow, Russia	-	100.0	No operations
OOO KAT.oil Leasing	Kogalym, Russia	-	100.0	Leasing of production equipment to operational Group companies
OOO KAToil-Drilling	Kogalym, Russia	-	100.0	Oilfield services
TOO Petro Welt Technologies Kazakhstan	Aktau, Kazakhstan	100.0	100.0	Oilfield services
OOO Petro Welt Technologies	Moscow, Russia	-	100.0	Consulting and management services to the Group companies
OOO WellProp	Kopeysk, Russia	-	100.0	Manufacturing of proppant
PEWETE EVO EUROPE S.R.L.	Bucharest, Romania	-	100.0	Oilfield services
PEWETE EVO SERVICES LLC	Muscat, Oman	100.0	100.0	Oilfield services
PEWETE EVOLUTION LIMITED	Limassol, Cyprus	100.0	100.0	Management services
WellProp Cyprus LIMITED	Limassol, Cyprus	100.0	100.0	Holding company

SALE OF RUSSIAN SUBSIDIARIES

In August 2022, the Group sold its Russian subsidiaries as the result of the Transaction. The Transaction involves sale by Petro Welt Technologies AG of all its participations (shareholdings) in its Russian subsidiaries (direct and indirect), namely 100% of the shares (participatory interests) in OOO Petro Welt Technologies, OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling, OOO Trading House KAToil, OOO KAToil Leasing and OOO Wellprop (the "Companies) to three Russian individuals (the "Investors") occupying various positions in the Company's Group: (1) Denis Stankevich (CEO of the Company); (2) Natalia Kobets (Chairwoman of the Internal Audit Commission); and (3) Irina Myryniuk (Director of Internal Audit in OOO Petro Welt Technologies). The Transaction was approved on general meeting of the shareholders of the Company on 16 August 2022.

The Transaction was structured as follows: (1) The Investors purchased from the Company 100% of the shares (participatory interests) in OOO Petro Welt Technologies ("Step 1") for RUB 20 million in the following parts: – 40% purchased by Denis Stankevich; – 30% purchased by Natalia Kobets; and – 30% purchased by Irina Myryniuk. Simultaneously with Step 1 OOO Petro Welt Technologies purchased (i) 100% of the shares (participatory interests) in OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling, OOO Trading House KAToil, OOO KAToil Leasing from the Company and (ii) 100% of the shares (participatory interests) in and OOO Wellprop from WELLPROP CYPRUS LIMITED (which is a 100% subsidiary of the Company) ("Step 2") for RUB 7,422 million.

The total gross (including all applicable taxes and levies) purchase price to be paid for all (100%) shares in all the Companies amounts to RUB 7,442 million (the "Purchase price"). The Purchase price takes in consideration, among others, the value of all sold Companies, the proposed 36 months payment term, as well as certain currency risks. The Group determined fair value of the Purchase price of RUB 6,006 million or TEUR 100,303 at the transaction date using discount rate of 13.66% for the payments to be received.

Operations with the Companies are accounted for as operations with related parties subsequent to the Transaction.

The disposal of the subsidiary had the following effect on the Group's assets and liabilities at the date of disposal:

in TEUR	Notes	Carrying amount at date of disposal
Non-current assets		**160,460**
Property, plant and equipment	6	156,027
Intangible assets	7	1,754
Right-of-use assets	8	306
Deferred tax assets	22	2,373
Current assets		**305,656**
Inventories		50,824
Income tax receivable		336
Trade and other receivables		82,621
Contract assets		40,454
Cash and cash equivalents		131,421
Non-current liabilities		**(15,880)**
Loans and borrowings		(10,287)
Deferred tax liabilities	22	(5,593)
Current liabilities		**(78,743)**
Loans and borrowings		(119)
Current lease liabilities	14	(317)
Income tax payables		(551)
Trade and other payables		(77,756)
Net identifiable assets and liabilities		**371,493**
Translation of a foreign operations		115,349
Translation of a foreign operations		13,286
Remeasurement of defined benefit plans		(444)
Items reclassified from equity to profit and loss due to sale of subsidiaries		**128,191**
Fair value of the Purchase price		(100,303)
Loss from sale of subsidiaries		**399,381**

The cumulative amount of currency translation reserve related to foreign operation of Russian subsidiaries of TEUR 128,191 was reclassified to profit or loss as part of the loss on sale of the Companies.

Changes in the Purchase price and deferred consideration were as follows:

in TEUR	Total
Purchase price	**123,958**
Effect of Purchase price discounting	(23,655)
Fair value of the Purchase price at the Transaction date	**100,303**
Payment received	(8,868)
Unwinding of discount	3,893
Loss from exchange rate differences	(19,649)
Receivable from sale of subsidiaries as at December 31, 2022	**75,679**
Non-current receivable from sale of subsidiaries	39,433
Current receivable from sale of subsidiaries	36,246
Receivable from sale of subsidiaries as at December 31, 2022	**75,679**

At December 31, 2022 the deferred consideration has decreased to TEUR 75,679 due to strengthening of exchange rate of RUB against EUR. The deferred receivable includes short-term part comprising TEUR 36,246, which was reduced on the received cash during 2022 year amounting to TEUR 8,868. Sale of subsidiaries, net of cash transferred, amounting to minus TEUR 122,553, comprises the Cash and cash equivalents of sold Russian subsidiaries (TEUR 131,421) netted with received cash consideration (TEUR 8,868). The deferred consideration includes the unwind of the discount since acquisition. Subsequent to the Transaction, new legislation was introduced in the Russian Federation, which stipulates certain procedures for companies originated in the EU to dispose participation interest in Russian legal entities, including requirement for approval of Russian Government commission. The legislation does not have retroactive effect, but it's subjected to frequent changes and different interpretations are possible, which increase uncertainty regarding repayment of receivable for sale of subsidiaries.

DISCONTINUED OPERATIONS IN OMAN

The Company decided to terminate its business activities in Oman under the existing joint venture. As a result, the subsidiary that the Group put in place to provide its services under this joint venture, PEWETE EVO SERVICES LLC, will be liquidated. PEWETE EVO SERVICES LLC thus is reported as discontinued operations. The majority of the Group's assets in Oman have been transferred to its activities in Kazakhstan as well as sold to third parties. Impairment loss allocated to property, plant and equipment of PEWETE EVO SERVICES LLC in 2022 amounted to TEUR 1,045.

DISCONTINUED OPERATIONS IN ROMANIA

Due to unforeseen delays and obstacles caused by COVID-19 restrictions the Company decided to halt its business expansion plans into Romania. PEWETE EVO EUROPE S.R.L. obtained the certificate of deregistration from Commercial register on November 8, 2022. Therefore, PEWETE EVO EUROPE S.R.L. is disclosed as "discontinued operations".

The Group distributed more than half of assets which were previously purchased and which were operated by PEWETE EVO EUROPE S.R.L. to the subsidiary OOO KATOBNEFT in 2021. The remaining part of those assets was reclassified in the balance sheet as at December 31, 2021 as assets, held for sale amounting to TEUR 2,919, including the impairment loss allocated to this part of assets of TEUR 1,342. The Group put those assets up for sale but without result due to decrease in demand. Impairment loss allocated to assets held for sale of PEWETE EVO EUROPE S.R.L. in 2022 amounted to TEUR 2,919.

RESULTS OF DISCONTINUED OPERATIONS

The revenue and expenses from discontinued operations, which are disclosed separately, are as follows:

in TEUR	Notes	2022	2021
Revenue	15	220,385	229,899
Cost of sales	16	(190,234)	(198,162)
Gross loss		**30,151**	**31,737**
Administrative expenses	17	(12,040)	(15,303)
Selling expenses	18	(1,876)	(1,840)
Other operating income	19	1,895	2,182
Other operating expenses	20	(2,206)	(1,361)
Operating result		**15,924**	**15,415**
Finance income	21	6,013	4,921
Finance costs	21	(2,724)	(200)
Net finance income	**21**	**3,289**	**4,721**
Profit before income tax		**19,213**	**20,136**
Income tax expense	22	(4,914)	(2,561)
Profit		**14,299**	**17,575**
Loss from sale of subsidiaries		(399,381)	-
(Loss)/Profit from discontinued operations		**(385,082)**	**17,575**

The profit from discontinued operations of TEUR 14,299 is attributable entirely to the owners of the Company.

The cash flows from discontinued operations, which are disclosed separately, are as follows:

in TEUR	2022	2021
Cash flows from operating activities	11,232	44,347
Cash flows (used in) / from investing activities	(15,888)	33,306
Cash flows used in financing activities	(100)	(56)

The Companies and PEWETE EVO SERVICES LLC were not previously classified as held-for-sale or as a discontinued operation. The Group adjusted accordingly Consolidated statement of profit and loss for the year ended December 31, 2021 due to separate presentation of the revenues and expenses from discontinued operations.

Unilateral entries affecting profit or loss are derecognized with an effect on profit or loss and the deferred taxes attributable to them are recognized.

