Petro Welt
Technologies

HY1 2021

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021

FINANCIAL KEY FIGURES

in EUR million	HY1 2021	HY1 2020	Change
Revenue	105.9	154.0	(31.2%)
Gross profit	10.9	26.6	(59.0%)
EBIT	0.1	13.0	(99.2%)
EBIT margin	0.1%	8.4%	
EBITDA	13.7	29.1	(52.9%)
EBITDA margin	12.9%	18.9%	
Group result	(1.3)	8.3	(115.7%)
Balance sheet total[1]	385.5	364.3	5.8%
Equity[1]	195.1	183.0	6.6%
Equity ratio[1]	50.6%	50.2%	
Cash flow from operating activities	13.2	22.4	(41.1%)
Cash flows (used in)/from investing activities	16.3	(15.3)	(206.5%)
Cash flow used in financing activities	(0.1)	(0.1)	-
Cash and cash equivalents[2]	104.6	130.7	(20.0%)
Managerial cash position[1]	125.7	115.6	8.7%
EUR exchange rate at the end of the reporting period[1]	86.2026	90.6824	(4.9%)
EUR average exchange rate for the reporting period	89.5471	76.4417	17.1%
Employees (average)	3,001	3,379	(11.2%)

[1] As of June 30, 2021 and December 31, 2020 respectively
[2] As of June 30, 2021 and June 30, 2020 respectively

CONTENT

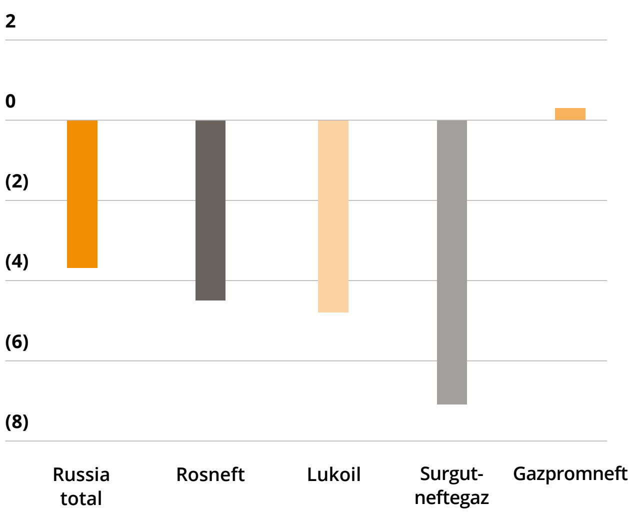
MANAGEMENT REPORT HY1 2021

ECONOMIC ENVIRONMENT

RUSSIA

Despite being one of the countries with the most COVID-19 cases worldwide, Russia has weathered the crisis fairly well, for two reasons: The country produced its own vaccines and the Kremlin refused to impose another lockdown at the start of the second COVID-19 wave in September 2020, allowing factories and businesses to remain operational. Thus, in the first half of 2021, the Russian economy expanded again for the first time since the start of the COVID-19 pandemic.

_ Oil production in Russia by majors in HY1 2021 (in %)



Having suffered a virtual standstill in 2020, the Russian economy rebounded quickly between January and June 2021. The Russian Central Bank eased its monetary policy, which included setting favorable interest rates and depreciating the national currency; rising oil prices in turn boosted exports. Consumer activity helped to fuel the post-lockdown boom. Growth in both retail sales and industrial production accelerated by 10.2% and 4.4%, respectively. The trade surplus rose to USD 62.4 million in the first half of 2021, compared with USD 50 million in the same period of 2020. While these factors also contributed to the acceleration of inflation to 5.3%, so far, the inflation rate does not surpass the threshold targeted by the country's monetary authority.

According to the Russian Ministry of Economic Development, in the first half of 2021 GDP increased by 4.6% year on year. This is due to the fact that the country's mainstay industrial and commodity companies primarily process government orders and are not dependent on private demand. The good pace of industrial production was mainly driven by the strong performance of the manufacturing sector, which expanded by 6.4% in the reporting period's first two quarters. Mineral extraction, however, did not contribute to industrial growth. The fact that the global demand for oil remained low and that the sector recovered but slowly due to the quotas imposed by the OPEC+ agreement further depressed oil production during the first six months of 2021. Russian oil production decreased by 3.7% year on year, strongly affecting every segment of the oilfield services industry.

All oil companies had to contend with a dramatic decline in their oil production in the year's first half. For example, Lukoil's production shrank by 4.8%, that of Rosneft by 4.5%, and Slavneft's by a whopping 32.8%. Among the

__ Fracturing and drilling dynamics by oil majors in Russia, in %

	HY1 2021	
	Fracturing	Drilling
Russia, total	(27.8)	(6.4)
Rosneft	(15.7)	(9.6)
Lukoil	(10.8)	(15.6)
Surgutneftegaz	(12.8)	(5.8)
Gazpromneft	(80.5)	(21.8)

major Russian oil companies, only Gazpromneft recorded a positive growth rate of 0.8%. Physical fracking volumes also continued to fall. Overall, they dropped by around 28.0% compared with the same period a year earlier. Rosneft and Lukoil, two of our major customers, reduced their fracturing activities by 15.7% and 10.8%, respectively. The more resilient drilling segment also suffered from this negative trend. The number of meters drilled fell by 6.4% in the first half of 2021. Thanks to growth of 9.6%, Rosneft was the only company that supported the drilling market. Gazpromneft and Lukoil posted declines of 21.8% and 15.6%, respectively.

