



Petro Welt  
Technologies

# Q1 2021

IFRS GROUP FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2021



# MANAGEMENT REPORT Q1 2021

## PERFORMANCE OF THE PEWETE GROUP

The Group's total revenue expressed in Russian rubles decreased by 34.7% in the first quarter of 2021 compared with the same period in 2020, mainly due to the continued decline in demand for stimulation operations as a result of limited oil production under the OPEC+ agreement. This was also the main reason for the decline in the number of operations in the fracturing business, which dropped by 45.2%, from 1,400 in the first quarter of 2020 to 767 in the first quarter of 2021. Fracturing revenue fell by 48.2% in RUB terms. The Oman Well Services segment carried out its very first operations during the reporting period. Proppant sales, an activity strongly correlated with fracturing, declined by 28.9% in RUB terms. The Drilling, Sidetracking, and IPM segment posted a decrease of 34.9% in physical volumes: Its job count fell from 74 in the intensive first quarter of 2020 to 48 in the first quarter of 2021. Sidetracking as a tool to stimulate oil production suffered more than conventional drilling. Total segment revenue in RUB decreased by 20.3%.

During the first quarter of 2021, the average EUR/RUB exchange rate increased to RUB 89.7 per euro, up from RUB 73.23 per euro in the same period of 2020, thus putting additional pressure on the Group's revenue in EUR terms. As a result, the revenue in EUR of the fracturing business dropped by 57.7% to EUR 18.1 million in the first quarter of 2021. The Drilling, Sidetracking, and IPM segment posted a decrease of 35.0% in revenue to EUR 25.3 million in the first quarter of 2021, down from EUR 38.9 million in the same period the previous year. The Proppant Manufacturing segment contributed EUR 1.8 million to total Group revenue in the reporting period.

Coupled with the weakening of the average ruble to euro exchange rate by 22.5% year over year, these operational dynamics caused revenue in EUR to drop by 46.7% to EUR 45.2 million (Q1 2020: EUR 84.8 million). Due to lower capacity utilization, the decrease of 38.0% in the cost of sales was insufficient to cover the decline in revenue during the reporting period. Gross profit thus fell by 90.5% to EUR 1.3 million. Administrative expenses in EUR fell by 21.1% to EUR 4.7 million in the first quarter of 2021.

At minus EUR 3.6 million, the operating result for the reporting period, therefore, is negative. The decrease in interest income combined with lower foreign exchange gains lowered the financial result for the first quarter of 2021, thus contributing less to the loss before tax of minus EUR 2.8 million (Q1 2020: profit before tax at EUR 11.3 million).

At 7.5%, the EBITDA margin remained positive in the reporting period, but was down nonetheless from 19.5% in the same period the previous year. The Group also continues to generate positive cash flow.

Thanks to additional efforts to optimize working capital and bucking the negative industry trend, the Group once again strengthened its cash position (including bank deposits, cash and cash equivalents) to EUR 127.2 million as of March 31, 2021, up 10.0% from EUR 115.6 million as of December 31, 2020.

## EXCERPTS OF THE CONSOLIDATED INCOME STATEMENT AS OF MARCH 31, 2021

TEUR	Q1 2021	Q1 2020	Q1 2021 vs. Q1 2020
Revenue	45,223	84,849	(46.7%)
Cost of sales	(43,883)	(70,785)	(38.0%)
<b>Gross profit</b>	<b>1,340</b>	<b>14,064</b>	<b>(90.5%)</b>
<b>Gross profit margin in %</b>	<b>3.0%</b>	<b>16.6%</b>	
Administrative expenses	(4,729)	(5,990)	(21.1%)
Selling expenses	(263)	(524)	(49.8%)
Other operating income	297	668	(55.5%)
Other operating expenses	(246)	(151)	62.9%
<b>Operating result (EBIT)</b>	<b>(3,601)</b>	<b>8,067</b>	<b>(144.6%)</b>
<b>EBIT margin in %</b>	<b>(8.0%)</b>	<b>9.5%</b>	
<b>EBITDA</b>	<b>3,376</b>	<b>16,534</b>	<b>(79.6%)</b>
<b>EBITDA margin in %</b>	<b>7.5%</b>	<b>19.5%</b>	
Finance income	883	1,669	(47.1%)
Finance costs	(850)	(898)	(5.3%)
Foreign currency exchange income	761	2,466	(69.1%)
<b>Net finance income</b>	<b>794</b>	<b>3,237</b>	<b>(75.5%)</b>
<b>(Loss)/Profit before income tax (PBT)</b>	<b>(2,807)</b>	<b>11,304</b>	<b>(124.8%)</b>
<b>PBT margin in %</b>	<b>(6.2%)</b>	<b>13.3%</b>	
Income tax	466	(2,619)	(117.8%)
<b>(Loss)/Profit</b>	<b>(2,341)</b>	<b>8,685</b>	<b>(127.0%)</b>
Earnings per share in EUR	(0.05)	0.18	
Diluted earnings per share in EUR	(0.05)	0.18	

## EXCERPTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2021

TEUR	03/31/2021	12/31/2020
<b>Assets</b>		
<b>Non-current assets, including</b>	<b>127,248</b>	<b>127,710</b>
Property, plant and equipment	122,921	123,626
<b>Current assets, including</b>	<b>239,120</b>	<b>236,577</b>
Trade receivables	57,022	69,833
Contract assets	12,939	9,455
Bank deposits	9,362	43,944
Cash and cash equivalents	117,812	71,687
<b>Total assets</b>	<b>366,368</b>	<b>364,287</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>185,720</b>	<b>183,041</b>
<b>Non-current liabilities, including</b>	<b>128,972</b>	<b>127,981</b>
Non-current financial liabilities to affiliated parties	123,744	122,905
<b>Current liabilities, including</b>	<b>51,676</b>	<b>53,265</b>
Trade payables	30,801	31,028
<b>Total equity and liabilities</b>	<b>366,368</b>	<b>364,287</b>
Net assets	185,720	183,041
Equity ratio	50.7%	50.2%

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