6. PROPERTY, PLANT AND EQUIPMENT

Movements of the carrying amount of property, plant and equipment were as follows:

in TEUR	Land and buildings	Motor vehicles	Machinery, fittings and equipment	Electronic data processing equipment	Advance payments	Total
Cost or valuation						
At January 1, 2021	**16,753**	**15,822**	**344,520**	**2,247**	**1,529**	**380,871**
Additions	1,134	841	18,120	370	3,631	24,096
Transfer	63	-	1,493	-	(1,556)	-
Disposals	(308)	(251)	(7,295)	(433)	-	(8,287)
Assets classified as held for sale	-	-	(4,323)	-	-	(4,323)
Exchange differences	1,279	715	24,727	166	162	27,049
At December 31, 2021	**18,921**	**17,127**	**377,242**	**2,350**	**3,766**	**419,406**
Additions	2,863	1,634	24,269	47	4,597	33,410
Transfer	-	-	1,765	-	(1,765)	-
Disposals	(618)	(197)	(12,632)	(61)	(241)	(13,749)
Sale of subsidiaries	(28,632)	(21,148)	(507,865)	(3,009)	(8,432)	(569,086)
Exchange differences	7,617	3,894	137,101	855	2,142	151,609
At December 31, 2022	**151**	**1,310**	**19,880**	**182**	**67**	**21,590**
Depreciation and impairment						
At January 1, 2021	**9,056**	**13,050**	**233,940**	**1,199**	**-**	**257,245**
Depreciation	725	867	26,120	388	-	28,100
Reversal of impairment	-	-	(1,794)	-	-	(1,794)
Disposals	(293)	(245)	(6,973)	(411)	-	(7,922)
Assets classified as held for sale	-	-	(1,404)	-	-	(1,404)
Exchange differences	674	507	17,972	87	-	19,240
At December 31, 2021	**10,162**	**14,179**	**267,861**	**1,263**	**-**	**293,465**
Depreciation	668	759	21,102	282	-	22,811
Impairment	-	-	1,045	-	-	1,045
Disposals	(151)	(197)	(5,234)	(49)	-	(5,631)
Sale of subsidiaries	(14,454)	(17,094)	(379,652)	(1,859)	-	(413,059)
Exchange differences	3,803	2,836	102,056	519	-	109,214
At December 31, 2022	**28**	**483**	**7,178**	**156**	**-**	**7,845**
Net book value						
As of January 1, 2021	**7,697**	**2,772**	**110,580**	**1,048**	**1,529**	**123,626**
As of December 31, 2021	**8,759**	**2,948**	**109,381**	**1,087**	**3,766**	**125,941**
As of December 31, 2022	**123**	**827**	**12,702**	**26**	**67**	**13,745**

Depreciation expense for 2022 of TEUR 22,811 (2021: TEUR 28,100) has been charged to cost of sales from continuing operations of TEUR 1,335 and TEUR 21,198 to cost of sales from discontinued operations (2021: TEUR 634 and TEUR 27,042 respectively), to administrative expenses from continuing operations of TEUR 30 and TEUR 248 to administrative expenses from discontinued operations (2021: TEUR 32 and TEUR 392 respectively).

Impairment loss for 2022 of TEUR 1,045 (2021: TEUR nil) was recognized for the Oman subsidiary, refer to Note 5. The reversal of impairment loss for 2021 of TEUR 1,794 has been charged to cost of sales from discontinued operations. This reversal relates to the part of equipment which was previously operated by PEWETE EVO EUROPE S.R.L. and was distributed to other Group subsidiary which can provide more intensive utilization of the assets.

The property, plant and equipment for which operating rent income has been recognized was sold as part of Russian perimeter of business. Its net book value amounts to TEUR 90,076 as at the date of Transaction, representing cost in the amount of TEUR 350,651 and accumulated depreciation of in the amount of TEUR 260,575 (December 31, 2021: TEUR 61,346, representing cost in the amount of TEUR 239,135 and accumulated depreciation in the amount of TEUR 177,789). This property, plant and equipment mainly relates to “machinery, fittings and equipment”.

Depreciation methods, residual values and economic lifetime are reviewed at each balance sheet date and adjusted if necessary.

IMPAIRMENT OF NON-FINANCIAL ASSETS

As a result of a triggering event analysis as at December 31, 2022 certain indicators for impairment were identified (special military operation in Ukraine, increased geopolitical tense, fluctuations in oil prices and financial markets volatility, unstable economic performance throughout the year, COVID-19 pandemic). The recoverable amounts of cash-generating units were calculated.

The Group's management believes that the following Group’s subsidiaries constitute separate cash generating units:

- OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling, OOO Wellprop as at December 31, 2021;
- LLP Petro Welt Technologies Kazakhstan as at December 31, 2021 and December 31, 2022.

CGU PEWETE EVO EUROPE S.R.L. representing the Company’s Romanian subsidiary PEWETE EVO EUROPE S.R.L. stopped its operating activities by the reporting date December 31, 2021. More than half of the equipment operated by this entity was sold to OOO KATOBNEFT and was included in CGU KATOBNEFT as at December 31, 2021. The part remaining in Romania was fully impaired in 2022. Please refer to Note 5 of these financial statements.

During the reporting period the Group ceased the operations in Oman. Most of the equipment was transferred to Kazakhstan subsidiary TOO PWT Kazakhstan as well as to third party, the remaining equipment amounted to TEUR 1,045 was fully impaired in 2022.

The cash flows are derived from the budget for the next year and forecast for the remaining four years. The budget and business plans are updated to reflect the most recent developments as at issuance date of these consolidated financial statements. The calculations do not include restructuring activities or significant future investments that will enhance the asset’s performance of the CGU being tested.

The following assumptions were used when the impairment test was performed:

Assumptions used in impairment test	**12/31/2022**	**12/31/2021**
Information used	Actual operating results for the year 2022 and business plans for 2023-2027	Actual operating results for the year 2021 and business plans for 2022-2026
Forecast period	5 years (2023-2027)	5 years (2022-2026)
Consolidated forecast of volume of hydraulic fracturing and drilling operations	Based on management forecast of future trends and developments of the business approved by senior management	
Raw materials and production services price	Consensus estimates are obtained from published forecasts	
Forecast of capital expenditures	Based on the management forecasts of maintenance capital expenditures for modernization and reconstruction program	
Terminal growth rate	3.0%	4.0% – 5.2%
	Average producer price index in terminal period	
Weighted average cost of capital (discount rate)	16.1% – CGU TOO Petro Welt Technologies Kazakhstan	15.0% – CGUs OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling 15.2% – CGU OOO Wellprop 15.7% – CGU TOO Petro Welt Technologies Kazakhstan
	Current market assessment of the risks specific to cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC), which is based on risk free interest rate, risk premium, size premium and equity beta. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. Equity risk premium of 6.0% is an expert estimation that was not changed from 6.0% used in the previous reporting period due to the expectation of ongoing recovery of business. The cost of debt is based on the market rates of interest-bearing long-term borrowings. CGU-specific risk is incorporated by applying individual beta factors. These factors are evaluated annually based on publicly available market data.	

As a result of the impairment testing as at December 31, 2022 there were no cases when carrying amount exceeded the value in use of the CGU tested. In addition to that, the part of the impairment previously recognized in respect of CGU PEWETE EVO EUROPE SRL was reversed in the amount of TEUR 1,794 in 2021 due to respective equipment was distributed to and tested within CGU KATOBNEFT as at December 31, 2021.

SENSITIVITY TO CHANGES IN KEY ASSUMPTIONS

The calculation of value in use for cash-generating units is most sensitive to the following assumptions:

- Consolidated forecast of sales price of hydraulic fracturing;
- Discount rate;

12/31/2022	12/31/2021
Equality of value in use and carrying amount becomes possible in case of revenue decrease by 6.1% in each of the years of the forecast period for CGU PWT Kazakhstan.	Equality of value in use and carrying amount becomes possible in case of revenue decrease by 3.1% in each of the years of the forecast period for CGU KATOBNEFT, by 6.0% for CGU KAToil-Drilling, by 4.7% for Katkoneft, by 14.4% for PWT Kazakhstan and by 2.2% for CGU Wellprop.
Increase of discount rate to 24.8% would result in equality of value in use and carrying amount of CGU PWT Kazakhstan.	Increase of discount rate to 20.5%, 19.6% and 24.8% would result in equality of value in use and carrying amount of CGU KAToil-Drilling, CGU KATOBNEFT and CGU PWT Kazakhstan respectively. The impairment of CGU KATKoneft is indicated in case of discount rate growth to 22.4% and to 16.4% for CGU Wellprop.

7. INTANGIBLE ASSETS

in TEUR	The right to use production technology	Software and other intangible assets	Total
Cost			
As of January 1, 2021	**2,264**	**1,047**	**3,311**
Additions	3	313	316
Exchange differences	-	37	37
As of December 31, 2021	**2,267**	**1,397**	**3,664**
Disposals	(3)	(94)	(97)
Sale of subsidiaries	(2,264)	(925)	(3,189)
Exchange differences	-	260	260
As of December 31, 2022	**-**	**638**	**638**
Depreciation and impairment			
As of January 1, 2021	**481**	**641**	**1,122**
Amortization	149	234	383
Exchange differences	-	37	37
As of December 31, 2021	**630**	**912**	**1,542**
Amortization	147	224	371
Disposals	-	(37)	(37)
Sale of subsidiaries	(777)	(658)	(1,435)
Exchange differences	-	179	179
As of December 31, 2022	**-**	**620**	**620**
Net book value			
As of January 1, 2021	**1,783**	**406**	**2,189**
As of December 31, 2021	**1,637**	**485**	**2,122**
As of December 31, 2022	**-**	**18**	**18**

No internally generated intangible assets are capitalized.