While OPEC+ raised production volumes but reluctantly, demand gradually rose yet again. In consequence, oil from the United States was more expensive in June 2021 than it had been in three years. At the end of January 2021, the price for Brent crude was still USD 55.88 per barrel. However, prices regained their momentum as early as February, settling at USD 75.13 per barrel by the end of June. This means that the price rose by around one-third (34.4%) just in the first half of the reporting period.

Investors remained fairly cautious regardless. Due to the fluctuating prices for oil and natural gas and the uncertain ruble exchange rate, foreign companies launched very few new projects. The ruble remained volatile, declining 17.1% year on year to an average exchange rate of 89.5 rubles per euro during the first half of 2021, with an exchange rate of 86.2 rubles per euro at the end of June. The inflation rate also developed negatively to around 6.5% in June 2021 (up from 3.2% in June 2020).

KAZAKHSTAN

At a growth rate of 1.5%, the recovery of Kazakhstan's industrial production in the first half of 2021 was slower than that of Russia, mainly because it accounts for a smaller share of the Kazakh economy. The mineral resources sector shrank by 3.0%, and oil production dropped by 5.3%. As a result, most of the B2B segments related to the oil industry stagnated and reduced their activities. Oilfield services also came under severe pressure, and there were significant postponements in tender campaigns, both of which led to the suspension of oilfield service activities in Kazakhstan in January and February 2021. The main fracturing companies restarted operations in March and April 2021.

Imports are expected to rise in the second half of 2021. In the year's first quarter, they were already about one-tenth higher nominally than a year earlier. Exports will presumably take even longer to stabilize, because Kazakhstan produces and exports less crude oil. Following a significant decline by almost 20% in 2020, the country's government expects exports to drop nominally by around 11% in the current year. As a result, Kazakhstan is increasingly investing in the diversification of its economy because it wants to reduce its dependency on raw material exports.

Just as the Russian ruble, the average exchange rate of the Kazakh tenge (KZT) also followed a downward trend, from KZT 445.5 per euro in the first half of 2020 to KZT 511.3 per euro in the same period of 2021.

ROMANIA

Romania's economy rebounded faster than expected. According to UniCredit Bank, in the first half of 2021 the country's GDP growth climbed back to pre-crisis levels (+2.9%) and is estimated to reach +7.0% by the end of 2021, driven mainly by construction, industry, private consumption, and IT. The country's government has enacted tax breaks to support both the IT sector and the construction industry and actively promotes foreign direct investments (FDI).

At 5.0%, inflation in June 2021 was slightly higher year on year.

Romania also needs investments to be able to access a gas field in the Black Sea. The field is estimated to hold between 42 billion and 84 billion cubic meters of gas, and Romgaz (the state-owned gas company) plans to acquire ExxonMobil's 50.0% stake in the Neptun Deep gas exploration project. The other 50.0% share belongs to OMV Petrom, a subsidiary of OMV, the Austrian energy company.

The country's oil production and thus its oilfield services sector were negatively impacted by both the European lockdowns and low demand for fuel.

OMAN

Oman has been badly affected by the weakness of the global oil market, which triggered a severe recession from which the country has yet to emerge because growth in its oil and natural gas sector has been very slow. For the time being, the only figures available are those for the year's first quarter. In this period, oil production fell by 4.5% year on year to around 1.0 million barrels per day (mb/d). For the year as a whole, however, the International Monetary Fund (IMF) expects growth of at least 2.0% in the country's oil and gas sector and a 1.5% increase in its non-oil economy. Inflation decreased to 1.3% in June 2021.

PERFORMANCE OF THE PEWETE GROUP

HIGHLIGHTS OF THE FIRST SIX MONTHS OF 2021

- Dramatic revenue decrease by 31.2% in EUR and 19.4% in RUB due to the collapse of the fracturing market.
- Drilling, Sidetracking, and IPM segment becomes the most important contributor to Group profit.
- Ongoing radical cost-cutting measures lower administrative expenses by 16.1% in EUR and 1.9% in RUB.
- Positive EBIT trend in Q2 2021 thanks to the continuing improvement in conventional drilling operations and the gradual recovery of the fracturing business.
- Greater financial discipline and efficient communications with customers and executing companies enable increase in liquidity position by 8.7% to EUR 125.7 million as of June 30, 2021.
- Wellprop succeeds in entering the Gulf proppant market via Bahrain.

Mainly due to the slump in demand for stimulation operations, as a result of limited oil production under the OPEC+ agreement, total Group revenue was EUR 105.9 million for the first half of 2021, down 31.2% from EUR 154.0 million in the same period of the previous year. Expressed in rubles, revenue fell by 19.4%. In the year's second quarter, however, the decrease in revenue was merely 12.3% in EUR, thus demonstrating a gradual improvement in PeWeTe's overall performance.

During the first half of 2021, the average RUB/EUR exchange rate fell to 89.54 rubles per euro, down from 76.44 rubles per euro year on year, thus putting additional pressure on the Group's revenue in euro.

