Petro Welt Technologies

HY1 2022

Condensed consolidated interim financial statements as of June 30, 2022

FINANCIAL KEY FIGURES

in EUR million	HY1 2022	HY1 2021	Change
Revenue	152.2	105.4	44.4%
Gross profit	20.6	10.9	89.0%
EBIT	6,7	0.4	> 100%
EBIT margin	4.4%	0.4%	
EBITDA	22.5	13.7	64.2%
EBITDA margin	14.8%	13.0%	
Group result	6.2	(1.3)	> 100%
Balance sheet total[1]	577.5	403.6	43.1%
Equity[1]	355.6	206.0	72.6%
Equity ratio[1]	61.6%	51.0%	20.6%
Cash flow from operating activities	(15.7)	13.2	(218.9%)
Cash flows (used in)/from investing activities	(16.0)	16.3	(198.2%)
Cash flow used in financing activities	(0.1)	(0.1)	-
Cash and cash equivalents[2]	157.9	104.5	51.1%
Managerial cash position[1]	157.9	143.5	10.0%
EUR exchange rate at the end of the reporting period[1]	53.86	84.07	(35.9%)
EUR average exchange rate for the reporting period	83.52	89.55	(6.7%)
Employees (average)	3,446	3,001	14.9%

[1] As of June 30, 2022 and December 31, 2021 respectively
[2] As of June 30, 2022 and June 30, 2021 respectively

CONTENT

MANAGEMENT REPORT HY1 2022

ECONOMIC ENVIRONMENT

RUSSIA

The upturn in the Russian economy at the beginning of the year was followed by a sharp recession. In January 2022, business activity in the manufacturing sector was still gaining momentum – the Purchasing Managers Index (PMI) stood at 51.8 points – but the trend reversed from the onset of the military operation in Ukraine at the end of February. The PMI fell to 48.6 points in February and yet further to 44.1 points in March, the lowest level since May 2020. Problems in production and logistics against the backdrop of the trade and financial sanctions imposed on Russia were the main reasons for this dynamic.

Between March and July 2022, the European Union (EU) put together a total of seven sanctions packages, causing production in Russia to slump. The Kremlin responded by banning exports of more than 200 products, including telecommunications equipment, medical devices, vehicles, agricultural equipment, and electrical appliances. Russia also curtailed natural gas supplies to the EU, and Russian state-owned Gazprom reduced deliveries via the Nord Stream 1 pipeline, sending gas prices on the spot market soaring in July.

According to estimates of the Russian Ministry of the Economy, in the first six months of 2022 the country's gross domestic product (GDP) contracted by about 4.0% year on year due to weakened retail sales, the sanctions, and declining exports. Industrial production also recorded a year-on-year decline by 1.8% in June due to lower manufacturing output. The World Bank forecasts an 8.9% drop in Russian GDP for the full year. According to the Kremlin, however, GDP will decline by no more than 4.5% over the course of the year.

The unemployment rate fell to 3.9% by May due to the gradual migration of labor to Turkey, Georgia, and Armenia.

As of June 30, 2022, the Russian ruble stood at RUB 52.4 per USD and RUB 54.6 per EUR – well above its level before the start of the military operation in Ukraine. Higher energy and commodity prices have driven up both export revenues and demand for Russia's national currency since the onset of the military operation in late February. In early March, the ruble was still at a record low of about RUB 131.8 per USD. An average exchange rate of RUB 78.0 per USD is expected for 2022 on the whole.

In order to stop the devaluation of the ruble, the Russian central bank raised the key interest rate from 9.5% to a record 20.0% at the end of February. Since then, the key rate has been lowered five times in a row. The last reduction to date took place at the end of July 2022, specifically, by a larger than expected 1.5 percentage points to 8.0%. The Russian Central Bank expects the population's purchasing power to grow.

Inflation in Russia is trending downward but remains high. According to Central Bank forecasts, inflation will be between 12% and 15% overall in 2022 and between 5% and 7% in 2023, and will return to the target level of 4% in 2024.

The reduction in Russian supplies of natural gas to the EU also weighed on the euro exchange rate. On July 14, 2022, the EU's common currency fell to a low of USD 0.9952. The euro and the US dollar thus reached parity for the first time since October 2002, i.e., almost two decades. The US dollar is benefiting from the prospect of further interest rate increases and the relatively good performance of the American economy.