8. LEASE

Changes in right-of-use assets between January 1 and December 31 are as follows:

in TEUR	Right-of-use land	Right-of-use buildings	Right-of-use transport vehicles	Total
Cost				
As of January 1, 2021	**392**	**626**	**58**	**1,076**
Additions	-	276	16	292
Disposals	-	(402)	(74)	(476)
Exchange differences	30	12	-	42
As of December 31, 2021	**422**	**512**	**-**	**934**
Additions	-	178	-	178
Disposals	(491)	(225)	-	(716)
Sale of subsidiaries	-	(397)		(397)
Exchange differences	69	110	-	179
As of December 31, 2022	**-**	**178**	**-**	**178**
Accumulated depreciation				
As of January 1, 2021	**3**	**235**	**16**	**254**
Depreciation	14	187	15	216
Disposals	-	(227)	(31)	(258)
Exchange differences	-	3		3
As of December 31, 2021	**17**	**198**	**-**	**215**
Depreciation	12	97	-	109
Disposals	(33)	(225)	-	(258)
Sale of subsidiaries	-	(91)	-	(91)
Exchange differences	4	21	-	25
As of December 31, 2022	**-**	**-**	**-**	**-**
Net book value				
As of January 1, 2021	**389**	**391**	**42**	**822**
As of December 31, 2021	**405**	**314**	**-**	**719**
As of December 31, 2022	**-**	**178**	**-**	**178**

9. INVENTORIES

in TEUR	12/31/2022	12/31/2021
Spare parts and other materials	1,468	25,028
Raw material	1,162	7,150
Fuel and lubricants	6	2,375
Finished goods and goods for resale	-	2,017
Total	**2,636**	**36,570**

As at December 31, 2022 no inventories have been pledged as collateral for borrowings (December 31, 2021: nil).

10. TRADE RECEIVABLES, CONTRACT ASSETS AND LEASE RECEIVABLES

Trade receivables comprise the receivables from contracts with customers with unconditional right to payment in the amount of TEUR 953 (December 31, 2021: TEUR 69,971). For further information see Note 15 Revenue.

Most part of the Group's trade receivables relates to the Kazakhstan oil companies such as Kazmunaygaz which is rated as BBB- based on Fitch's most recent available ratings.

In determining ECL the most current available ratings are used, which present a long-term outlook of external rating agencies. Also there are no impairment indicators of the portfolio in terms of delays in payments or decrease in the counterparties ratings.

The estimated ECLs were calculated based on the lifetime expected loss basis and reflects the short maturities of the exposures.

Probability of default (PD) and loss given default (LGD) were used for the assessment of expected credit losses. Probability of default corresponds to the long-term average default rate for each rating category and was estimated according to a study «2021 Annual Global Default Study and Rating Transitions» by Standard and Poor's. The rating category was determined on the basis of the minimum rating of three international rating agencies (Moody's, S&P and Fitch). LGD parameters generally reflect an assumed recovery rate which is estimated at a constant level of 45% according to «Basel II: International Convergence of Capital Measurement and Capital Standards» for corporate borrowers (2021: 45%). PD lifetime is assessed based on 1-year PD interpolation for time to maturity. The Group does not have financial assets with a term in excess of 1 year. For further information on amounts recognized for ECLs refer to Note 28 Financial risk management objectives and policies.

CONTRACT ASSETS

Contract assets were as follows:

in TEUR	12/31/2022	12/31/2021
Contract assets	-	13,755
Total	**-**	**13,755**

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet invoiceable at the reporting date on drilling and fracturing arrangements. The contract assets are transferred to receivables when the rights become unconditional. During the year the contract assets were transferred to receivables or paid by the customers. This usually occurs when the Group issues an invoice to the customer in accordance with the contract.

The amount of contract assets during the period ended December 31, 2021 was impacted by an impairment charge of TEUR 3.

All remaining performance obligations relate to contracts with customers with a contractual term of less than 12 months.

11. OTHER CURRENT ASSETS

Other current assets comprise the following items:

in TEUR	12/31/2022	12/31/2021
Receivables from affiliated parties	362	362
Value added tax	320	468
Advance payments	103	1,522
Deferred expenses	64	22
Other receivables	1,359	3,041
Total	**2,208**	**5,415**

Fair value of financial current assets approximate their carrying value as of December 31, 2022.

12. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

Cash and cash equivalents consist of the following:

in TEUR	12/31/2022	12/31/2021
Bank balances	9,720	15,322
Short-term deposits	48,870	127,275
Total	**58,590**	**142,597**

As at December 31, 2022 cash in current bank accounts denominated in euro was TEUR 1,762, in US dollar was TEUR 7,712, in Russian rubles was TEUR 134, in Omani rial was TEUR 4, in Romanian leu was TEUR 94, in Swiss franc was TEUR 14 (December 31, 2021: in euro TEUR 6,815, in US dollar TEUR 1,160, in Russian rubles TEUR 6,610, in Kazakh tenge TEUR 499, in Omani rial TEUR 61, in Romanian leu TEUR 177).

As at December 31, 2022 deposits with maturities of three months or less denominated in Russian rubles were nil, in Kazakh tenge were TEUR 1,113, in US dollars were 47,412, and in euros were TEUR 345 (December 31, 2021: in Russian rubles TEUR 102,206, in Kazakh tenge TEUR 1,396, in US dollars TEUR 23,673) and bear interest of 4.05%-14.75% (December 31, 2021: 0.1%-9.15%).

As at December 31, 2022 the Group does not hold any bank deposits with maturities of more than three months (December 31, 2021: in US dollars – TEUR 406, in Russian rubles – TEUR 520, interest – 0.3%-6.96%).

There was no significant cash restricted from use as at December 31, 2022 and December 31, 2021.

The cash and cash equivalents are held with bank and financial institutions, which are rated Aa2 to B3, based on Moody's most recent available ratings as at December 31, 2022 (December 31, 2021: A1 to B3). The Group monitors changes in credit risk by tracking published external credit ratings and licence status of the financial institutions.

The estimated impairment of cash and cash equivalents is calculated based on 12 month ECL or less if the term of the financial instrument is less than 12 months. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and the validity of a licence of each financial institution. Probability of default corresponds to the long-term average default rate for each rating category and was estimated according to a study «2021 Annual Global Default Study and Rating Transitions» by Standard and Poor's. The rating category was determined on the basis of the minimum rating of three international rating agencies (Moody's, S&P and Fitch). LGD parameter is estimated at a constant level of 80% based on Fitch's rating analysis.

The impairment losses for cash and cash equivalents accrued according to IFRS 9 comprised TEUR 0 (December 31, 2021: TEUR 53).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 28.

13. EQUITY

The carrying value of share capital and the legal share capital value issued and fully paid up consist of the following:

12/31/2022		12/31/2021	
No. of shares	Carrying amount	No. of shares	Carrying amount
48,850,000	48,850	48,850,000	48,850

The Company's share capital amounts to TEUR 48,850 (December 31, 2021: TEUR 48,850) and consists of 48,850,000 issued and outstanding no-par-value shares. The shares are listed on the Prime Standard, Official Market, on the Frankfurt Stock Exchange. All shares are admitted for trading. No preferred shares have been issued. There are no restrictions regarding voting rights or transmission rights of the shares. The Company has not acquired any of its own shares to date.

The shareholders are entitled to exercise their rights, in particular their voting rights, at the Annual General Meeting. Each share in the Company entitles the holder to one vote. There are no multiple or preferential voting rights and there is no cap on the number of voting rights.

On September 7, 2022, Joma Industrial Source Corp. requested to initiate the procedure for the exclusion of minority shareholders (squeeze-out). Joma Industrial Source Corp. intends to acquire all shares of Petro Welt Technologies AG, which are not held by it or its indirect subsidiary Petro Welt Holding Limited, against payment of a cash settlement price of EUR 2.20 per share, including dividend entitlements. At this point it will be referred to the mandatory publications around the planned squeeze-out at https://www.pewete.com/de/news/ad-hoc / expelled. The Annual General Meeting, which decides on the squeeze-out, is to be held in 2023.

CAPITAL RESERVE

The capital reserve comprises the share premium from the issue of shares and amounted to TEUR 111,987 (December 31, 2021: TEUR 111,987).

CURRENCY TRANSLATION RESERVE

Currency translation reserve comprises the following items:

in TEUR	2022	2021
Foreign currency reserves at January 1	**233,478**	**253,421**
Net investments	(887)	(5,948)
Currency translation differences	(101,984)	(13,995)
Sale of subsidiaries	(128,635)	-
Foreign currency reserves at December 31	**1,972**	**233,478**

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Exchange differences and related income tax effects resulting from intra-Group loans issued by the Company, which are part of a net investment in foreign operations, are recognized net of tax in other comprehensive income.

RETAINED EARNINGS

Retained earnings include the net income and losses of consolidated subsidiaries, as adjusted for the purpose of consolidation and amounted to minus TEUR 133,612 (December 31, 2021: plus TEUR 278,199).

14. CURRENT AND NON-CURRENT LIABILITIES

On December 3, 2021, The Company signed an amendment agreement for a loan in the amount of TEUR 116,303 that set interest at 2.5% above 6m EURIBOR rate and prolonged the maturity of the loan and accrued interest until December 31, 2029, interest accruing during the remaining term of the loan are payable at loan maturity date.

As at December 31, 2022 the non-current financial liabilities against Petro Welt Holding (Cyprus) Ltd. amounted to TEUR 129,888, including accrued but unpaid interest of TEUR 13,585 (December 31, 2021: TEUR 126,310, including accrued but unpaid interest of TEUR 10,007).

