

# HALF-YEAR REPORT



D  
e  
u  
t  
s  
c  
h  
e  
R  
o  
h  
s  
t  
o  
f  
f



Deutsche Rohstoff



5  
9  
8

4  
7  
6

## CORPORATE BODIES (AS OF 30 JUNE 2021)



### EXECUTIVE BOARD

Dr. Thomas Gutschlag  
Jan-Philipp Weitz



### SUPERVISORY BOARD

Martin Billhardt (Chairman)  
Prof. Dr. Gregor Borg  
Wolfgang Seybold

## HIGHLIGHTS 2021 DEUTSCHE ROHSTOFF GROUP

02

**5 February 2021**  
Cub Creek Energy begins  
drilling 12 2.5-mile wells  
from Knight well site

03

**March 2021**  
Value of oil and gas  
reserves up significantly  
year-on-year

# COMMODITIES ARE THE FUTURE

## DEUTSCHE ROHSTOFF GROUP AT A GLANCE (IN MILLION EUR)

The infographic features a large grey circle on the left, with a blue circular callout pointing to a table of financial data. The table lists six metrics with their corresponding values in million EUR.

Revenues	38.8
EBITDA	39.9
Net Income	17.5
Cash Flow from Operations	36.8
Liquidity	71.3
Equity ratio in %	29.2

05

**May 2021**  
Value of oil and gas reserves up significantly year-on-year

07

**6 July 2021**  
Deutsche Rohstoff announces with EUR 17.5 million one of the best half-year results in the company's history,

07

**20 July 2021**  
Full repayment of the EUR 16.7 million bond 2016/2021

## OVERVIEW OF THE FIRST HALF-YEAR 2021

# Ladies & Gentlemen,

The first half of 2021 has been pleasing for the Deutsche Rohstoff Group. The decisions we made in the challenging year 2020 have had a positive impact. Oil and gas production has been running at full capacity again since the beginning of January and is generating good earnings due to the increased prices. The same applies to the equity and bond portfolio, which contributed around EUR 12 million to earnings in the first half of the year.

Consolidated net income for the half-year amounted to EUR 17.5 million (previous year: consolidated net loss of EUR 13.4 million) one of the best half-year results we have achieved in the 15-year history of the company. Revenues increased to EUR 38.8 million (previous year: EUR 26.1 million), EBITDA to EUR 39.9 million (previous year: EUR 15.8 million). EBITDA is higher than revenues due to the fact that income from the equity and bond portfolio is included in EBITDA but not in revenues.

For the full year, we now expect revenues of between EUR 68 million and EUR 73 million and EBITDA of between EUR 57 million and EUR 62 million, which represents an increase of 18 percent in revenues and as much as 34 percent in EBITDA compared to the original forecast. For 2022, we have also increased the forecast for revenue and EBITDA by around 16 percent. The reason for the forecast adjustment, in addition to the good results of the equity and bond portfolios, is higher than expected production and the assumption of higher oil and gas prices on average.

The good results of the first half of the year have also had a very positive impact on the balance sheet. The debt of the Deut-

sche Rohstoff Group (bond and bank liabilities) is currently falling to around EUR 97.8 million. At the end of 2020, the Group's debt had still amounted to EUR 128 million. In addition to the repayment of the 2016/21 bond, the bank loan in the USA was also repaid in full. Cash and cash equivalents (cash + non-current and current securities + current receivables) increased to around EUR 71.3 million as of June 30, 2021 (December 31, 2020: EUR 46.9 million). Net debt has fallen to EUR 59 million. At the end of 2020, it had still amounted to EUR 92 million.

Oil prices increased significantly in the first half of the year. At the beginning of the year, the U.S. WTI oil price was trading at around USD 48 per barrel; by the end of June, it had reached USD 73.61 per barrel, an increase of more than 50 percent. The sharp increase reflects the recovery in global demand, while OPEC continued to voluntarily curtail supply and U.S. production remained almost flat despite higher prices.

In the first half of 2021, Group companies in the USA again produced significantly higher volumes than a year earlier. The important Olander pad was gradually ramped up again in January. The older Cub Creek pads had already been producing at full capacity again since October 2020.

The four companies produced an average of 7,801 BOE per day in the first half of the year, up from 5,022 BOE per day a year earlier, for total production of 1,412,019 BOE, up from 913,949 BOE a year earlier. Crude oil accounted for 660,682 barrels (previous year 437,920 barrels), with natural gas and condensates accounting for the remainder. All volumes represent the

group's net share.

**Cub Creek Energy** produced approximately 535,393 barrels of oil in the first half of the year. Most of this came from the Olander pad, which reached peak gross production of 7,490 barrels of oil per day at the end of April.

**Elster Oil & Gas** produced 296 barrels of oil per day in the first half of the year. Due to completion activities at a neighboring pad, five wells were shut-in in the first half of the year, meaning they did not produce oil and gas. The first of these five wells had a workover by the operator in June.