At minus 25.4%, the cost of sales fell at a slightly slower rate than revenue, reducing the Group's gross profit by 59.0% to EUR 10.9 million. Accordingly, the gross profit margin declined from 17.3% in the first half of 2020 to 10.3% in the reporting period.

Segment reporting

External revenues		HY1 2021	HY1 2020	Change	Change in %
Well Services and Stimulation	**in EUR million**	**43.0**	**73.0**	**(30.0)**	**(41.1)**
Jobs	number	1,893	2,596	(703)	(27.1)
Average revenue per job	in EUR thousand	22.7	28.1	(5.4)	(19.2)
Share of revenues	in %	40.6	47.4	-	-
Drilling, Sidetracking, and IPM	**in EUR million**	**56.9**	**75.8**	**(18.9)**	**(24.9)**
Jobs	number	117	145	(28.0)	(19.3)
Average revenue per job	in EUR thousand	486.0	523.3	(37.3)	(7.1)
Share of revenues	%	53.7	49.2	-	-
Proppant Manufacturing	**in EUR million**	**6.0**	**5.2**	**0.8**	**15.4**
Total	**in EUR million**	**105.9**	**154.0**	**(48.1)**	**(31.2)**

At the same time, thanks to radical cost-cutting efforts, administrative expenses in EUR fell by 16.1% (or 1.9% in RUB) to EUR 9.9 million in the first half of 2021.

For the first six months of 2021, EBIT was EUR 0.1 million, down from EUR 13.0 million in the same period of 2020. However, at EUR 3.7 million, EBIT for the reporting period's second quarter is clearly positive thanks to the continual improvement in conventional drilling operations and the gradual rebound of the fracturing business. While the EBIT margin for the first half of 2021 amounted to 0.1% (HY1 2020: 8.4%), it was 6.1% for the second quarter (Q2 2020: 7.2%).

Given the decrease in interest income along with foreign exchange losses, the Group's financial result for the first half of 2021 was slightly negative. This resulted in a loss before tax of EUR 0.1 million, which is an improvement over the level achieved in the first quarter of this year (HY1 2020: profit before tax of EUR 14.5 million).

While the Group's net result of minus EUR 1.3 million for the first half of 2021 was negative, the figure for the year's second quarter is once again clearly positive and stands at EUR 1.1 million.

Well Services and Stimulation segment

Due to the lower demand for stimulation operations, the Well Services and Stimulation segment posted a 41.1% decrease in revenue to EUR 43.0 million in the first six months of 2021 (HY1 2020: EUR 73.0 million). The operating result of the segment amounted to minus EUR 0.3 million, compared to EUR 6.3 million in the same period of last year. In ruble terms, fracturing revenue fell by 31.0%.

This was also reflected in a decline in the number of operations in the fracturing business, which dropped by 27.1%, from 2,596 in the first half of 2020 to 1,893 in the first six months of 2021. The revenue per job was TEUR 22.7 (HY1 2020: TEUR 28.1).

The Oman Well Services segment carried out its very first operations during the reporting period.

Drilling, Sidetracking, and IPM segment

Given the collapse of the fracturing market, the Drilling, Sidetracking, and IPM segment became the most important contributor to Group operating performance in the reporting period. Specifically, the segment contributed EUR 56.9 million to the Group's revenue for the first half of 2021, down 24.9% from the EUR 75.8 million achieved in same period of the previous year. The segment's operating result is EUR 2.9 million, compared with EUR 12.5 million a year ago.

This segment posted a year-on-year decrease in its operations by 19.3% to 117 jobs (HY1 2020: 145 jobs). Sidetracking as a tool to stimulate oil production suffered more than conventional drilling. Total segment revenue in RUB decreased by 12.1%.

Proppant Manufacturing segment

Even though proppant sales are strongly correlated with fracturing, revenue in this segment rose year on year by 15.4% to EUR 6.0 million (HY1 2020: EUR 5.2 million), mostly due to a reallocation of orders to more expensive types of proppant and an increase in exports. The segment's operating result is EUR 0.4 million, compared with minus EUR 0.01 million for the same period of the previous year.

In the reporting period, Wellprop finally entered the Gulf proppant market via Bahrain, thus confirming the Group's international growth strategy.

EBITDA AND CASH FLOW

In the first six months of 2020, Group EBITDA dropped by 52.9% to EUR 13.7 million year on year. At 12.9%, the EBITDA margin for the reporting period was still positive, yet down considerably from its level of 18.9% for the same period of the previous year.

At EUR 13.2 million, the cash flow from operating activities in the reporting period decreased by 41.1% year on year. Despite the challenging environment, the Group was nevertheless able to achieve solid operating cash flow thanks to its growing financial discipline and efficient communications with customers and executing companies alike.

Compared with the first half of 2020, the cash flow from investing activities rose dramatically from minus EUR 15.3 million to EUR 16.3 million, mostly due to withdrawals of bank deposits and cash refunds.

The managerial liquidity position containing bank deposits, cash, and cash equivalents is EUR 125.7 million as of June 30, 2021, up by 8.7% compared with the position as of December 31, 2020.

BALANCE SHEET

While PeWeTe's total assets amounted to EUR 385.5 million, current assets grew by 7.8% mainly due to increases in contract assets and the Group's liquidity position, which rose by 32.6% and 8.7%, respectively. Current liabilities were also up by a total of 13.5%, mainly driven by increases in the income tax and trade payables.