Current liabilities comprise the following items:

in TEUR	12/31/2022	12/31/2021
Trade payables	1,819	35,581
Other current liabilities	3,540	28,347
Contract liabilities	56	440
Income tax payables	1,868	1,159
Total	**7,283**	**65,527**

Other current liabilities consist of the following items:

in TEUR	12/31/2022	12/31/2021
Value added tax liabilities	-	8,748
Wages and salary liabilities	481	2,342
Unused vacations liabilities	249	9,047
Social insurance liabilities	48	1,141
Other tax liabilities	39	560
Property tax liabilities	-	25
Provisions for future losses	-	841
Other liabilities	2,723	5,643
Total	**3,540**	**28,347**

PROVISION FOR ONEROUS CONTRACTS

Management analyses at each reporting date incomplete wells for the excess of total revenue over the costs incurred. When it is probable that total costs will exceed total revenue, the expected loss is recognized immediately as an expense. Costs comprise both incremental costs (such as labour and materials) and allocation of other direct costs (incl. depreciation). Loss for such unprofitable wells in progress as at the reporting date is charged to cost of sales (refer to the Note 16) in the period in which management became aware of it and is accumulated in the consolidated statement of financial position as provision for onerous contracts.

The provision for onerous contracts related to incomplete wells amounted to TEUR nil (December 31, 2021: TEUR 841).

RECONCILIATION OF CHANGES IN FINANCIAL LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		
in TEUR	Lease liabilities	Financial liabilities to affiliated parties	Total
Balance at January 1, 2022	**749**	**126,310**	**127,059**
Changes from financing cash flows			
Payment of lease liabilities	(127)	-	(127)
Total changes from financing cash flows	**(127)**	**-**	**(127)**
Other changes			
New leases	178	-	178
Accrued interest expense	33	3,578	3,611
Interest paid	(33)	-	(33)
Disposal	(494)	-	(494)
Sale of subsidiaries	(317)	-	(317)
Exchange differences	189	-	189
Total other changes	**(444)**	**3,578**	**3,134**
Balance at December 31, 2022	**178**	**129,888**	**130,066**

	Liabilities		
in TEUR	Lease liabilities	Financial liabilities to affiliated parties	Total
Balance at January 1, 2021	**819**	**122,905**	**123,724**
Changes from financing cash flows			
Payment of lease liabilities	(200)	-	(200)
Total changes from financing cash flows	**(200)**	**-**	**(200)**
Changes in fair value	**-**	**-**	**-**
Other changes			
New leases	292	-	292
Accrued interest expense	42	3,405	3,447
Interest paid	(25)	-	(25)
Disposal	(222)	-	(222)
Exchange differences	43	-	43
Total other changes	**130**	**3,405**	**3,535**
Balance at December 31, 2021	**749**	**126,310**	**127,059**

15. REVENUE

In the following table, revenue is disaggregated by primary geographical market, major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to the Note 25).

Lease payments are mostly variable. The contracts are concluded for 1 up to 3 years and the payments are mostly variable and do not depend on an index or rate.

Disaggregated revenue 2022:

in TEUR	Well Services and Stimulation		Drilling, Sidetracking, and IPM (Discontinued Operations)	Proppant Manufacturing (Discontinued Operations)	Total segments	Reconciliation	Group
	Continuing Operations	Discontinued Operations					
External sales	14,722	100,707	110,557	9,121	235,107	-	235,107
Group sales	-	492	86	4,657	5,235	(5,235)	-
Total sales	**14,722**	**101,199**	**110,643**	**13,778**	**240,342**	**(5,235)**	**235,107**
Primary geographical markets							
Russia		100,622	110,643	11,179	222,444	(4,149)	218,295
Kazakhstan	14,722	-	-	1,292	16,014	(1,086)	14,928
CIS and Ukraine	-	-	-	1,085	1,085	-	1,085
European and Central African countries and Middle East	-	577	-	222	799	-	799
Total sales	**14,722**	**101,199**	**110,643**	**13,778**	**240,342**	**(5,235)**	**235,107**
Major products/service lines							
Hydraulic fracturing	14,722	98,360	-	-	113,082	(492)	112,590
Sidetrack drilling	-	-	55,254	-	55,254	(45)	55,209
Conventional drilling	-	-	38,575	-	38,575	(41)	38,534
Cementing	-	2,808	-	-	2,808	-	2,808
Rent income (IFRS 16)	-	-	16,794	-	16,794	-	16,794
Sale of proppant	-	-	-	9,618	9,618	(4,657)	4,961
Other services	-	31	20	4,160	4,211	-	4,211
Total sales	**14,722**	**101,199**	**110,643**	**13,778**	**240,342**	**(5,235)**	**235,107**
Timing of revenue recognition							
Goods and services transferred at a point in time	-	-	-	13,778	13,778	(4,657)	9,121
Short-term services	14,722	101,199	-	-	115,921	(492)	115,429
Services transferred over time	-	-	93,849	-	93,849	(86)	93,763
Rent income (IFRS 16)	-	-	16,794	-	16,794	-	16,794
Total sales	**14,722**	**101,199**	**110,643**	**13,778**	**240,342**	**(5,235)**	**235,107**

Disaggregated revenue 2021:

in TEUR	Well Services and Stimulation Continuing Operations	Well Services and Stimulation Discontinued Operations	Drilling, Sidetracking, and IPM (Discontinued Operations)	Proppant Manufacturing (Discontinued Operations)	Total segments	Reconciliation	Group
External sales	7,680	91,467	125,472	12,960	237,579	-	237,579
Group sales	-	482	111	1,662	2,255	(2,255)	-
Total sales	**7,680**	**91,949**	**125,583**	**14,622**	**239,834**	**(2,255)**	**237,579**
Primary geographical markets							
Russia	-	91,627	124,977	13,044	229,648	(1,409)	228,239
Kazakhstan	7,680	-	-	846	8,526	(846)	7,680
CIS and Ukraine	-	-	-	270	270	-	270
European and Central African countries and Middle East	-	322	606	462	1,390	-	1,390
Total sales	**7,680**	**91,949**	**125,583**	**14,622**	**239,834**	**(2,255)**	**237,579**
Major products/service lines							
Hydraulic fracturing	7,680	89,836	-	-	97,516	(482)	97,034
Sidetrack drilling	-	-	54,366	-	54,366	(66)	54,300
Conventional drilling	-	-	49,695	-	49,695	(45)	49,650
Cementing	-	2,077	-	-	2,077	-	2,077
Rent income (IFRS 16)	-	-	21,497	-	21,497	-	21,497
Sale of proppant	-	-	-	11,348	11,348	(1,662)	9,686
Other services	-	36	25	3,274	3,335	-	3,335
Total sales	**7,680**	**91,949**	**125,583**	**14,622**	**239,834**	**(2,255)**	**237,579**
Timing of revenue recognition							
Goods and services transferred at a point in time	-	-	-	14,622	14,622	(1,662)	12,960
Short-term services	7,680	91,949	-	-	99,629	(482)	99,147
Services transferred over time	-	-	104,086	-	104,086	(111)	103,975
Rent income (IFRS 16)	-	-	21,497	-	21,497	-	21,497
Total sales	**7,680**	**91,949**	**125,583**	**14,622**	**239,834**	**(2,255)**	**237,579**

Revenue from continuing and discontinued operations from contracts with customers amounted to TEUR 218,313 (2021: TEUR 216,082).

The following key assumptions were used when determining the stage of completion of wells not completed at the reporting date for the years ended December 31, 2022 and December 31, 2021:

Business unit	Sidetrack drilling	Conventional drilling
Drilling, Sidetracking, and IPM	The stage of completion is determined based on the length actually drilled as at the reporting date or on the number of days actually worked on the well as at the reporting date	The stage of completion is determined based on the number of days actually worked on the well as at the reporting date

The Group's results are not subject to significant seasonal fluctuations.

16. COST OF SALES

in TEUR	2022		2021 adjusted	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Raw materials	2,552	59,689	1,464	56,598
Direct costs	2,107	47,051	448	53,595
Depreciation	1,496	21,435	2,162	25,785
Impairment loss	-	3,964	-	-
Reversal of impairment loss	-	-	(1,794)	-
Wages and salaries	1,810	40,902	1,810	41,128
Social tax	247	12,285	64	12,611
Other costs	915	4,908	1,266	8,445
Total	**9,127**	**190,234**	**5,420**	**198,162**

Direct costs from continuing and discontinued operations amounting to TEUR 49,158 (2021: TEUR 54,043) comprise production services, transportation, repair and maintenance expenses.