Oil and Gas Production in Russia

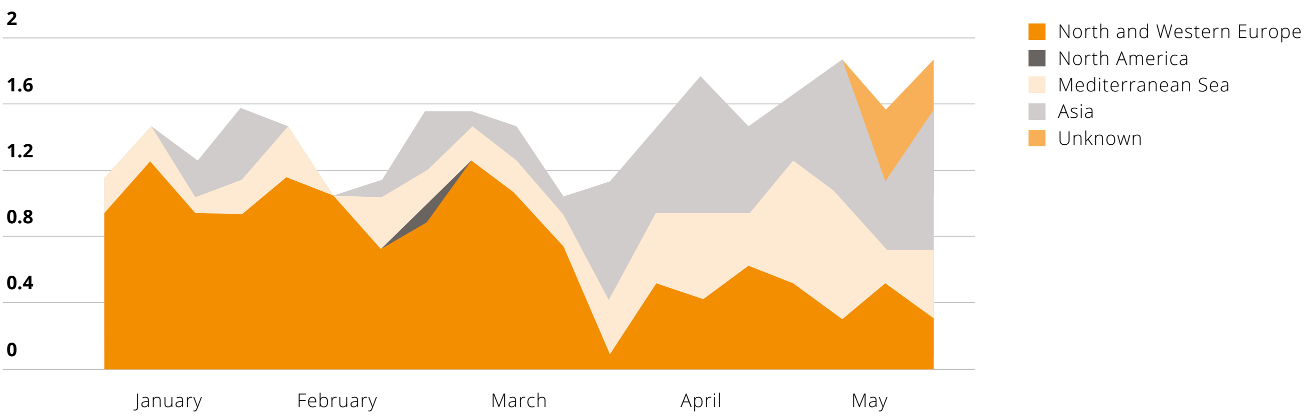
The restrictions imposed by the EU primarily affect the sea transport of crude oil from Russia. In early June, the EU not only imposed an embargo on Russia oil deliveries by sea, but also restricted tanker-to-tanker transfers of Russian crude oil. In addition, Germany and Poland decided to stop importing Russian oil via pipelines. Roughly 44% of oil exports from Russia thus were at risk.

While many countries stopped importing Russian gas and oil in response to the military operation in Ukraine, countries such as Saudi Arabia, India, and China have been importing oil from Russia on a large scale. For example, 647,000 tons of oil were shipped to Saudi Arabia through Russian and Estonian ports from April to June, up from just 320,000 tons in the same period of the previous year. The kingdom, which is itself considered the world's largest oil exporter, thus doubled its imports from Russia year on year.

India and China have also purchased significantly greater quantities of oil from Russia, thus offsetting the cuts in supplies to European countries. In June 2022, Russia exported a record two million barrels of crude oil per day (mb/d) to China, making it China's most important oil supplier for the second month in a row, ahead of Saudi Arabia. Moreover, in the second quarter of 2022 India also imported more oil from Russia than ever before. From the end of February to the beginning of May, its imports averaged 40 mb/d.

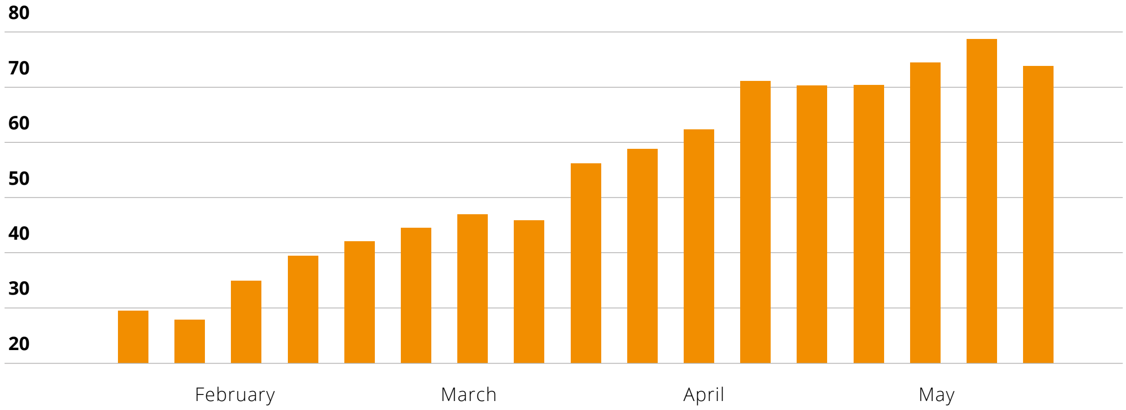
Two factors have boosted India's demand for Russian oil: high prices on the world markets, for one, and the discount that Russia is offering on its crude oil from the Urals, for another. Hence Indian refineries have bought oil from Russia at lower prices, processed it, and exported the resulting petroleum products made in India to both the EU and the US. According to India's Ministry of Commerce and Industry, between January and May 2022, the country's exports of petroleum products skyrocketed year on year by 91.3%. The discount for crude oil from the Urals relative to Brent crude persists, although it has fallen to USD 20 per barrel against the backdrop of the embargo.

__ Shipments of Russian oil (million barrels/day) through the ports of the Baltic Sea between January 7, 2022, and May 13, 2022, to the regions shown



Source: Energy Trends (analytical center of the government of the Russian Federation), June 2022

_ Russian oil in transit (by sea) and in floating storage from February 6, 2022, to May 26, 2022 (million barrels)



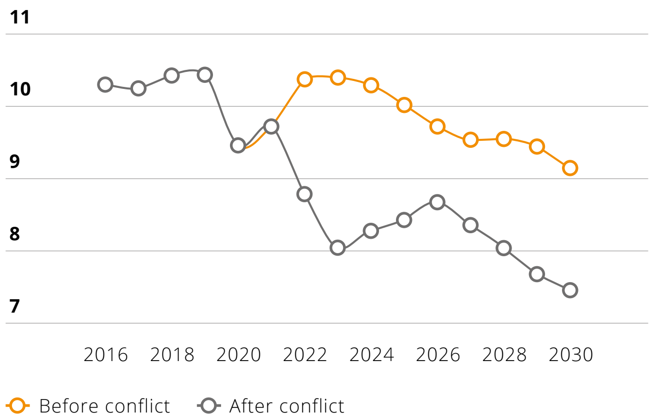
Source: Energy Trends (analytical center of the government of the Russian Federation), June 2022

Western sanctions significantly complicate the process of receiving and unloading Russian oil tankers in a number of ports. In the period from February 13, 2022, to May 22, 2022, the volume of oil in transit and in floating storage facilities waiting to be unloaded rose 2.9 times.