Equity rose by 6.6% to EUR 195.1 million, raising the equity ratio to 50.6% as of June 30, 2021 (compared with 50.2% as of December 31, 2020). This development mainly stems from a decrease in the currency translation reserve during the first half of 2021, as the exchange rate of the Russian ruble at the reporting date, the operating currency of most subsidiaries, improved against the reporting currency euro compared to December 31, 2020.

RISK REPORT

Over the last three quarters, the extremely high volatility of the oilfield services market has become the biggest risk for companies operating in this sector. Customers' ability to change their upstream investment plans by more than double-digit percentages dramatically affects all OFS providers' production programs, in turn leading to sharp fluctuations in both revenue and the cost of sales. In such situations, efficient management of the operating cash flow and liquidity position is key to securing the Company's financial stability. Not even strong movements touching currency dynamics are as crucial to the Company's performance as this factor. Of course, the Group strives to build up and maintain sufficient hard currency reserves in its business units for both commercial and intercompany purposes. The Company's supply chain operations duly understand and properly manage the logistical risks arising from COVID-19 restrictions. In general, the long history of crises in the oil and OFS industry has led to sustained oversaturation of the market with equipment. Along with the volatility affecting volumes, this has triggered highly unstable pricing which, in turn, has given rise to many cases of dumping.

RELATED-PARTY TRANSACTIONS

See note 12 of the condensed consolidated interim financial statements.

OUTLOOK

Total oil reserves in OECD countries decreased by around 60 million barrels in April 2021. The oil price in July 2021 was between USD 73 and USD 76 per barrel. According to the IMF, global economic growth in the current year is expected to be around 6% – with China, India, and the United States contributing the most. Demand for energy and fuel is starting to rebound. The situation is mitigated by OPEC+, which decided to ramp up daily production by 400,000 barrels starting in August. The OPEC+ Technical Committee (JTC) projects that global oil demand will grow by 6 million barrels per day (mb/d) by the end of the year. This stands in contrast to the large production cuts of around 9.7 mb/d last year, which helped to keep oil prices between USD 65 and USD 70 per barrel. Emerging market currencies, including the Russian ruble, appreciated sharply in July and August 2021. If the EUR/USD exchange rate remains stable at about EUR 1.17/1.18 per dollar, the EUR/RUB rate may fluctuate between RUB 83 and RUB 85 per euro.

The Company's revised outlook for 2021 estimates revenue to be in the range of EUR 231.0 million to EUR 241.0 million based on an average exchange rate of RUB 86.0 per euro (former estimate: EUR 233.1 million to EUR 240.9 million, based on an exchange rate of RUB 92.0 per euro). The mitigation of the OPEC+ agreement will allow for an increase in global oil production from August 2021, and the appreciation of the ruble (the average RUB/EUR exchange rate in 2021 is forecasted at 86.0) are expected to have a positive impact on the HY2 results. EBITDA margin is anticipated to remain between 13.0% and 15.5% throughout 2021 (former estimate: 16.0% to 16.6%).

EVENTS AFTER THE BALANCE SHEET DATE

See note 15 of the condensed consolidated interim financial statements.

CHANGES IN THE MANAGEMENT BOARD

On July 19, 2021, the Supervisory Board of Petro Welt Technologies appointed Denis Stankevich as the Company's new Chief Executive Officer (CEO). The requisite ad hoc notice was published on the Company's website on July 19, 2021.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that these condensed consolidated interim 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. Furthermore, we confirm that this interim report reflects a true and fair view of any significant events that have occurred during the first six months of the 2021 financial year and their impact on the condensed consolidated interim financial statements. We also confirm that this interim report provides a true and fair view of the principal risks and uncertainties in the remaining six months of the 2021 financial year and of the major related-party transactions to be disclosed.

Vienna, August 23, 2021

Denis Stankevich __ Chief Executive Officer

Valeriy Inyushin __ Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021

TEUR	Notes	06/30/2021	12/31/2020
Assets			
Non-current assets		**130,383**	**127,710**
Property, plant and equipment	2	125,786	123,626
Intangible assets	2	2,277	2,189
Right-of-use assets		742	822
Other assets		92	92
Deferred tax assets	6	1,486	981
Current assets		**255,086**	**236,577**
Inventories	3	35,563	35,653
Trade receivables	4	75,081	69,833
Contract assets	4	12,624	9,455
Bank deposits		21,077	43,944
Other current assets	4	5,319	4,517
Income tax receivable	4	835	1,488
Cash and cash equivalents		104,587	71,687
Total assets		**385,469**	**364,287**
Equity and liabilities			
Equity		**195,081**	**183,041**
Share capital	5	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		273,983	275,274
Remeasurement of defined benefit plans		351	351
Currency translation reserve		(240,090)	(253,421)
Non-current liabilities		**129,911**	**127,981**
Non-current financial liabilities to affiliated parties	7	124,595	122,905
Non-current lease liabilities		564	553
Deferred tax liabilities	6	4,479	4,209
Employee benefits		273	314
Current liabilities		**60,477**	**53,265**
Trade payables	7	39,798	31,028
Other current liabilities	7	19,901	21,933
Current lease liabilities	7	192	266
Advance payments received	7	111	36
Income tax payables	7	475	2
Total equity and liabilities		**385,469**	**364,287**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