17. ADMINISTRATIVE EXPENSES

	2022		2021 adjusted	
in TEUR	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Wages and salaries (incl. remuneration for executive bodies)	2,500	7,481	1,995	9,470
Consulting fees	4,175	386	8,019	426
Tax expense	25	63	13	71
Social tax	266	1,843	293	2,192
Rent expense on an operating lease	142	232	52	318
Travel and entertainment expenses	1,361	279	83	516
Depreciation and amortization	86	274	253	499
Purchase of other materials	15	216	9	322
Services rendered	492	649	583	984
Bank fees	66	53	39	70
Training costs	4	28	8	41
Audit fees	500	16	516	35
Insurance	82	43	67	20
Maintenance costs	12	202	11	268
Other administrative expenses	169	212	24	71
Total	**9,832**	**12,040**	**11,965**	**15,303**

REMUNERATION OF THE GROUP AUDITOR

The Group auditor was entitled for the following remuneration based on services:

in TEUR	2022	2021
Audit fees (Group audit and year-end audits)	350	446
Audit fees relating to prior years	112	74
Total	**462**	**520**

18. SELLING EXPENSES

	2022		2021 adjusted	
in TEUR	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Transportation costs	-	1,489	-	1,338
Wages and salaries	-	221	-	270
Social tax	-	60	-	58
Other selling expenses	-	106	-	174
Total	**-**	**1,876**	**-**	**1,840**

19. OTHER OPERATING INCOME

	2022		2021 adjusted	
in TEUR	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Gain from disposal of property, plant and equipment	5,001	409	37	612
Income from reversals of written-down inventories	3	2	61	91
Income from prior periods	-	-	-	7
Income from reversals of written-down trade receivables	7	464	32	237
Income from penalties	-	121	12	375
Other income	444	899	123	860
Total	**5,455**	**1,895**	**265**	**2,182**

20. OTHER OPERATING EXPENSES

	2022		2021 adjusted	
in TEUR	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Loss from the disposal of property, plant and equipment	6,510	975	11	287
Write-down of trade receivables	2	120	-	13
Loss from inventory write-off and obsolesce provision	-	496	-	25
Other expenses	11	615	479	1,036
Total	**6,523**	**2,206**	**490**	**1,361**

21. NET FINANCE INCOME

in TEUR	2022 Continuing operations	2022 Discontinued operation	2021 adjusted Continuing operations	2021 adjusted Discontinued operation
Interest income	4,244	6,013	58	4,921
Gain from exchange rate differences	-	-	535	-
Total finance income	**4,244**	**6,013**	**593**	**4,921**
Interest expenses	(3,579)	(32)	(3,409)	(61)
Loss from exchange rate differences	(19,766)	(2,692)	-	(139)
Total finance costs	**(23,345)**	**(2,724)**	**(3,409)**	**(200)**
Total net finance (loss)/income	**(19,101)**	**3,289**	**(2,816)**	**4,721**

The Group's interest income is mainly attributable to interest on cash and cash equivalents and bank deposits. Interest expenses relate mostly to non-current financial liabilities against Petro Welt Holding (Cyprus) Ltd. For further details please refer to the Note 14 Current and non-current liabilities.

22. INCOME TAX

The tax rate for the Austrian company in 2022 was 25% (2021: 25%), for the Russian subsidiaries - 20% (2021: 20%) and for income taxable under tax law in Kazakhstan – 20% (2021: 20%).

Income tax expenses recognized in profit or loss are:

in TEUR	2022 Continuing operations	2022 Discontinued operation	2021 adjusted Continuing operations	2021 adjusted Discontinued operation
Current tax expenses	3,117	4,784	623	4,316
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	(972)	69	475	(2,229)
Withholding tax	48	-	335	-
Income taxes from previous years	130	61	471	474
Current and deferred tax expenses	**2,323**	**4,914**	**1,904**	**2,561**

The taxable profit of the Company calculated for the fiscal year 2022 includes an estimate of the exit taxation in the course of the disposal of all Russian subsidiaries due to imponderables with regard to the valuation and the interpretation of complex tax rules and regulations. The tax return preparation will require a detailed analysis and valuation of the functions transferred considering the tax audit findings. In the course of the calculation of the provision for the reporting year a simplified method by using a perpetual annuity was applied.

In 2022 the income tax contains withholding taxes of TEUR 48 (2021: TEUR 335) resulted from intra-Group interest. The rate for withholding tax on dividends in Russia was unchanged at 5%.

Amounts recognized in other comprehensive income were as follows:

	2022			2021		
in TEUR	**Before tax**	**Related tax**	**Net of tax**	**Before tax**	**Related tax**	**Net of tax**
Net investments in foreign operations	1,190	(303)	887	7,677	(1,729)	5,948
Net gains/(losses) on remeasurement of defined benefit plans	-	-	-	116	(23)	93

The tax effect related to the net investment in foreign operation consists of deferred income tax gain amounting to TEUR 303 (2021: 1,729) as well as current income tax gain of TEUR 0 (2021: TEUR 201).

Reconciliation of effective tax rate:

in TEUR	**2022**	**2021**
Result before income taxes	(404,574)	7,390
Tax using the Russian tax rate (20%)	(80,915)	1,478
Effect of tax rates in foreign jurisdictions	505	(211)
Tax-free income and non-deductible expenses, net	90,466	2,705
Change in unrecognized deferred taxes	(2,689)	(217)
Withholding tax on dividends and interest	48	335
Overprovided in previous years	191	942
Other effects	(369)	(567)
Current and deferred tax expenses	**7,237**	**4,465**
Current and deferred tax expenses according to the consolidated statement of profit or loss	**7,237**	**4,465**
Tax rate	**1.79%**	**60.42%**

The change in the effective tax rate is due to the following: In the reporting year, all Russian subsidiaries were sold. These subsidiaries are subject to the international participation exemption as no option for tax effectiveness had been exercised in the respective years. Consequently, the loss resulting from the sale and related foreign exchange losses have to be neutralized for tax purposes. The sale was reported to the tax authorities under the MDR regime and triggers an exit taxation with regard to functions performed so far. The existent tax loss carryforwards which could not have been capitalized to a large extent in the past in lack of a tax planning are expected to be utilized against the taxable profit calculated for the fiscal year 2022. The reduction of the corporate income tax rate in Austria to 23% starting with the year 2024 had an impact on the effective tax rate as well.

Deferred taxes result from the individual statement of financial position items as follows:

	12/31/2022		Change in deferred taxes				01/01/2022	
in TEUR	**Deferred tax assets**	**Deferred tax liabilities**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Effect of movement in exchange rates**	**Disposal due to sale of Russian subsidiaries**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carry-forwards	-	-	(1,538)	-	371	(900)	2,067	-
Deferred expenses/liabilities	87	-	917	-	1,177	(4,457)	2,455	(5)
Fixed assets/depreciation	-	(80)	1,788	-	(2,513)	8,789	-	(8,144)
Other	-	(249)	(264)	(303)	142	(212)	1,345	(957)
Netting	(87)	87	-	-	-	-	(4,133)	4,133
Total	**-**	**(242)**	**903**	**(303)**	**(823)**	**3,220**	**1,734**	**(4,973)**

	12/31/2021		Change in deferred taxes			01/01/2021	
in TEUR	**Deferred tax assets**	**Deferred tax liabilities**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Effect of movement in exchange rates**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carry-forwards	2,067	-	(574)	-	173	2,468	-
Deferred expenses/liabilities	2,455	(5)	637	-	150	1,663	-
Fixed assets/depreciation	-	(8,144)	(413)	-	(569)	-	(7,162)
Other	1,345	(957)	2,104	(1,528)	9	473	(670)
Netting	(4,133)	4,133	-	-	-	(3,623)	3,623
Total	**1,734**	**(4,973)**	**1,754**	**(1,528)**	**(237)**	**981**	**(4,209)**

In accordance with the Russian tax legislation tax losses do not expire, but may be set off only against 50% of taxable profits for a given tax year. The tax loss carryforward as at December 31, 2022 was nil due to sale of Russian subsidiaries (December 31, 2021: TEUR 47,546), accordingly deferred tax assets as at reporting date was nil due to sale of Russian subsidiaries. As at December 31, 2021 deferred tax assets of TEUR 9,509 have not been recognized in respect of the losses because it was not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

In Austria tax losses can be carried forward without any time limit (no expiration). However, tax loss carryforwards generally can be offset against taxable income only up to a maximum of 75% of the taxable income for any given year (offset limitation). In the reporting period 2022 the utilization of all tax loss carryforwards has to be considered. The tax loss carryforward as at December 31, 2021 in the amount of TEUR 31,665 was not expected to be utilized in future. Deferred tax assets in the amount of TEUR 6,015 had not been recognized in respect of these losses because it was not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Due to the transactions performed in 2022 a utilization is now to be expected.

The amount of taxable temporary differences in connection with interests in subsidiaries for which no deferred tax liability was recognized is TEUR 2,705 (2021: TEUR 67,610), as the parent company is able to control when the temporary difference is reversed.

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group provides the post-employment benefits (such as lump-sum payments upon retirement or disability, lump-sum payments due to the relocation of an employee from the Far North regions to a new place of residence after termination of employment, payments in case of employee's death and payments to the former employees retired upon disability) and other long-term benefits (such as payments to employees' jubilees).

The level of benefits is fixed and does not depend on salary. Since the future payments will be indexed, the plan is exposed to the inflation and increase in the cost of living risks. The plan is also exposed to the risk of changes in the life expectancy of the employees. Therefore, the Group determines the conservative assumption on the expected growth rate of fixed payments and used mortality tables, which are adjusted to reflect expected increase in life expectancy in the future.

The next table represents the net benefit expenses recognized in the 2021 financial year. In 2022 the Group disposed post-employment benefits due to the sale of the Russian subsidiaries, to which those benefits were attributable.