At **Bright Rock Energy** and **Salt Creek Oil & Gas**, first-half production totaled approximately 396 barrels of oil per day, which is roughly on target.

Bright Rock received approval in March 2021 to drill a well on new acreage acquired last year. The well is important because it allows the majority of the acreage to be held long term, without further drilling commitments. It also allows for a better assessment of the economic potential of the acreage. The well is expected to be drilled in August 2021 and begin production during the fourth quarter.

In February, Cub Creek began drilling twelve wells with a horizontal length of 2.25 miles from the Knight pad, which is directly west of the Olander pad. The capital expenditure is approximately USD 60 million, of which Cub Creek accounts for approximately 90 percent. This is the most extensive drilling program Cub Creek has undertaken in its history. Drilling was completed at the end of May. Completion is

expected in August and September, so that a start of production in the fourth quarter is realistic.

Our **Almonty Industries** investment developed positively in the first half of the year. The share price doubled compared to the end of the year. The tungsten price increased by around 30 percent between the beginning of the year and the end of June. At the end of May, the „ground breaking ceremony“ took place in Sangdong. Construction work began on the processing plant and necessary infrastructure for the mine.

In August the placement of 15.2 million Australian dollars was successfully completed as part of the listing on the ASX in Sydney and the trading of Almonty shares in Australia has begun. Almonty is thus increasingly shifting the focus of its operating activities and financial market presence to the Asia-Pacific region.

## SHARE AND BONDS

Our share price has recovered strongly in recent months. Compared with year-end 2020, the share price doubled to EUR 17.25. The 2019/24 bond reached the 100 percent level in mid-March for the first time in a year. By the end of June, it had gained to 103.75 percent. The convertible bond also improved steadily, trading at 98.30 percent at the end of June.

We repaid the 2016/21 bond in full at maturity on July 20, 2021. This is already the second bond after 2018 that we have fully repaid on time.

## POSITIVE OUTLOOK FOR THE SECOND HALF OF THE YEAR

The further development of our share will of course depend to a large extent on the oil price. We share the view of many analysts that the oil price is fundamentally well supported. Operational highlights in the second half of the year will certainly

be the drilling in Wyoming and the start of production from the Knight wells. The equity portfolio could also continue to make a notable contribution to earnings. In particular, we remain positive on gold and our gold stocks.

Best regards from Mannheim, stay healthy,



Thomas Gutschlag  
CEO



Jan-Philipp Weitz  
CFO



# CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS	30/06/2021	30/06/2020	31/12/2020
	EUR	EUR	EUR
<b>A. FIXED ASSETS</b>	<b>167,033,024</b>	<b>179,774,021</b>	<b>170,367,837</b>
I. Intangible assets			
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	19,380,498	19,094,174	20,592,282
2. Goodwill	1,267,866	1,503,835	1,300,109
	20,648,364	20,598,009	21,892,391
II. Property, plant and equipment			
1. Petroleum extraction equipment	99,532,305	125,752,737	110,203,813
2. Exploration and evaluation	10,590,881	648,466	2,226,514
3. Plant and machinery	124,444	126,242	123,398
4. Other equipment, furniture and fixtures	166,605	264,975	224,530
	110,414,235	126,792,420	112,778,255
III. Financial assets			
1. Equity investments	17,488,347	16,694,764	17,772,529
2. Loans to other investees and investors	4,712,026	3,245,552	4,710,836
	35,970,425	32,383,592	35,697,191
B. CURRENT ASSETS	<b>57,686,734</b>	<b>39,444,275</b>	<b>33,833,329</b>
I. Inventories			
Finished goods and merchandise	185,720	164,611	185,720
	185,720	164,611	185,720
II. Receivables and other assets			
1. Trade receivables	8,562,846	3,124,015	3,479,338
2. Receivables from other investees and investors	267,895	1,259,781	26,179
	7,407,492	1,103,884	7,326,503
	16,238,233	5,487,680	10,832,020
III. Securities classified as current assets	15,704,923	19,915,342	14,606,071
IV. Bank balances	25,557,858	13,876,642	8,209,518
C. PREPAID EXPENSES	925,397	1,073,145	1,046,601
D. DEFERRED TAX ASSETS	973,969	1,468,288	1,474,195
<b>TOTAL ASSETS</b>	<b>226,619,124</b>	<b>221,759,729</b>	<b>206,721,962</b>