In the first half of 2022, Russian oil and gas condensate production totaled 263 million tons, up 3.3% from the first half of 2021. In June 2022, production was 43.8 million tons, up 2.7% from June 2021 and 1.5% from May 2022. According to the Russian Central Bank, this enabled Russia to generate a budget surplus of about EUR 20 billion despite the military operation and the sanctions. According to the Finance Ministry, overall the surplus is RUB 1.374 trillion (about EUR 23 billion). In the first half of the year, Russia collected more than EUR 100 billion from the sale of oil and gas. This already equates to 66% of the revenue planned for the whole of 2022.

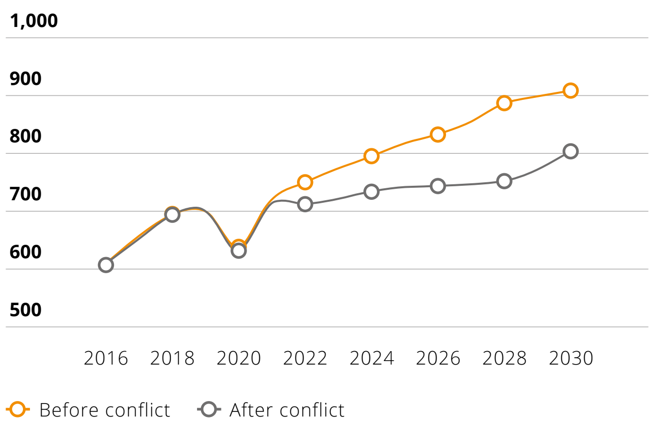
According to forecasts by economic experts, Russia will experience a severe recession in 2022, which will also affect the rest of the global economy. It is likely to take some time for the Russian economy to overcome the sanctions and for additional demand for oil to emerge, with the result that crude oil production is not expected to recover until mid-2023. However, some of Russia's spare capacity will not be available, as many shut-in wells cannot even be brought back on stream. The situation is aggravated by the lack of both investments and foreign technologies. In sum, this leads to lower drilling activity, which is why Russia is not expected to return to pre-conflict production levels before 2026.

_ Russian crude production outlook before and after Ukraine invasion (million barrels/day)



Source: Rystad Energy research analysis, Rystad Energy UCube

_ Russian gas production forecast (billion cubic meters)



Source: Rystad Energy research analysis, Rystad Energy UCube

KAZAKHSTAN

In Kazakhstan, the economic upswing was held back by the country's close trade relations with Russia and China. While the impact of protests and unrest at home remained manageable, the military operation in Ukraine and the ongoing COVID-19 lockdowns particularly in China created uncertainty. Against the backdrop of these developments, Kazakhstan's government lowered its GDP growth forecast for 2022 to 2.1%, down from the initial forecast of 3.9%. Both the World Bank and the International Monetary Fund (IMF) have also revised their forecasts downward and expect GDP to increase in 2022 by a mere 1.5% to 2.3%.

Kazakhstan's manufacturing sector still showed stable growth in February 2022, but economic activity started to decline again in March. Owing to deteriorating business conditions, the PMI stood at 46.8 points in March 2022, compared with 50.1 points in the previous month. The comprehensive international sanctions against Russia have also disrupted the flow of goods and finance from there to Kazakhstan, which has had a particularly strong impact on private consumption. According to forecasts by the Economist Intelligence Unit (EIU), private consumption in Kazakhstan will decline by 4.2% in 2022.

While imports to the country increased only to a limited extent due to subdued consumption in the first half of 2022, Kazakhstan's exports are heading for a significant expansion. According to forecasts by the Kazakh government, export revenues are expected to be almost 20% higher in 2022 than in the previous year due to higher prices for crude oil and numerous other raw materials.

Due to the global impact of the military operation in Ukraine on food prices, inflation also skyrocketed in Kazakhstan. Between February and March 2022 alone, it rose by 3 percentage points to 12.0%. According to forecasts by the country's Central Bank, inflation is expected to ease slightly over the rest of the year and settle between 8% and 10%. The national currency, the tenge, has come under considerable pressure in the meantime. While the Central Bank has supported it on the foreign exchange market several times since the onset of the military operation, it has lost 5.2% against the US dollar and 3.5% against the euro since the beginning of the year regardless.

Oil and Gas Production in Kazakhstan

Kazakhstan is among the key drivers of liquid fuels supply growth, along with China, Canada, Brazil, and the US. According to OPEC, in the first half of 2022 oil production in Kazakhstan soared by a monthly average of 109,000 barrels per day (kb/d) to about 1.5 mb/d. For the full year, Kazakhstan's output is forecast to grow by 120 kb/d to an average of 1.9 mb/d.