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY

The following table presents roll from the opening balances to the closing balances for net defined benefit liability and its components:

	2022			2021		
in TEUR	Post-employment benefits	Other long-term employee benefits	Total	Post-employment benefits	Other long-term employee benefits	Total
Defined benefit obligation as of January 1	115	81	196	198	116	314
Included in profit or loss						
Current service cost	-	-	-	23	18	41
Interest cost	-	-	-	13	10	23
Benefits paid	**-**	**-**	**-**	**(15)**	**(9)**	**(24)**
Included in other comprehensive income						
Actuarial (gains)/losses, including:						
Financial assumptions	-	-	-	(73)	(43)	(116)
Experience adjustments	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	(31)	(11)	(42)
Disposal due to the sale of Russian subsidiaries	(115)	(81)	(196)			
Defined benefit obligation as of December 31	**-**	**-**	**-**	**115**	**81**	**196**

ACTUARIAL ASSUMPTIONS

The following were the principal actuarial assumptions at the December 31, 2021:

Assumptions	2021
Discount rate	8.40%
The growth rate of fixed payments	4.47%
Tax rate	Varies from 21% to 26% depending on the company
Employee turnover rates	Declines from 36% to 0% per year depending on year of service and gender
Mortality	Mortality table of the Russian Federation for the year 2019, adjusted by 77%

The next table represents the duration of the liability of the defined benefit plan at December 31, 2021:

Years	Post-employment benefits	Other long-term employee benefits	Total
Duration	15.58	12.34	14.31

SENSITIVITY ANALYSIS

Reasonably possible changes at December 31, 2021 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below:

Assumption	Post-employment benefits	Other long-term employee benefits	Total
Increase in discount rate by 1%	(10.1%)	(7.5%)	(9.1%)
Decrease in discount rate by 1%	12.3%	9.9%	11.3%
Increase in growth rate of fixed benefits by 1%	10.8%	8.8%	10.0%
Decrease in growth rate of fixed benefits by 1%	(9.8%)	(7.3%)	(8.8%)
Increase in mortality by 10%	0.6%	(0.2%)	0.3%
Decrease in mortality by 10%	1.0%	1.3%	1.1%
Increase in rate of employee's turnover by 1%	(8.1%)	(7.8%)	(8.0%)
Decrease in rate of employee's turnover by 1%	2.5%	4.5%	3.3%

24. EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2022 and December 31, 2021 was based on the (loss)/profit attributable to ordinary shareholders and a weighted-average number of ordinary shares.

in TEUR		2022	2021
Common stock	Thousand	48,850	48,850
Profit	TEUR	(411,811)	2,925
Earnings per share	EUR	(8.43)	0.06

The Company has no dilutive potential ordinary shares.

25. OPERATING SEGMENTS

For management purposes the Group is organized into business units based on their services, and has the following reportable operating segments:

- Well Services and Stimulation – services for hydraulic fracturing (operated by TOO PWT Kazakhstan. OOO KATKoneft, PEWETE EVO SERVICES LLC are classified as discontinued operations.);
- Drilling, Sidetracking and Integrated Project Management (IPM) – services for conventional drilling, sidetrack drilling (operated by OOO KAT-oil Drilling and OOO KATOBNEFT). The segment is classified as discontinued operations.
- Proppant Manufacturing (operated by OOO Wellprop). The segment is classified as discontinued operations.

Management monitors operating results of its business units separately for the purpose of making decisions and performance assessment. Segment performance is evaluated based on financial information prepared in accordance to management accounting, which approximates IFRS.

Transactions between the business segments are conducted on normal commercial terms and conditions. Reconciliation include amounts related to corporate activities which are not allocated to operating segments and the reconciliation of the total reportable segments amounts to the financial statements.

Segment information as at and for the years ended December 31, 2022 and December 31, 2021 is presented below.

REPORTING SEGMENT RESULTS FOR 2022

	Well Services and Stimulation						
in TEUR	Continuing operations	Discontinued operations	Drilling, Sidetracking, and IPM (Discontinued operations)	Proppant Manufacturing (Discontinued operations)	Total segments	Reconciliation	Group
External sales	14,722	100,707	110,557	9,121	235,107	-	235,107
Group sales	-	492	86	4,657	5,235	(5,235)	-
Total sales	**14,722**	**101,199**	**110,643**	**13,778**	**240,342**	**(5,235)**	**235,107**
Cost of sales	(10,054)	(95,326)	(90,703)	(9,056)	(205,139)	5,778	(199,361)
Administrative expenses	(905)	(4,059)	(7,386)	(872)	(13,222)	(8,650)	(21,872)
Selling expenses	-	-	-	(1,876)	(1,876)	-	(1,876)
Other operating income and expenses	(2,192)	114	(5,418)	37	(7,459)	6,080	(1,379)
Sale of subsidiaries	-	-	-	-	-	(399,381)	(399,381)
Operating result	**1,571**	**1,928**	**7,136**	**2,011**	**12,646**	**(401,408)**	**(388,762)**
Finance income							6,646
Finance costs							(22,458)
Loss before tax							**(404,574)**
Income tax expense							(7,237)
Loss after tax							**(411,811)**
Segment depreciation and impairment losses	1,556	8,476	16,301	400	26,733	522	27,255
Segment assets	19,734	286	-	-	20,020	142,768	162,788
Segment liabilities	11,584	6,072	-	-	17,656	119,879	137,535
Capital expenditure	4,057	11,862	16,863	503	33,357	53	33,410

REPORTING SEGMENT RESULTS FOR 2021

in TEUR	Well Services and Stimulation: Continuing Operations	Well Services and Stimulation: Discontinued Operations	Drilling, Sidetracking, and IPM (Discontinued operations)	Proppant Manufacturing (Discontinued operations)	Total segments	Reconciliation	Group
External sales	7,680	91,467	125,472	12,960	237,579	-	237,579
Group sales	-	482	111	1,662	2,255	(2,255)	-
Total sales	**7,680**	**91,949**	**125,583**	**14,622**	**239,834**	**(2,255)**	**237,579**
Cost of sales	(3,856)	(86,019)	(106,160)	(10,590)	(206,625)	3,043	(203,582)
Administrative expenses	(610)	(5,194)	(9,137)	(1,112)	(16,053)	(11,215)	(27,268)
Selling expenses	-	-	-	(1,840)	(1,840)	-	(1,840)
Other operating income and expenses	119	415	531	60	1,125	(529)	596
Operating result	**1,151**	**3,333**	**10,817**	**1,140**	**16,441**	**(10,956)**	**5,485**
Finance income							5,375
Finance costs							(3,470)
Profit before tax							**7,390**
Income tax							(4,465)
Profit after tax							**2,925**
Segment depreciation and impairment losses	647	8,471	16,711	523	26,352	553	26,905
Segment assets	8,456	150,727	173,292	22,371	354,846	48,801	403,647
Segment liabilities	921	28,378	52,213	2,912	84,424	113,221	197,645
Capital expenditure	2,413	2,501	18,470	451	23,835	261	24,096

Reconciliation of segment assets mainly include cash balances of other companies (corporate activities), reconciliation of segment liabilities includes the loan from Petro Welt Holding Limited (Cyprus) and inter-Company elimination between segments. Inter-segment revenue is eliminated on consolidation.

Major part of non-current assets of the Group are located in Kazakhstan (December 31, 2021: Primarily Russian Federation, and about 14%, nil and 3% are located in Oman, Romania and Kazakhstan respectively).

The breakdown of revenue by geographic area and major customers is presented below:

in TEUR	2022	%	2021	%
Kazakhstan				
Kazmunaygaz	12,067	81.97	6,199	80.72
Ken-Sary	1,456	9.89	800	10.41
Other customers	1,199	8.14	681	8.87
Total revenue from continuing operations	**14,722**	**100.00**	**7,680**	**100.00**

26. CONTINGENCIES

(A) LITIGATION

In the Company's lawsuit against the former Board Members Manfred Kastner, Ronald Harder and Leonid Mirzoyan (Commercial Court of Vienna file no.: 43 Cg 40/17f–54) for repayment of a total EUR 1,589,603.50, a final and binding interim judgment in favor of the Company was obtained, which finds that the distribution of this amount to the Respondents was unlawful. In February 2020, the Company filed another lawsuit against the former board members Manfred Kastner, Ronald Harder and Leonid Mirzoyan (Commercial Court of Vienna file no.: 43 Cg 7/21h) for the compensation of tax damages in the amount of EUR 1,237,616.86 caused by the unlawful payment of their severance packages.

These proceedings have been joined with the first proceedings against the former Board Members and will be decided upon jointly. In February 2021, the former Supervisory Board Members Gerhard Strate, Mirco Schroeter and Walter Höft joined both proceedings as intervening parties on the side of the Respondents. Following the interim judgement, the joined proceedings deal with (i) the counterclaims asserted by the Respondents, which the Company is disputing both with regard to its merits and the amount of claim, and (ii) the compensation of the tax damages. The evidence proceedings were finished on October 13, 2022. On April 21, 2023 the Commercial Court of Vienna fully granted the Company's lawsuits against the previous members of the Management Board, Mr. Harder, Mr. Kastner and Mr. Mirzoyan in both proceedings (i.e. repayment of a total of EUR 1,589,603.50 and tax damages). The court dismissed the counterclaims of the opponents. However, the defendants and intervening parties are entitled to file an appeal, the deadline of which ends on May 22, 2023.

(B) TAXATION CONTINGENCIES

Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

Current Russian transfer pricing legislation requires transfer pricing analysis for the majority of cross-border inter-company and major domestic inter-company transactions. Transfer pricing control, as a general rule, is applied to domestic transactions only if both criteria are met: the parties apply different tax rates, and the annual turnover of transactions between them exceeds RUB 1 billion.

The Russian transfer pricing rules are close to OECD guidelines, but have certain differences that create uncertainty in practical application of tax legislation in specific circumstances. A very limited number of publicly available transfer pricing court cases in Russia does not provide enough certainty as to the approach to applying transfer pricing rules in Russia. The impact of any transfer pricing assessment may be material to financial statements of the Group, however, the probability of such impact cannot be reliably assessed.

Russian tax authorities may review prices used in intra-Group transactions, in addition to transfer pricing audits. They may assess additional taxes if they conclude that taxpayers have received unjustified tax benefits as a result of those transactions.

Russian tax authorities continue to exchange transfer pricing as well as other tax related information with tax authorities of other countries. This information may be used by the tax authorities to identify transactions for additional in-depth analysis.