TEUR	Notes	Q2 2021	Q2 2020	HY1 2021	HY1 2020
Revenue	8	60,649	69,143	105,872	153,992
Cost of sales	9	(51,103)	(56,621)	(94,986)	(127,406)
Gross profit		**9,546**	**12,522**	**10,886**	**26,586**
Administrative expenses		(5,137)	(5,794)	(9,866)	(11,784)
Selling expenses		(582)	(448)	(845)	(972)
Other operating income		607	1,705	904	2,373
Other operating expenses		(761)	(3,022)	(1,007)	(3,173)
Operating result		**3,673**	**4,963**	**72**	**13,030**
Finance income		1,012	1,272	1,895	2,941
Finance costs		(1,963)	(3,017)	(2,052)	(1,449)
Net finance (loss)/income		**(951)**	**(1,745)**	**(157)**	**1,492**
Profit/(loss) before income tax		**2,722**	**3,218**	**(85)**	**14,522**
Income tax expense	6	(1,672)	(3,568)	(1,206)	(6,187)
Profit/(loss)		**1,050**	**(350)**	**(1,291)**	**8,335**
Basic earnings per share in EUR	10	0.02	-	-	0.17
Diluted earnings per share in EUR	10	0.02	-	-	0.17

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

TEUR	Notes	Q2 2021	Q2 2020	HY1 2021	HY1 2020
Profit/(loss)		**1,050**	**(350)**	**(1,291)**	**8,335**
Items that may be reclassified to profit or loss					
Foreign currency translation differences from:					
Translation of a foreign operation	1	5,363	14,728	8,941	(26,749)
Net investments in foreign operations	1	2,996	10,319	4,989	(13,369)
Income tax effect related to currency translation differences		(48)	991	(599)	1,470
Total other comprehensive income		**8,311**	**26,038**	**13,331**	**(38,648)**
Total comprehensive income		**9,361**	**25,688**	**12,040**	**(30,313)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2021

					Currency translation reserve		
TEUR	Share capital	Capital reserve	Retained earnings	Remea-surement of defined benefit plans	Translation of foreign operations	Net investment in foreign operations	Total equity
As of January 1, 2020	48,850	111,987	268,609	321	(77,909)	(97,586)	254,272
Profit	-	-	8,335	-	-	-	8,335
Currency translation differences	-	-	-	-	(26,749)	(11,899)	(38,648)
Total comprehensive income	**-**	**-**	**8,335**	**-**	**(26,749)**	**(11,899)**	**(30,313)**
As of June 30, 2020	**48,850**	**111,987**	**276,944**	**321**	**(104,658)**	**(109,485)**	**223,959**
As of January 1, 2021	48,850	111,987	275,274	351	(131,237)	(122,184)	183,041
Loss	-	-	(1,291)	-	-	-	(1,291)
Currency translation differences	-	-	-	-	8,941	4,390	13,331
Total comprehensive income	**-**	**-**	**(1,291)**	**-**	**8,941**	**4,390**	**12,040**
As of June 30, 2021	**48,850**	**111,987**	**273,983**	**351**	**(122,296)**	**(117,794)**	**195,081**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30, 2021

TEUR	Notes	HY1 2021	HY1 2020
(Loss)/profit before tax		**(85)**	**14,522**
Adjustments for:			
Depreciation and amortization	2	13,606	16,035
Net loss/(gain) on the disposal of property, plant and equipment		23	(217)
Foreign exchange loss/(gain)		355	(400)
Net finance income		(198)	(1,092)
Income taxes paid		(853)	(4,313)
Change in working capital		**344**	**(2,112)**
Change in inventories		1,705	(1,943)
Change in trade and other receivables		(2,086)	1,898
Change in contract assets		(2,578)	(137)
Change in trade and other liabilities		3,303	(1,930)
Cash flows from operating activities		**13,192**	**22,423**
Purchase of property, plant and equipment		(9,695)	(17,652)
Proceeds from sale of equipment		108	1,163
Addition to bank deposits		(19,980)	(7,651)
Withdrawal of bank deposits		44,102	5,742
Interest received		1,721	3,097
Cash flows used in investing activities		**16,256**	**(15,301)**
Payment of lease liabilities		(105)	(91)
Cash flows used in financing activities		**(105)**	**(91)**
Effect of exchange rate changes on cash and cash equivalents		3,357	(14,937)
Net change in cash and cash equivalents		32,900	(7,906)
Cash and cash equivalents at January 1		71,687	138,610
Cash and cash equivalents at June 30		**104,587**	**130,704**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EU

The condensed consolidated interim financial statements, which comprise Petro Welt Technologies AG (the "Company") and its subsidiaries (together with the Company referred to as the "Group") as at and for the three and six months ended June 30, 2021 were prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union (EU) and as applicable for interim financial reporting.

In accordance with IAS 34 the condensed consolidated interim financial statements have been prepared on a condensed scope and, therefore, should be read in connection with the most recent consolidated financial statements prepared as at December 31, 2020.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have material impact on the interim condensed consolidated financial statements of the Group.

AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

SCOPE OF CONSOLIDATION

The scope of consolidation is unchanged in comparison to the balance sheet date December 31, 2020.