Storm damage in March at Kazakhstan's most important oil pipeline to Russia's Black Sea port, through which about 80% of Kazakhstan's oil is exported, caused losses. According to the World Bank, the amount of oil to be exported in 2022 could fall by up to 6% due to the long repair times.

Oil production at the Tengiz field as well as gas condensate production at the Karachaganak field are expected to rise slightly throughout the year. In the long term, production in Kazakhstan will increase as new fields come on stream and existing projects are expanded.

PERFORMANCE OF THE PEWETE GROUP

HIGHLIGHTS

- Revenue in RUB jumped by 34.7% and in EUR by 44.4%.
- Operational growth in two segments: 39.6% (HY1 2022: 2,643 operations; HY1 2021: 1,893 operations) in Well Services and Stimulation and 43.6% (HY1 2022: 168 operations; HY1 2021: 117 operations) in Drilling, Sidetracking, and Integrated Project Management (IPM).
- Positive EBIT trend in Q2 2022 due to continued improvements in conventional drilling operations and the gradual recovery of the fracturing segment.

In the first half of 2022, Petro Welt Technologies AG (PeWeTe) was confronted with a challenging market environment due to its operating activities in Russia. Nevertheless, the PeWeTe Group was able to report a positive development.

Revenue for the first half of 2022 stands at EUR 152.2 million, up by 44.4% year on year (HY1 2021: EUR 105.4 million). Revenue in RUB jumped by 34.7% due to the positive operational performance.

From January to June 2022, the average RUB/EUR exchange rate rose to RUB 83.52 per euro, compared with RUB 89.54 per euro in the same period of the previous year.

At 39.3%, the cost of sales showed slightly slower growth than revenue, boosting the Group’s gross profit by 89.0% to EUR 20.6 million.

Accordingly, the gross profit margin improved to 13.5% in the first half of 2022, up from 10.3% in the same period of the previous year.

The Group recorded a 34.7% increase in administrative expenses, which grew at a slower rate than both revenue and the cost of sales.

In the first half of 2022, selling expenses soared by 75.0% to EUR 1.4 million due to the increase in transportation costs.

The strong operational result led to an EBIT margin of 4.4% in the reporting period.

Thanks to rising deposit interest rates, interest income more than doubled to EUR 4.7 million, up from EUR 1.9 million in the same period of 2021. The net financial result thus is positive at EUR 1.9 million.

Profit before tax stands at EUR 8.6 million with a corresponding margin of 5.7%.

Well Services and Stimulation segment

Due to higher demand for stimulation operations, the Well Services and Stimulation segment posted a 72.0% increase in revenue to EUR 73.1 million for the first six months of 2022 (HY1 2021: EUR 42.5 million). Growth in RUB terms was 60.4% year on year. This was mainly due to the increase in the number of jobs (HY1 2022: 2,643 operations; HY1 2021: 1,893 operations), representing growth of 39.6% year on year, and the improvement in average revenue per job (23.2% in EUR and 15.0% in RUB).

Drilling, Sidetracking, and IPM segment
The Drilling, Sidetracking, and IPM segment also delivered positive development in the first half of 2022. Segment revenue rose by 28.6% to EUR 73.2 million (HY1 2021: EUR 56.9 million). This was due to the increase in the number of jobs (HY1 2022: 168 operations; HY1 2021: 117 operations), representing growth of 43.6% year on year. Average segment revenue per job declined by 10.4% in EUR or 16.5% in RUB as the downturn in the industry in 2021 was not as severe for drilling services as it was for fracturing.

STATEMENT OF FINANCIAL POSITION

Both current assets (+40.1%) and non-current assets (+49.4%) as well as current liabilities (+32.6%) increased significantly compared to the beginning of the reporting period due to the drastic appreciation of the ruble against the euro. Non-current liabilities largely consist of loans from affiliated companies denominated in euro. Thus, the dynamics of this item are relatively weak.

CASH FLOW STATEMENT

Due to the significant increase in operations compared with the previous year, the Group posted negative cash flow from operating activities. The increase in operations required greater investments in working capital, especially inventories and receivables.

In contrast to the previous year, the Group intensified the renewal of production equipment, resulting in cash outflows from investing activities. In the reporting period, the cash flow from investing activities was not supported by the withdrawal of short-term bank deposits with a maturity of more than three months, as was the case in the previous year. During the reporting period, the Group invested all available free funds with a maturity of less than three months, which are presented in the statement of financial position as cash and cash equivalents.

EVENTS AFTER THE BALANCE SHEET DATE

See note 15 of the condensed consolidated interim financial statements.

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 2022 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 2022 financial year and of the major related-party transactions to be disclosed.