In addition, changes aimed at regulating tax consequences of transactions with foreign companies have been introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant, but in the opinion of the management will not be more than around up to 0% (December 31, 2021: 5.2%) of revenue to customers. The change is largely due to the reassessment of risk exposure. For the risks described above the Group did not accrue any provisions as at December 31, 2022 or December 31, 2021.

Taxation contingencies in Kazakhstan

The taxation system in Kazakhstan is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

27. DETAILS AND INFORMATION ON FINANCIAL INSTRUMENTS

PRESENTATION OF FINANCIAL INSTRUMENTS

The table below contains an overview of carrying amounts of the individual financial instruments and reconciliations of the corresponding statement of financial position items:

FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

in TEUR	12/31/2022	12/31/2021
Cash and cash equivalents	58,590	142,597
Receivable for sale of subsidiaries	75,679	-
Bank deposits	-	926
Trade receivables	953	69,971
Loans to affiliated parties and receivables from affiliated parties	9,013	362
Other receivables	842	2,795
Total	**145,077**	**216,651**

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COSTS

in TEUR	12/31/2022	12/31/2021
Long term debts	129,888	126,310
Trade payables	1,819	35,581
Lease liabilities (short-term, long term)	178	749
Other liabilities	2,723	5,642
Total	**134,608**	**168,282**

The carrying amounts of trade receivables, loans to affiliated parties and receivables from affiliated parties and other receivables correspond to their fair values. The fair value of receivables for the sale of subsidiaries equals TEUR 80,640. For trade payables, current and non-current liabilities as well as other current liabilities the carrying amounts correspond to the fair values. Financial instruments were not assigned as security both in the reporting year and in the previous year.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's risk management policies are established to identify, analyze and monitor the risks faced by the Group, including market risk, currency risk, risk of interest rate change, credit risk, liquidity risk and the risk associated with capital management.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if the customer or the counterparty to the financial instrument fails to meet its contractual obligations and arises mainly from the following financial assets:

in TEUR	12/31/2022	12/31/2021
Cash and cash equivalents	58,590	142,597
Bank deposits	-	926
Trade receivables	953	69,971
Contract assets	-	13,755
Other receivables	842	2,688
Other long-term assets	-	107
Receivables for the sale of subsidiaries	75,679	-
Loans to affiliated parties and receivables from affiliated parties	9,013	-
Total	**145,077**	**230,044**

Management assesses the risks of non-repayment of receivables as the lowest in Russia and as medium in Kazakhstan. The revenue generated in Kazakhstan is approximately 6% of the total revenue of the Group (2021: 3%). In accordance with the internal regulations on liquidity management, the Company weekly analyzes the register of past due but not doubtful receivables subject to late payment, and takes all measures to comply with contractual terms by clients.

Credit risk management activities in the Group are as follows:

(a) Credit policy under which the creditworthiness of each new customer is analyzed individually before it will be offered standard Company terms and conditions of payment. The Company review includes external ratings (if any) and, in some cases, recommendations of banks. In monitoring customer's credit risk, clients are Grouped according to their credit characteristics, including their belonging to legal entity, their territorial location, ageing structure of receivables by number of days of payment delays, fiscal difficulty in the past.

(b) Regular monitoring of credit risk indicators. Credit risk indicators allow early detection of credit risk growth of an individual counterparty (Group of counterparties). As a result, the Group may take the necessary steps to prevent financial losses in the event of default by the counterparty.

(c) Regular reporting on credit risk. Regular reporting is an essential component to enable stakeholders to monitor the effectiveness of risk reduction interventions and the dynamics of risk assessment. Reporting is provided to the management of the Group, as well as the Management Board.

TRADE AND OTHER RECEIVABLES

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

in TEUR	12/31/2022	12/31/2021
Russia	-	70,567
Kazakhstan	1,337	790
Total	**1,337**	**71,357**

The Group does not possess collateral and other credit enhancements in respect to trade and other receivables.

The ageing of financial assets was as follows:

in TEUR	12/31/2022	12/31/2021
Neither past nor overdue	145,077	229,896
Past due 0–30 days	-	89
Past due 31–90 days	-	10
Past due 91–180 days	-	3
Past due over 180 days	-	46
Total	**145,077**	**230,044**

The management believes that the recognized amounts that are past due by more than 30 days are collectible in the recognized amount, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The following table provides information about the estimated exposure to credit risk for contract assets, trade receivables, bank deposits and cash and cash equivalents, as at December 31, 2022:

Equivalent to external credit rating by Moody's or Fitch	Carrying amount, in TEUR	Estimated weighted-average loss rate, in %	Impairment loss allowance, in TEUR
Trade and other receivables			
Baa2	515	-	-
No rating	1,280	0.232	3
Total trade and other receivables	**1,795**	**0.172**	**3**
Cash and cash equivalents			
Aa2	23,246	-	-
A1	35	-	-
A3	108	-	-
Baa1	33,254	-	-
Baa2	1,113	-	-
Baa3	134	-	-
Ba3	171	-	-
B3	529	-	-
Total cash and cash equivalents	**58,590**	**-**	**-**
Total	**60,385**	**0.005**	**3**

As of December 31, 2021:

Equivalent to external credit rating by Moody's or Fitch	Carrying amount, in TEUR	Estimated weighted-average loss rate, in %	Impairment loss allowance, in TEUR
Contract assets			
Baa2	6,088	0.02	1
Baa3	7,667	0.03	2
Total contract assets	**13,755**	**0.02**	**3**
Trade and other receivables			
Baa1	618	-	-
Baa2	28,289	0.036	10
Baa3	24,189	0.024	6
B3	402	1.742	7
Caa2	9,054	3.41	309
No rating	10,214	1.147	117
Total trade and other receivables	**72,766**	**0.617**	**449**
Bank deposits			
Baa1	23	-	-
Baa3	383	0.2	1
Ba1	520	-	-
Total bank deposit	**926**	**0.1**	**1**
Cash and cash equivalents			
A1	153	-	-
A3	4	-	-
Baa1	6,296	-	-
Baa2	1,396	-	-
Baa3	9,207	-	-
Ba1	75,825	0.037	28
Ba2	12,827	0.015	2
Ba3	36,377	0.06	22
B3	512	-	-
Total cash and cash equivalents	**142,597**	**0.0367**	**52**
Total	**230,044**	**0.219**	**505**

The movement in the allowance for impairment of financial instruments for which credit risk has not increased significantly since initial recognition was as follows:

	Individual impairments	
in TEUR	**2022**	**2021**
Balance at the beginning of the year	**505**	**265**
Additions according to IFRS 9	62	330
Reversal/use	(465)	(117)
Sale of subsidiaries	(182)	-
Foreign currency translation adjustments	82	27
Balance at the end of the year	**3**	**505**

The Group recognized individual provision for doubtful debts due to deterioration of the financial situation of a number of clients amounting to TEUR 122 (2021: TEUR 13).

Management believes that the credit quality of trade and other receivables is at a sufficient level as the majority of contractors have a long trading relationship with the Group.

The Group held cash and cash equivalents of TEUR 58,590 at December 31, 2022 (December 31, 2021: TEUR 142,597), which represents its maximum credit exposure on cash and cash equivalents assets.

As at December 31, 2022 and December 31, 2021, cash and cash equivalents are held with different banks to prevent concentration of credit risk for the Group. The largest partner banks include UniCredit Bank Austria, Liechtensteinische Landesbank (December 31, 2021: Gazprombank, Moscow Credit Bank, Sovcombank). The placement of free cash in the above banks comprised 57% of cash and cash equivalents at UniCredit Bank Austria, 40% at Liechtensteinische Landesbank (2021: 34% of cash, cash equivalents and bank deposits at Gazprombank, 25% at Moscow Credit Bank and 12% at Sovcombank).

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Company also monitors the level of expected cash flow from the repayment of trade and other receivables and the expected outflows in connection with the redemption of trade and other payables.

EXPOSURE TO LIQUIDITY RISK

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

2022			Contractual cash flows			
in TEUR	Carrying amount	Total cash flow	<6 months	6–12 months	1–5 years	>5 years
Non-derivative financial liabilities						
Liabilities to Petro Welt Holding Limited (Cyprus)	129,888	173,163	-	-	-	173,163
Trade payables	1,819	1,819	1,819	-	-	-
Lease liabilities (short-term, long term)	178	193	32	32	129	-
Other current liabilities	2,723	2,723	2,723	-	-	-

2021			Contractual cash flows			
in TEUR	Carrying amount	Total cash flow	<6 months	6–12 months	1–5 years	>5 years
Non-derivative financial liabilities						
Liabilities to Petro Welt Holding Limited (Cyprus)	126,310	145,236	-	-	-	145,236
Trade payables	35,581	35,581	35,581	-	-	-
Lease liabilities (short-term, long term)	749	1,299	74	74	330	821
Other current liabilities	5,642	5,642	5,642	-	-	-

It is not expected that the cash flows taken into consideration in the maturity analysis may occur significantly earlier or their fair value will differ considerably.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

CURRENCY RISK

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales and purchases are denominated and the respective functional currencies of Group entities. The functional currencies of Group companies are primarily the Russian ruble (RUB) and the Kazakh tenge. No currency hedging transactions are carried out.