1. CURRENCY TRANSLATION

In the interim financial statements of the consolidated companies, transactions in foreign currency are translated into the functional currency (which is usually the local currency of the country of domicile) at the respective rates valid during the performance months on the basis of the official exchange rates of the Russian and European Central banks. The interim financial statements of the Russian companies are translated into the presentation currency (EUR) using the official exchange rates of the Russian Federation.

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

Currency (1 EUR =)	Closing rate as of 06/30/2021	Closing rate as of 12/31/2020	Average rate HY1 2021	Average rate HY1 2020
Russian ruble (RUB)	86.20	90.68	89.55	76.44
Kazakh tenge (KZT)	509.37	516.13	511.26	445.45

2. NON-CURRENT ASSETS

Changes in selected non-current assets between January 1 and June 30 are as follows:

TEUR	Carrying amount 01/01/2021	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 06/30/2021
Intangible assets	2,189	269	-	(2)	(179)	2,277
Property, plant and equipment	123,626	10,520	(131)	5,093	(13,322)	125,786

TEUR	Carrying amount 01/01/2020	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 06/30/2020
Intangible assets	2,010	10	-	(6)	(87)	1,927
Property, plant and equipment	161,107	17,648	(946)	(16,651)	(15,852)	145,306
Goodwill	611	-	-	-	-	611

As at June 30, 2021 Property, plant and equipment includes advances given for property, plant and equipment in the amount of TEUR 1,282 (December 31, 2020: TEUR 1,529).

As a result of the impairment testing as of December 31, 2020 the carrying amount of CGU Wellprop was determined to be higher than recoverable amount and an impairment loss was recognized in the amount of TEUR 611. The related impairment loss was allocated to goodwill and recognized through profit and loss in 2020. For the CGU PeWeTe EVO EUROPE the recoverable amount has been determined to be below the carrying amount and an impairment loss of TEUR 3,550 has been recognized, which has been fully allocated to property, plant and equipment.

As a result of a triggering event analysis as of June 30, 2021 certain indicators for impairment were identified. The recoverable amounts of cash-generating units were calculated.

The following Group's subsidiaries constitute separate cash generating units: OOO KATKoneft, OOO KATOB-NEFT, OOO KAToil-Drilling, TOO Petro Welt Technologies

Kazakhstan, OOO Wellprop, PeWeTe EVO EUROPE S.R.L., PeWeTe EVO SERVICES LLC. The recoverable amounts of these CGUs were identified based on the value in use, determined by discounting future cash flows to be generated from the continuing use of the CGUs. The cash flows are derived from the budget for the second half-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 condensed consolidated interim financial statements.

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

Assumptions used in impairment test	06/30/2021	12/31/2020
Information used	Actual operating results for the first half-year 2021 and business plans for the period of second half-year 2021–2025	Actual operating results for the year 2020 and business plans for 2021–2025
Forecast period	4.5 years period (the second half-year 2021–2025)	5 years (2021–2025)
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	Estimates are obtained from published Producer Price Index by the Economist Intelligence Unit	
Forecast of capital expenditures	Based on the management forecasts of maintenance capital expenditures for modernization and reconstruction program	
Terminal growth rate	2.8%–4.3%	2.8%–5.3%
	Average producer price index in terminal period	
Weighted average cost of capital (discount rate)	13.9%: CGUs OOO KATKoneft, OOO KATOBNEFT, OOO KAToil-Drilling 15.0%: CGU OOO Wellprop 15.7%: CGU TOO Petro Welt Technologies Kazakhstan 10.4%: CGU PeWeTe EVO EUROPE S.R.L.	13.3%: CGUs OOO KATKoneft, OOO KATOBNEFT, OOO KAToil-Drilling 14.5%: CGU OOO Wellprop 15.8%: CGU TOO Petro Welt Technologies Kazakhstan 10.6%: CGU PeWeTe EVO EUROPE
	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). 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 deducted from 6.5% used in the previous reporting period as of December 31, 2020. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. These factors are evaluated annually based on publicly available market data.	

Based on the impairment tests as of June 30, 2021, no additional impairment has been identified.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

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

- Consolidated forecast of volume of hydraulic fracturing, drilling operations and sales of proppant;
- Discount rate.

06/30/2021	12/31/2020
Equality of value in use and carrying amount becomes possible in case of revenue decrease by 0.9% in each of the years of the forecast period for the CGU KATOBNEFT, by 5.0% for KAToil-Drilling, by 3.7% for KATKoneft, by 28.4% for PeWeTe Kazakhstan and by 0.6% for Wellprop. Due to impairment loss as at December 31, 2020, as described above the carrying amount of the CGU PeWeTe EVO EUROPE equalized to the value in use.	Equality of value in use and carrying amount becomes possible in case of revenue decrease by 1.3% in each of the years of the forecast period for CGU KATOBNEFT, by 6.8% for CGU KAToil-Drilling, by 1.1% for KATKoneft and by 2.1% for PeWeTe Kazakhstan. Due to impairment loss charge as described above the carrying amount of CGUs Wellprop and PeWeTe EVO EUROPE was reduced and equalized to the value in use.

Discount rate – with all other assumptions held constant.