Vienna, August 24, 2022

Denis Stankevich __ Chief Executive Officer

Kirill Bakhmetyev __ Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022

TEUR	Notes	06/30/2022	12/31/2021
Assets			
Non-current assets		**195,106**	**130,623**
Property, plant and equipment	3	190,253	125,941
Intangible assets	3	2,013	2,122
Right-of-use assets		851	719
Other assets		107	107
Deferred tax assets	7	1,882	1,734
Current assets		**382,412**	**273,024**
Inventories	4	61,778	36,570
Trade receivables	5	112,451	69,971
Contract assets	5	37,746	13,755
Assets classified as held for sale	2	2,919	2,919
Bank deposits		-	926
Other current assets	5	7,268	5,415
Income tax receivable	5	2,393	871
Cash and cash equivalents		157,857	142,597
Total assets		**577,518**	**403,647**
Equity and liabilities			
Equity		**355,564**	**206,002**
Share capital	6	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		284,431	278,199
Remeasurement of defined benefit plans		444	444
Currency translation reserve		(90,148)	(233,478)
Non-current liabilities		**135,081**	**132,118**
Non-current financial liabilities to affiliated parties	8	127,564	126,310
Non-current lease liabilities	8	462	639
Deferred tax liabilities	7	6,859	4,973
Employee benefits		196	196
Current liabilities		**86,873**	**65,527**
Trade payables	8	42,519	35,581
Other current liabilities	8	43,598	28,347
Current lease liabilities	8	433	110
Advance payments received	8	238	330
Income tax payables	8	85	1,159
Total equity and liabilities		**577,518**	**403,647**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

TEUR	Notes	Q2 2022	Q2 2021[1]	HY1 2022	HY1 2021[1]
Revenue	9	89,837	60,206	152,217	105,429
Cost of sales	10	(76,624)	(50,765)	(131,610)	(94,490)
Gross profit		**13,213**	**9,441**	**20,607**	**10,939**
Administrative expenses		(6,961)	(4,927)	(12,770)	(9,548)
Selling expenses		(797)	(582)	(1,415)	(845)
Other operating income		888	607	1,444	904
Other operating expenses		(789)	(761)	(1,183)	(1,007)
Operating result		**5,554**	**3,778**	**6,683**	**443**
Finance income		2,601	1,012	4,710	1,895
Finance costs		(4,579)	(1,963)	(2,821)	(2,052)
Net finance (loss)/income		**(2,158)**	**(951)**	**1,889**	**(157)**
Profit before income tax		**3,396**	**2,827**	**8,572**	**286**
Income tax expense	7	(2,047)	(1,672)	(2,207)	(1,206)
Profit/(loss) from continuing operations		**1,349**	**1,155**	**6,365**	**(920)**
Loss from discontinued operations (net of income tax)		**-**	**(105)**	**(133)**	**(371)**
Profit/(loss)		**1,349**	**1,050**	**6,232**	**(1,291)**
Basic earnings per share in EUR	11	0.03	0.02	0.13	-
Diluted earnings per share in EUR	11	0.03	0.02	0.13	-

[1] Adjusted following the classification of PEWETE EVO EUROPE S.R.L. as a discontinued operation. As a result, the items revenue, cost of sales, gross profit, administrative expenses, profit before income tax and profit for the reporting period were adjusted. Refer to Note 2.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

TEUR	Notes	Q2 2022	Q2 2021	HY1 2022	HY1 2021
Profit/(loss)		**1,349**	**1,050**	**6,232**	**(1,291)**
Items that may be reclassified to profit or loss					
Foreign currency translation differences from:					
Translation of a foreign operation	1	138,565	5,363	142,143	8,941
Net investments in foreign operations	1	257	2,996	2,250	4,989
Income tax effect related to currency translation differences		(512)	(48)	(1,063)	(599)
Total other comprehensive income		**138,310**	**8,311**	**143,330**	**13,331**
Total comprehensive income		**139,659**	**9,361**	**149,562**	**12,040**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2022

					Currency translation reserve		
TEUR	Share capital	Capital reserve	Retained earnings	Remeasurement of defined benefit plans	Translation of foreign operations	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
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**
As of January 1, 2022	48,850	111,987	278,199	444	(117,242)	(116,236)	206,002
Profit	-	-	6,232	-	-	-	6,232
Currency translation differences	-	-	-	-	142,143	1,187	143,330
Total comprehensive income	**-**	**-**	**6,232**	**-**	**142,143**	**1,187**	**149,562**
As of June 30, 2022	**48,850**	**111,987**	**284,431**	**444**	**24,901**	**(115,049)**	**355,564**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30, 2022

TEUR	Notes	HY1 2022	HY1 2021
(Loss)/profit before tax		**8,439**	**(85)**
Adjustments for:			
Depreciation and amortization	3	15,920	13,606
Net loss/(gain) on the disposal of property, plant and equipment		(351)	23
Foreign exchange loss/(gain)		1,563	355
Net finance income		(3,452)	(198)
Income taxes paid		(4,164)	(853)
Change in working capital		**(33,700)**	**344**
Change in inventories		(4,775)	1,705
Change in trade and other receivables		(3,195)	(2,086)
Change in contract assets		(16,275)	(2,578)
Change in trade and other liabilities		(9,455)	3,303
Cash flows from operating activities		**(15,745)**	**13,192**
Purchase of property, plant and equipment		(22,279)	(9,695)
Proceeds from sale of equipment		653	108
Addition to bank deposits		-	(19,980)
Withdrawal of bank deposits		1,040	44,102
Interest received		4,631	1,721
Cash flows used in investing activities		**(15,955)**	**16,256**
Payment of lease liabilities		(76)	(105)
Cash flows used in financing activities		**(76)**	**(105)**
Effect of exchange rate changes on cash and cash equivalents		47,036	3,557
Net change in cash and cash equivalents		15,260	32,900
Cash and cash equivalents as of January 1		142,597	71,687
Cash and cash equivalents as of June 30		**157,857**	**104,587**
Of which cash flows from discontinued operations			
Cash flows from operating activities		(100)	(318)

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 of and for the three and six months ended June 30, 2022, 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 of December 31, 2021.

