



Petro Welt
Technologies

TURNING POINTS

IFRS GROUP FINANCIAL RESULTS
FOR THE FIRST QUARTER OF 2023

MANAGEMENT REPORT Q1 2023

The figures for the comparative period January to March 2022 were adjusted due to the sale of the Russian subsidiaries as of the end of August 2022 and the ongoing liquidation of the Group company in Oman. As a result, the operating expenses, gross profit, administrative expenses, and other income, which are presented in this report, differ from the ones published for the first quarter of last year. For more detailed information on the sale of the Russian subsidiaries, refer to Note 5 of the consolidated financial statements for the 12 months ended December 31, 2022. After the sale of the subsidiaries in Russia and the closure of operations in Oman, also completed in 2022, PeWeTe's subsidiary in Kazakhstan is the only remaining operating business unit of the PeWeTe Group. Its operations concentrate solely on the Kazakh market.

PERFORMANCE OF THE PEWETE GROUP

According to the World Bank, after GDP growth of 3.2% in 2022, the Kazakh economy is expected to see a moderate increase in its growth rate to 3.5% in 2023 and to 4% in 2024, led by the hydrocarbons sector as oil production is expected to rise thanks to several new projects. Inflation is expected to remain beyond the target range of 4–6% in 2023 due to elevated food prices and prices of imported intermediate goods.

Compared to the same period last year, the tenge has strengthened both on average over the reporting period and as of the reporting date. At 486.58 KZT/EUR as of March 31, 2023, the KZT/EUR exchange rate has – after a significant drop in February – almost returned to the price at the beginning of the year of 492.86 KZT/EUR. Compared to the exchange rate of 510.57 KZT/EUR as of March 31, 2022, this means an increase in value of 5%. The average exchange rate recorded an increase of the same magnitude in the first quarter compared to the same period last year (Q1 2023: 487.66 KZT/EUR; Q1 2022: 512.48 KZT/EUR).

Revenue of the PeWeTe Group increased by 58.2% to EUR 2.891 million in the reporting period from EUR 1.827 million in the first three months of 2022. This was made possible by a significant expansion of activities in the Kazakh market and the use of new fracturing equipment, which increased operational capacity by 30%.

On this basis, the number of jobs increased by 17 or 22% to 96 fracturing operations in the reporting period (2022: 79).

Gross profit, on the other hand, showed a decrease of 18.4%, caused by an increase in the cost of sales. The reduction in administrative costs, which was achieved at the same time, was not sufficient to achieve a positive operating result. At EUR -0.3 million, EBIT is nevertheless significantly better than last year's EUR -2.1 million. The EBIT margin amounted to -9.8%, compared to -114.9% for the same period last year.

EBITDA was also significantly lower – although clearly positive – at EUR 0.3 million (Q1 2022: EUR 7.9 million). The reason for this reduction is the deconsolidation of the Russian subsidiaries which were sold in 2022.

Taking into account available measures and the existing solid liquidity position of PeWeTe, the management considers that the Company has sufficient financial stability to continue its operational activity for at least the next twelve months from the reporting date, even if the economic environment were to deteriorate significantly. Accordingly, the management has concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern.

EXCERPTS FROM THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED MARCH 31, 2023¹

TEUR	Q1 2023	Q1 2022 (adjusted)	Q1 2022 (published)	Q1 2023 vs adjusted Q1 2022
Revenue	2,891	1,827	62,380	58.2%
Cost of sales	(2,611)	(1,484)	(54,986)	75.9%
Gross profit	280	343	7,394	(18.4)%
Gross profit margin in %	9.7%	18.8%	11.9%	
Administrative expenses	(1,083)	(2,330)	(5,809)	(53.5)%
Selling expenses	-	-	(618)	-
Other operating income	522	18	556	>100%
Other operating expenses	(1)	(130)	(394)	>(100)%
Operating (loss)/profit from continuing operations (EBIT)	(282)	(2,099)	1,129	86.6%
EBIT margin	(9.8)%	(114.9)%	1.8%	
Operating profit/(loss) from discontinued operations	-	3,169	(59.0)	-
EBITDA	263	7,939	7,939	(96.7)
EBITDA margin, %	9.1%	12.7%	12.7%	

¹ The previous year's figures were adjusted as a result of the 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 discontinued operations or their sale or liquidation – see note 5 to the consolidated financial statements for fiscal 2022.

EXCERPTS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

TEUR	03/31/2023	12/31/2022
Assets		
Non-current assets, including	49,942	61,860
Property, plant and equipment	14,089	13,745
Non-current receivables for the sale of subsidiaries	35,628	39,433
Current assets, including	105,832	100,928
Inventories	2,583	2,636
Current receivables for the sale of subsidiaries	34,929	36,246
Total assets	155,774	162,788
Equity and liabilities		
Equity	18,237	25,253
Non-current liabilities, including	131,745	130,351
Non-current financial liabilities to affiliated parties	131,493	129,888
Current liabilities, including	5,792	7,283
Trade payables	874	1,819
Total equity and liabilities	155,774	162,887

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