06/30/2021	12/31/2020
Increase of discount rate to 18.0%, 15.1%, 30.8% and 15.4% would result in equality of value in use and carrying amount of the CGUs KAToil-Drilling, KATOBNEFT, PeWeTe Kazakhstan and Wellprop, respectively. The impairment of KATKoneft is indicated in case of discount rate growth to 14.9%. Due to impairment loss as at December 31, 2020, as described above the carrying amount of the CGU PeWeTe EVO EUROPE equalized to the value in use.	Increase of discount rate to 17.8%, 14.7% and 17.2% would result in equality of value in use and carrying amount of CGU KAToil-Drilling, CGU KATOBNEFT and CGU PeWeTe Kazakhstan respectively. The impairment of CGU KATKoneft is indicated in case of discount rate growth to 14.7%. Due to impairment loss charge as described above the carrying amount of CGUs Wellprop and PeWeTe EVO EUROPE was reduced and equalized to the value in use.

3. INVENTORIES

TEUR	06/30/2021	12/31/2020
Spare parts and other materials	25,271	24,624
Raw material	6,712	7,209
Fuel and lubricants	2,144	1,970
Finished goods and goods for resale	1,436	1,850
Total	**35,563**	**35,653**

4. CURRENT RECEIVABLES

TEUR	06/30/2021	12/31/2020
Trade receivables	75,081	69,833
Contract assets	12,624	9,455
Other current assets	5,319	4,517
Tax receivables	835	1,488
Total	**93,859**	**85,293**

5. EQUITY

Share capital as of June 30, 2021 amounted to TEUR 48,850 (December 31, 2020: TEUR 48,850).

6. DEFERRED TAX

TEUR	HY1 2021	HY1 2020
Current tax expenses	1,942	2,920
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	(992)	2,475
Withholding tax	203	789
Income taxes from previous years	53	3
Current and deferred tax expenses	**1,206**	**6,187**

Deferred taxes relate to the following items:

	06/30/2021		12/31/2020	
TEUR	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carry-forwards	2,310	-	2,468	-
Deferred expenses/liabilities	2,238	-	1,663	-
Fixed assets/depreciation	-	(7,514)	-	(7,162)
Other	726	(753)	473	(670)
Netting	(3,788)	3,788	(3,623)	3,623
Total	**1,486**	**(4,479)**	**981**	**(4,209)**

7. CURRENT AND NON-CURRENT LIABILITIES

TEUR	**06/30/2021**	**12/31/2020**
Non-current financial liabilities to affiliated parties	124,595	122,905
Trade payables	39,798	31,028
Other current liabilities	19,901	21,933
Current and non-current lease liabilities	756	819
Advance payments received	111	36
Income tax payables	475	2
Total	**185,636**	**176,723**

For further details on the non-current financial liabilities to affiliated parties refer to note 12.

8. REVENUE

In the following table, revenue is disaggregated by primary geographical market, major products and 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 11). Lease payments are mostly variable. The contracts are concluded for one up to three years and the payments are mostly variable and do not depend on an index or rate.

Disaggregated revenue HY1 2021:

TEUR	Well Services and Stimulation	Drilling, Side-tracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	43,035	56,870	5,967	105,872	-	105,872
Group sales	241	53	801	1,095	(1,095)	-
Total sales	**43,276**	**56,923**	**6,768**	**106,967**	**(1,095)**	**105,872**
Primary geographical markets						
Russia	41,160	56,480	6,061	103,701	(831)	102,870
Kazachstan	2,116	-	264	2,380	(264)	2,116
CIS and Ukraine	-	-	263	263	-	263
European and Central African countries	-	443	180	623	-	623
Total sales	**43,276**	**56,923**	**6,768**	**106,967**	**(1,095)**	**105,872**
Major products/service lines						
Hydraulic fracturing	42,390	-	-	42,390	(241)	42,149
Sidetrack drilling	-	24,032	-	24,032	(33)	23,999
Conventional drilling	-	22,891		22,891	(20)	22,871
Cementing	848	-	-	848	-	848
Rent income (IFRS 16)	-	9,988	-	9,988	-	9,988
Sale of proppant	-	-	5,587	5,587	(801)	4,786
Other services	38	12	1,181	1,231	-	1,231
Total sales	**43,276**	**56,923**	**6,768**	**106,967**	**(1,095)**	**105,872**
Timing of revenue recognition						
Goods and services transferred at a point in time	-	-	6,768	6,768	(801)	5,967
Short-term services	43,276	-	-	43,276	(241)	43,035
Services transferred over time	-	46,935	-	46,935	(53)	46,882
Rent income (IFRS 16)	-	9,988	-	9,988	-	9,988
Total sales	**43,276**	**56,923**	**6,768**	**106,967**	**(1,095)**	**105,872**

Disaggregated revenue HY1 2020:

TEUR	Well Services and Stimulation	Drilling, Side-tracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	73,032	75,745	5,215	153,992	-	153,992
Group sales	463	65	1,599	2,127	(2,127)	-
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Primary geographical markets						
Russia	70,904	75,245	5,810	151,959	(1,572)	150,387
CIS	2,591	-	682	3,273	(555)	2,718
European countries	-	565	322	887	-	887
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Major products/service lines						
Hydraulic fracturing	71,696	-	-	71,696	(463)	71,233
Sidetrack drilling	-	37,751	-	37,751	(20)	37,731
Conventional drilling	-	25,764	-	25,764	(45)	25,719
Cementing	1,298	-	-	1,298	-	1,298
Rent income (IFRS 16)	374	12,278	-	12,652	-	12,652
Sale of proppant	-	-	6,691	6,691	(1,599)	5,092
Other services	127	17	123	267	-	267
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Timing of revenue recognition						
Goods and services transferred at a point in time	-	-	6,814	6,814	(1,599)	5,215
Short-term services	73,121	-	-	73,121	(463)	72,658
Services transferred over time	-	63,532	-	63,532	(65)	63,467
Rent income (IFRS 16)	374	12,278	-	12,652	-	12,652
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**