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, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

ONEROUS CONTRACTS – COSTS OF FULFILLING A CONTRACT – AMENDMENTS TO IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that, when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services, both incremental costs (e.g., direct labour and materials costs) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied this approach to the contracts for which it had not fulfilled all its obligations prior to the application of the amendments, therefore the provision for onerous contracts comprised both incremental costs (such as labour and materials) and allocation of other direct costs (including depreciation). The loss for such unprofitable wells in progress as of the reporting date is charged to cost of sales in the period in which management becomes aware of it and is accumulated in the consolidated statement of financial position as provision for onerous contracts.

These amendments had no impact on the interim condensed consolidated financial statements of the Group:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities;
- IAS 41 Agriculture – Taxation in Fair Value Measurements.

SCOPE OF CONSOLIDATION

The scope of consolidation is unchanged compared with the balance sheet date as of December 31, 2021.

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 06/30/2022	Closing rate as of 12/31/2021	Average rate HY1 2022	Average rate HY1 2021
Russian ruble (RUB)	53.86	84.07	83.52	89.55
Kazakh tenge (KZT)	488.75	487.79	492.39	511.26

2. DISCONTINUED OPERATIONS

Due to unforeseen delays and obstacles caused by COVID-19 restrictions, the Company decided to halt its business expansion plans into Romania and focus on business opportunities in other markets instead. 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. The remaining part of those assets was reclassified as assets held for sale amounting to EUR 2.919 million in the balance sheet as of June 30, 2022 (December 31, 2021: EUR 2.919 million)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE DISCONTINUED OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

TEUR	Notes	Q2 2022	Q2 2021	HY1 2022	HY1 2021
Revenue	9	-	443	-	443
Cost of sales	10	-	(338)	-	(496)
Gross profit		**-**	**105**	**-**	**(53)**
Administrative expenses		-	(210)	(133)	(318)
Operating result		**-**	**(105)**	**(133)**	**(371)**
Loss		**-**	**(105)**	**(133)**	**(371)**
Basic earnings per share in EUR	11	-	-	-	-
Diluted Earnings per share in EUR	11	-	-	-	-

3. NON-CURRENT ASSETS

Changes in selected non-current assets between January 1, 2022, and June 30 are as follows:

TEUR	Carrying amount 01/01/2022	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 06/30/2022
Intangible assets	2,122	-	(3)	94	(200)	2,013
Property, plant and equipment	125,941	20,543	(493)	59,918	(15,656)	190,253

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

As of June 30, 2022, property, plant and equipment includes advances given for property, plant and equipment in the amount of TEUR 8,599 (December 31, 2021: TEUR 3,766).

As a result of the impairment test as of December 31, 2021, there were no cases where the carrying amount exceeded the value in use of the tested CGU. In addition, the part of the impairment previously recognized in respect of the CGU PEWETE EVO EUROPE S.R.L. in the amount of EUR 1.794 million was reversed, as the respective equipment was allocated to the CGU KATOBNEFT and tested there.

Bases on an analysis of the triggering events as of June 30, 2022, certain indicators for impairment were identified. The recoverable amounts of cash-generating units were calculated.

The following Group subsidiaries constitute separate cash-generating units: OOO KATKoneft, OOO KATOBNEFT, OOO KAToil-Drilling, LLP Petro Welt Technologies Kazakhstan, OOO WellProp, PeWeTe EVO SERVICES LLC. The recoverable amounts of these CGUs were identified based on the value in use, determined by discounting future cash flows expected 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 of the 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	**06/30/2022**	**12/31/2021**
Information used	Actual operating results for the first half-year 2022 and business plans for the period of second half-year 2022–2026	Actual operating results for the year 2021 and business plans for 2022–2026
Forecast period	4.5 years period (the second half-year 2022–2026)	5 years (2022–2026)
Consolidated forecast of volume of hydraulic fracturing and drilling operations	Based on Management's forecast of future trends and developments in business approved by the Senior Management	
Raw materials and production services price	Estimates are obtained from published producer price index	
Forecast of capital expenditures	Based on the management forecasts of maintenance capital expenditures for modernization and reconstruction program	
Terminal growth rate	4.6%	4.0%–5.2%
	Average producer price index in terminal period	
Weighted average cost of capital (discount rate)	17.0%	15.0% – CGUs OOO KATKoneft, OOO KATOBNEFT, OOO KAToil-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). 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. 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.	

Based on the impairment tests as of June 30, 2022, no additional impairment has been identified.

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

06/30/2022	12/31/2021
An alignment of the value in use with the carrying amount is possible if, in each year of the forecast period, revenue decreases by 2.0% for the CGU KAToil-Drilling, by 3.8% for the CGU PeWeTe Kazakhstan, by 0.5% for the CGU KATOBNEFT and KATKOneft, and by 0.2% for the CGU WellProp.	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 CGU KATKoneft, by 14.4% for CGU PWT Kazakhstan and by 2.2% for CGU WellProp.