The Group is exposed to foreign currency risk as a result of purchases and borrowings made which are denominated in currencies other than Russian ruble. Basically, currency risk arises from transactions in euros and US dollars. The Group performs regular analysis of trends in currency exchange rates. The Group's exposure to foreign currency risk resulting from financial assets and liabilities, which are denominated in a currency different from the functional currency was as follows (excluding intra-Group balances):

in TEUR	12/31/2022	12/31/2021
Euro		
Cash and cash equivalents and bank deposits	56	2,683
US dollar		
Cash and cash equivalents and bank deposits	48,102	25,238
Trade receivables	-	583
Trade payables and other liabilities	-	(1,059)
Loan to affiliated party	4,493	-
Kazakh tenge		
Cash and cash equivalents and bank deposits	-	499
Russian ruble		
Cash and cash equivalents and bank deposits	134	239
Loan to affiliated party	4,158	-
Receivable for Russian subsidiaries	75,769	-
Trade payables and other liabilities	(961)	(544)
Romanian leu		
Cash and cash equivalents and bank deposits	94	4
Swiss franc		
Cash and cash equivalents and bank deposits	14	-

In addition the Group is exposed to foreign currency risk in relation to Group internal financing through loans to subsidiaries denominated in EUR, USD and RUB (net investment in a foreign operation – see Note 4)

The following sensitivity analysis shows the effects of currency differences affecting profit before tax and pre-tax equity, in the event of an assumed change of the foreign currency of 10% against the respective functional currency:

	Effect on profit before tax		Effect on pre-tax equity	
in TEUR	2022	2021	2022	2021
Euro denominated	6	207	-	3,088
US dollar denominated	5,260	2,476	-	-
Kazakh tenge denominated	-	50	-	-
Russian ruble denominated	7,910	31	-	1,818
Romanian leu denominated	9	113	-	-
Swiss franc	1	-	-	-

The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

INTEREST RISK

Interest rate changes have an impact mainly on the outstanding loan with a variable interest rate (see Note 14), changing the future cash flows on it. A reasonably possible change of 10 basis points in interest rates at the reporting date would have increased (+) / decreased (-) equity and profit or loss before taxes by the amounts shown below.

in TEUR	2022	2021
Long-term payables	+/- 116	+/- 116

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

No interest hedging transactions have been carried out during the reporting period.

Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable to the Group over the expected period until maturity.

MASTER NETTING OR SIMILAR AGREEMENTS

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events. In particular, in accordance with the Russian civil law an obligation can be settled by offsetting against a similar claim if it is due, has no maturity or is payable on demand. As at December 31, 2022 and December 31, 2021 there were no significant recognised financial instruments that are subject to the above agreements.

OTHER MARKET RISKS

Russia and Kazakhstan

Business activities of the Group and focus of these activities on Russia and Kazakhstan imply significant financial risks, in particular during the crisis associated with the financial markets. These risks are primarily interest and liquidity risks, foreign currency risks and the risk of changes to the rating of the Group. There is a particular risk induced by changes in the political situation in Russia and Kazakhstan. The Group-wide risk management system is designed to identify, assess and analyze the risks and their respective probabilities for the Group, also in the area of financial risk, as well as to put into place measures that guarantee limitation of damages and safeguarding of profits in the event of the occurrence of such risk situations. The focus of business activities in Russia and Kazakhstan means that the Group is particularly dependent on specific situations and developments within these countries and the risks accompanying them. In particular the monetary and economic policies introduced by the Russian Government may have a significant effect on the risks to the assets, finances and earnings situation of the Group. Measures for stabilization and strengthening of the economic power of the commodities industry have indirect consequences for the service companies within this field. Possible trends to depreciation of the Russian Ruble against the euro, the reporting currency of the Group, could also have direct consequences for the Group.

Industry profitability remains under pressure from the strict financial and investment behavior of oil companies and the volatility of oil rates, both of which continue unabated. The increased costs resulting from oil majors having to move to more challenging and politically riskier parts of the world is another challenge. Higher employment costs, the increasing complexity of projects, and expanding regulatory requirements are contributing significantly to the rise in overall costs. This could have a significant effect on the development of the Group's earnings.

CAPITAL MANAGEMENT

The Group has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profit growth.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder's value.

The Group manages its capital in order to enable it to operate in the foreseeable future while maximizing the return of its shareholders by optimizing the debt-to-equity ratio of the Group.

Capital management is carried out in comparison with competitors from the oilfield services sector on the basis of net debt to EBITDA indicator.

Net debt is calculated as the difference between the total amount of debt less cash and cash equivalents and short-term financial investments. Total debt includes short-term and long-term (including current portion) loans and borrowings, and obligation under the defined benefit pension plan. Total equity is the amount of capital owned by the shareholders of the Group. As at December 31, 2022 the net debt to equity ratio was 300.3% (December 31, 2021: 11.7%).

in TEUR	12/31/2022	12/31/2021
Liabilities to Petro Welt Holding Limited (Cyprus)	129,888	126,310
Trade payables	1,819	35,581
Other liabilities with the exception of accrued liabilities	2,723	5,642
Less: cash and cash equivalents	(58,590)	(142,597)
Less: bank deposits	-	(926)
Net debt	**75,840**	**24,010**
Total equity	25,253	206,002
Net debt-to-equity ratio at December 31	**300.3%**	**11.7%**

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during 2022 and 2021.

29. RELATED PARTY TRANSACTIONS

PARENT AND ULTIMATE CONTROLLING PARTY

The Company's immediate parent companies are Petro Welt Holding Limited (Cyprus) and Joma Industrial Source Corp. The ultimate beneficiary owner of the Group is Mr. Maurice Dijols. For further information about transactions with Petro Welt Holding Limited (Cyprus) refer to Note 14, Current and non-current liabilities, and Note 11, Other current assets.

KEY MANAGEMENT REMUNERATION

Key management received the following remuneration during the year, which is included in personnel costs (refer to Note 17 Administrative expenses).

Summary of the remuneration of management members in key positions:

	2022		2021	
in TEUR	**Salary and compensation**	**Bonus**	**Salary and compensation**	**Bonus**
Denis Stankevich, Management Board	568	514	248	203
Kirill Bakhmetyev, Management Board	328	295	80	63
Yury Semenov, Management Board	-	-	811	156
Valeriy Inyushin, Management Board	-	-	462	-
Maurice Gregoire Dijols, Supervisory Board	35	-	35	-
Ralf Wojtek, Supervisory Board until January 25, 2022	3	-	35	-
Stephan Theusinger, Member of the Supervisory Board from January 25, 2022	32	-	-	-
Remi Paul, Supervisory Board	35	-	50	-

Members of Management and Supervisory Board have not received any loans or advance payment in 2022 (2021: nil).

The amount of bonus of Management Board members for 2021, paid in 2022 was as follows:

in TEUR	2022	2021
Denis Stankevich, Management Board	203	-
Kirill Bakhmetyev, Management Board	63	-
Yury Semenov, Management Board	-	480
Valeriy Inyushin, Management Board	-	146

The Management board consists of the following members:
- Denis Stankevich – Chairman of the Management Board since July 19, 2021;
- Yury Semenov – Chairman of the Management Board until July 19, 2021
- Kirill Bakhmetyev – Deputy Chairman of the Management Board since October 4, 2021;
- Valeriy Inyushin, Ph.D. – Deputy Chairman of the Management Board until September 27, 2021.

The Supervisory board consists of the following members:
- Maurice Gregoire Dijols – Chairman of the Supervisor Board;
- Remi Paul – Member of the Supervisor Board;
- Ralf Wojtek – Member of the Supervisor Board until January 25, 2022;
- Stephan Theusinger, Member of the Supervisory Board from January 25, 2022.

The remuneration to the members of the second level of management was as follows:

in TEUR	2022	2021
Second level management salaries	1,109	1,600

OTHER RELATED PARTY TRANSACTIONS

Business transactions with related parties are detailed in the following table:

in TEUR	Transaction value		Outstanding balance		Transaction description
	2022	2021	12/31/2022	12/31/2021	
Fairtune East Ltd., Moscow	95	122	-	13	Rental fee
OOO KATοil Leasing	247	-	8,651	-	Loans issued
OOO Wellprop	1,065	-	632	-	Sale of proppant
OOO Petro Welt Technologies	81	-	28	-	Consulting fee
Petro Welt Holding (Cyprus) Ltd.	-	-	362	362	Other recievable
OOO Petro Welt Technologies	8,868	-	75,679	-	Sale of Russian subsidiaries

30. EVENTS AFTER THE REPORTING DATE

No material events occurred after the balance sheet date.

Vienna, April 27, 2023

Denis Stankevich m. p.
Chief Executive Officer

Kirill Bakhmetyev m. p.
Chief Financial Officer

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets , liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties the Company faces.

Vienna, April 27, 2023

Denis Stankevich m. p.
Chief Executive Officer

Kirill Bakhmetyev m. p.
Chief Financial Officer

FINANCIAL CALENDAR 2023

— April 27, 2023
Publication of consolidated annual report 2022

— May 15, 2023
Analyst and investor conference

— May 25, 2023
Publication of Q1 interim report 2023

— June 27, 2023
18th Annual Shareholders' Meeting

— August 23, 2023
Publication of half-year report 2023

— November 22, 2023
Publication of Q3 interim report 2023

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DISCLAIMER

This document contains statements that constitute neither reported results nor other historical information. These forward-looking statements are subject to risks and uncertainties relate to factors that are beyond Petro Welt Technologies AG ability to control or precisely estimate factors such as future market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies, and the actions of government authorities. Readers are cautioned not to place undue reliance on these forwardlooking statements, which apply only as of the date of this document. Petro Welt Technologies AG does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document.

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INFORMATION

This is a translation of the German Group Report of Petro Welt Technologies AG. In case of any divergences, the German original is legally binding.