9. COST OF SALES

TEUR	Q2 2021	Q2 2020	HY1 2021	HY1 2020
Raw materials	13,698	16,097	26,429	39,444
Direct costs	13,385	15,611	25,196	36,721
Depreciation	6,569	7,348	13,265	15,759
Wages and salaries	10,344	11,763	19,100	25,368
Social tax	3,128	3,498	5,920	7,731
Other costs	3,979	2,304	5,076	2,383
Total	**51,103**	**56,621**	**94,986**	**127,406**

10. EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 by dividing the net profit for the Group by the average number of shares. There is no dilutive effect.

		Q2 2021	Q2 2020	HY1 2021	HY1 2020
Common stock	Thousand	48,850	48,850	48,850	48,850
Profit/(loss)	TEUR	1,050	(350)	(1,291)	8,335
Earnings per share	EUR	0.02	-	-	0.17

11. SEGMENT REPORTING

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 OOO KATKoneft, TOO PeWeTe Kazakhstan and PeWeTe EVO SERVICES LLC);
- Drilling, Sidetracking, and Integrated Project Management (IPM) – services for conventional drilling, sidetrack drilling (operated by OOO KAToil-Drilling, OOO KATOBNEFT and PeWeTe EVO EUROPE S.R.L.);
- Proppant Manufacturing (operated by OOO Wellprop).

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 IFRS.

Transactions between the business segments are conducted on normal commercial terms and conditions. Reconciliation includes 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 six months ended June 30, 2021 and June 30, 2020 is presented below.

Reporting segments HY1 2021:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	43,035	56,870	5,967	105,872	-	105,872
Group sales	241	53	801	1,095	(1,095)	-
Total sales	**43,276**	**56,923**	**6,768**	**106,967**	**(1,095)**	**105,872**
Operating result	**(278)**	**2,924**	**395**	**3,041**	**(2,969)**	**72**
Interest income and expenses						198
Other financial result						(355)
Loss before tax						**(85)**
Income tax						(1,206)
Loss						**(1,291)**

Reporting segments HY1 2020:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	73,032	75,745	5,215	153,992	-	153,992
Group sales	463	65	1,599	2,127	(2,127)	-
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Operating result	**6,334**	**12,507**	**(13)**	**18,828**	**(5,798)**	**13,030**
Interest income and expenses						1,092
Other financial result						400
Profit before tax						**14,522**
Income tax						(6,187)
Profit						**8,335**

12. RELATED PARTIES

As at June 30, 2021 the non-current financial liabilities against Petro Welt Holding (Cyprus) Ltd. amounted to TEUR 124,595, including accrued interest (December 31, 2020: TEUR 122,905). In the period January 1 to June 30, 2021, the interest expenses resulting from these financial liabilities amounted to TEUR 1,690 (in the period January 1 to June 30, 2020: TEUR 1,843). This corresponds to an average interest rate of 2.89% (in the period January 1 to June 30, 2020: 3.13%).

The Group has conducted the following transactions with related parties:

TEUR	Transaction value		Outstanding balance		Transaction description
	HY1 2021	HY1 2020	06/30/2021	12/31/2020	
Subsidiaries					
Fairtune East Ltd, Moscow	59	74	12	13	Rental fee

Remuneration of key management personnel was as follows:

MANAGEMENT BOARD REMUNERATION

TEUR	HY1 2021	HY1 2020
Management Board remuneration	259	431

SECOND LEVEL MANAGEMENT REMUNERATION

TEUR	HY1 2021	HY1 2020
Second level management salaries	856	1,006

13. FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments were as follows:

FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

TEUR	06/30/2021	12/31/2020
Cash and cash equivalents	104,587	71,687
Bank deposits	21,077	43,944
Trade receivables	75,081	69,833
Receivables from related parties	362	362
Other receivables	1,965	1,408
Total	**203,072**	**187,234**

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COSTS

TEUR	06/30/2021	12/31/2020
Non-current financial liabilities to affiliated parties	124,595	122,905
Trade payables	39,798	31,028
Current and non-current lease liabilities	756	819
Other current liabilities	1,428	4,098
Total	**166,577**	**158,850**

The carrying amounts of trade receivables and current and non-current assets correspond to their fair values. 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 period and in the previous one.

14. LITIGATIONS AND CLAIMS

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 will deal with the counterclaims asserted by the Respondents, which the Company is disputing both with regard to its merits and the amount of claim, and the compensation of the tax damages. The evidence proceedings may be finished in the first quarter of the year 2022.

15. EVENTS AFTER THE REPORTING DATE

No material events occurred after the balance sheet date.

Vienna, August 23, 2021

Board of Management

Denis Stankevich __ Chief Executive Officer

Valeriy Inyushin __ Chief Financial Officer

LEGAL NOTICE

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