Discount rate – with all other assumptions held constant.

06/30/2021	12/31/2021
An increase in the discount rate to 19.0%, 18.8%, 17.3%, 17.5% and 27.0% would result in equality of the value in use and the carrying amount of CGU KAToil-Drilling, CGU PeWeTe Kazakhstan, CGU WellProp, CGU KATOBNEFT and CGU KATKOneft respectively.	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.

4. INVENTORIES

TEUR	06/30/2022	12/31/2021
Spare parts and other materials	38,400	25,028
Raw material	17,562	7,150
Fuel and lubricants	3,179	2,375
Finished goods and goods for resale	2,637	2,017
Total	**61,778**	**36,570**

5. CURRENT RECEIVABLES

TEUR	06/30/2022	12/31/2021
Trade receivables	112,451	69,971
Contract assets	37,746	13,755
Other current assets	7,268	5,415
Tax receivables	2,393	871
Total	**159,858**	**90,012**

6. EQUITY

Share capital as of June 30, 2022 amounted to TEUR 48,850 (December 31, 2021: TEUR 48,850).

7. DEFERRED TAX

TEUR	HY1 2022	HY1 2021
Current tax expenses	3,211	1,942
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	(1,172)	(992)
Withholding tax	6	203
Income taxes from previous years	162	53
Current and deferred tax expenses	**2,207**	**1,206**

Deferred taxes relate to the following items:

	06/30/2022		12/31/2021	
TEUR	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Tax loss carry-forwards	575	-	2,067	-
Deferred expenses/liabilities	4,439	(497)	2,455	(5)
Fixed assets/depreciation	-	(9,139)	-	(8,144)
Other	1,757	(2,112)	1,345	(957)
Netting	(4,889)	4,889	(4,133)	4,133
Total	**1,882**	**(6,859)**	**1,734**	**(4,973)**

8. CURRENT AND NON-CURRENT LIABILITIES

TEUR	**06/30/2022**	**12/31/2021**
Non-current financial liabilities to affiliated parties	127,564	126,310
Trade payables	42,519	35,581
Other current liabilities	43,598	28,347
Current and non-current lease liabilities	895	749
Advance payments received	238	330
Income tax payables	85	1,159
Total	**214,899**	**192,476**

9. REVENUE

In the following table, revenue is disaggregated by primary geographical market, major products and service lines as well as timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to Note 12).

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

Disaggregated revenue HY1 2022:

TEUR	Well Services and Stimulation	Drilling, Side-tracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	73,104	73,222	5,891	152,217	-	152,217
Group sales	274	72	3,554	3,900	(3,900)	-
Total sales	**73,378**	**73,294**	**9,445**	**156,117**	**(3,900)**	**152,217**
Primary geographical markets						
Russia	67,484	73,294	7,830	148,608	(3,017)	145,591
Kazachstan	5,417	-	883	6,300	(883)	5,417
CIS and Ukraine	-	-	270	270	-	270
European and Central African countries	477	-	462	939	-	939
Total sales	**73,378**	**73,294**	**9,445**	**156,117**	**(3,900)**	**152,217**
Major products/service lines						
Hydraulic fracturing	71,728	-	-	71,728	(274)	71,004
Sidetrack drilling	-	35,906	-	35,906	(44)	35,862
Conventional drilling	-	26,037	–	26,037	(28)	26,009
Cementing	2,072	-	-	2,072	-	2,072
Rent income (IFRS 16)	-	11,346	-	11,346	-	11,346
Sale of proppant	-	-	9,100	9,100	(3,554)	5,546
Other services	28	5	345	378	-	378
Total sales	**73,378**	**73,294**	**9,445**	**156,117**	**(3,900)**	**152,217**
Timing of revenue recognition						
Goods and services transferred at a point in time	-	-	9,445	9,445	(3,554)	5,891
Short-term services	73,378	-	-	73,378	(274)	73,104
Services transferred over time	-	61,948	-	61,948	(72)	61,876
Rent income (IFRS 16)	-	11,346	-	11,346	-	11,346
Total sales	**73,378**	**73,294**	**9,445**	**156,117**	**(3,900)**	**152,217**

PEWETE EVO EUROPE S.R.L. did not recognize revenue during the reporting period.

Disaggregated revenue HY1 2021:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	Total segments	Discontinued operations	Reconciliation	Group
External sales	43,035	56,427	5,967	105,429	443	-	105,872
Group sales	241	53	801	1,095	-	(1,095)	-
Total sales	**43,276**	**56,480**	**6,768**	**106,524**	**443**	**(1,095)**	**105,872**
Primary geographical markets							
Russia	41,160	56,480	6,061	103,701	-	(831)	102,870
Kazakhstan	2,116	-	264	2,380	-	(264)	2,116
CIS and Ukraine	-	-	263	263	-	-	263
European and Central African countries	-	-	180	180	443	-	623
Total sales	**43,276**	**56,480**	**6,768**	**106,524**	**443**	**(1,095)**	**105,872**
Major products/service lines							
Hydraulic fracturing	42,390	-	-	42,390	-	(241)	42,149
Sidetrack drilling	-	23,589	-	23,589	443	(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**	**56,480**	**6,768**	**106,524**	**443**	**(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	-	46,492	-	46,492	443	(53)	46,882
Rent income (IFRS 16)	-	9,988	-	9,988	-	-	9,988
Total sales	**43,276**	**56,480**	**6,768**	**106,524**	**443**	**(1,095)**	**105,872**

10. COST OF SALES

TEUR	Q2 2022 Continuing operations	Q2 2021 adjusted Continuing operations	Q2 2021 adjusted Discontinued operations	HY1 2022 Continuing operations	HY1 2021 adjusted Continuing operations	HY1 2021 adjusted Discontinued operations
Raw materials	24,838	13,646	52	42,114	26,352	77
Direct costs	18,361	13,288	97	33,100	25,053	143
Depreciation	8,857	6,527	42	15,575	13,204	61
Wages and salaries	17,039	10,197	147	28,743	18,885	215
Social tax	4,919	3,128	-	8,403	5,920	-
Other costs	2,610	3,979	-	3,675	5,076	-
Total	**76,624**	**50,765**	**338**	**131,610**	**94,490**	**496**

11. 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 2022	Q2 2021	HY1 2022	HY1 2021
Common stock	Thousand	48,850	48,850	48,850	48,850
Profit/(loss)	TEUR	1,349	1,050	6,232	(1,291)
Earnings per share	EUR	0.03	0.02	0.13	-

12. 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, and OOO KATOBNEFT). PEWETE EVO EUROPE S.R.L. is disclosed under discontinued operations;
- Proppant Manufacturing (operated by OOO WellProp).

The Management Board monitors the operating results of its business units separately for the purpose of making decisions and assessing performance. Segment performance is evaluated based on financial information prepared in accordance with management accounting, which approximates IFRS. Transactions between the business segments are conducted on normal commercial terms and conditions. The reconciliation includes amounts relating 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 of and for the six months ended June 30, 2022 and June 30, 2021 is presented below.

Reporting segments HY1 2022:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	Total segments	Discontinued operations	Reconciliation	Group
External sales	73,104	73,222	5,891	152,217	-	-	152,217
Group sales	241	72	3,554	3,900	-	(3,900)	-
Total sales	**73,378**	**73,294**	**9,445**	**156,117**	**-**	**(3,900)**	**152,217**
Operating result	**3,293**	**6,780**	**1,314**	**11,387**	**(133)**	**(4,704)**	**6,550**
Interest income and expenses							3,452
Other financial result							(1,563)
Profit before tax							**8,439**
Income tax							(2,207)
Profit							**6,232**

Reporting segments HY1 2021:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	Total segments	Discontinued operations	Reconciliation	Group
External sales	43,035	56,427	5,967	105,429	443	-	105,872
Group sales	241	53	801	1,095	-	(1,095)	-
Total sales	**43,276**	**56,480**	**6,768**	**106,524**	**443**	**(1,095)**	**105,872**
Operating result	**(278)**	**3,295**	**395**	**3,412**	**(371)**	**(2,969)**	**72**
Interest income and expenses							198
Other financial result							(355)
Loss before tax							**(85)**
Income tax							(1,206)
Loss							**(1,291)**

Remuneration of key management personnel was as follows:

MANAGEMENT BOARD REMUNERATION

TEUR	H1 2022	H1 2021
Management Board remuneration	301	259

SECOND LEVEL MANAGEMENT REMUNERATION

TEUR	H1 2022	H1 2021
Second level management salaries	710	856

13. FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments were as follows:

FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

TEUR	06/30/2022	12/31/2021
Cash and cash equivalents	157,857	142,597
Bank deposits	-	926
Trade receivables	112,451	69,971
Receivables from related parties	362	362
Other receivables	3,486	2,795
Total	**274,156**	**216,651**

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COSTS

TEUR	06/30/2022	12/31/2021
Non-current financial liabilities to affiliated parties	127,564	126,310
Trade payables	42,519	35,581
Current and non-current lease liabilities	895	749
Other current liabilities	9,311	5,642
Total	**180,289**	**168,282**

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.

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.

15. EVENTS AFTER THE REPORTING DATE

At the Extraordinary General Meeting on August 16, 2022, the shareholders decided to sell the business entities located in Russia, represented by the subsidiaries OOO KATKoneft, OOO KATOBNEFT, OOO KAToil-Drilling, OOO WellProp, KAT.oil Leasing, OOO Petro Welt Technologies, and OOO Trading House KAToil.

Both the Management Board and the Supervisory Board have concluded that, due to the current EU and U.S. sanctions against Russia, on the one hand, and the Russian countersanctions against the EU and the U.S., on the other hand, the sale of all Russian subsidiaries is the only option that will (i) enable the Company's Russian subsidiaries to continue their business activities and (ii) maintain the Russian business segment's current fair market value.

The Group is unable to make any adjustments relating to the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations due to extremely high uncertainty and volatility in the financial markets observed since the end of February combined with a rapid escalation of geopolitical tensions.

Vienna, August 24, 2022

Board of Management

Denis Stankevich __ Chief Executive Officer

Kirill Bakhmetyev __ Chief Financial Officer

LEGAL NOTICE

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