EQUITY AND LIABILITIES		30/06/2021	30/06/2020	31/12/2020
		EUR	EUR	EUR
A.	EQUITY	<b>66,212,708</b>	<b>58,205,545</b>	<b>45,589,340</b>
I.	Subscribed Capital	5,081,747	5,081,747	5,081,747
	./. less nominal value of treasury shares	-127,810	4,953,937	-127,810
	Conditional capital EUR 2,200,000 (previous year: EUR 2,200,000)			
II.	Capital reserves	30,019,333	30,019,333	30,019,333
III.	Retained income	0	0	0
IV.	Equity differences from currency translation	-1,895,856	4,157,795	-5,058,738
V.	Consolidated net retained profit	26,027,824	12,228,630	9,505,193
VI.	Non-controlling interests	7,107,470	6,845,850	6,169,615
B.	PROVISIONS	<b>12,841,333</b>	<b>8,631,925</b>	<b>7,335,409</b>
1.	Tax provisions	0	0	0
2.	Other provisions	12,841,333	8,631,925	7,335,409
C.	LIABILITIES	<b>130,072,841</b>	<b>143,897,155</b>	<b>138,609,854</b>
1.	Bonds, thereof convertible EUR 10,700,000 (previous year: EUR 10,700,000)	114,419,000	114,419,000	114,419,000
2.	Liabilities to banks	6,142,713	14,357,353	13,962,402
3.	Trade payables	1,017,872	7,135,259	2,900,515
4.	Other liabilities	8,493,256	7,985,543	7,327,937
D.	DEFFERED TAX LIABILITIES	<b>17,492,242</b>	<b>11,025,105</b>	<b>15,187,359</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>226,619,124</b>	<b>221,759,729</b>	<b>206,721,962</b>

# CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	01/01/-30/06/2021	01/01/-30/06/2020	01/01/-31/12/2020
	EUR	EUR	EUR
<b>1. REVENUE</b>	38,813,970	26,121,443	38,683,301
2. INCREASE OR DECREASE IN FINISHED GOODS AND WORK IN PROCESS	0	0	21,108
3. OTHER OWN WORK CAPITALIZED	0	0	0
4. OTHER OPERATING INCOME	13,886,369	2,583,631	7,692,322
5. COST OF MATERIALS	8,306,548	6,690,330	11,629,977
Cost of purchased services	8,306,548	6,690,330	11,629,977
6. PERSONNEL EXPENSES	2,748,915	1,697,869	3,647,405
a) Wages and salaries	2,629,805	1,580,424	3,431,469
b) Social security, pensions and other benefit costs	119,110	117,445	215,936
– thereof for old-age pensions EUR 1,453 (prior year: EUR 1,433)			
7. OTHER OPERATING EXPENSES	1,729,401	4,547,863	7,184,585
<b>EBITDA</b>	<b>39,915,475</b>	<b>15,769,012</b>	<b>23,934,764</b>
8. AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	<b>16,582,023</b>	24,078,286	31,457,539
a) of intangible assets and property, plant and equipment	16,582,023	24,078,286	31,457,539
b) of current assets	0	0	0
9. AMORTIZATION OF FINANCIAL ASSETS AND SECURITIES CLASSIFIED AS CURRENT ASSETS	787,788	7,240,919	8,612,581
<b>EBIT</b>	<b>22,545,664</b>	<b>-15,550,193</b>	<b>-16,135,356</b>
10. OTHER INTEREST AND SIMILAR INCOME	586,363	397,773	565,060
11. INTEREST AND SIMILAR EXPENSES	3,280,006	3,502,984	6,953,557
12. INCOME TAXES	2,318,970	-5,292,276	-6,425,452
13. EARNINGS AFTER TAXES	17,533,051	-13,363,128	-16,098,401
14. OTHER TAXES	0	243	243
<b>15. NET LOSS/INCOME FOR THE GROUP FOR THE YEAR</b>	<b>17,533,051</b>	<b>-13,363,371</b>	<b>-16,098,644</b>
16. PROFIT (-)/ LOSS (+) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-1,010,420	82,041	589,268
17. PROFIT CARRYFORWARD (+)	9,505,193	25,509,961	25,014,568
18. CONSOLIDATED NET RETAINED PROFIT	26,027,824	12,228,630	9,505,193

# CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

IN EUR	01/01/-30/06/2021	01/01/-30/06/2020	01/01/-31/12/2020
NET INCOME FOR THE PERIOD (CONSOLIDATED NET INCOME / LOSS INCLUDING PROFIT SHARES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS)	17,533,051	-13,363,371	-16,098,643
+/- Write-downs / write-ups of fixed assets	16,582,031	30,609,243	37,702,343
+/- Increase / decrease in provisions	5,272,598	-10,506,665	-11,410,946
+/- Other non-cash expenses / income	-34,816	1,102,193	1,409,172
-/+ Increase / decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-5,210,401	5,864,951	4,935,073
-/+ Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	-1,255,967	3,717,040	-2,223,378
-/+ Gains / losses from the disposal of fixed assets	-1,102,668	-450	-286,143
+/- Interest expenses / income	2,693,643	3,105,210	6,388,497
+/- Income taxes paid / received	2,318,970	-5,292,689	-6,425,452
-/+ Income tax payments	0	0	0
CASHFLOW FROM OPERATING ACTIVITIES	36,796,441	15,235,462	13,990,524
+ Cash received from disposals of intangible assets	1,632,670	0	117,278
- Cash paid for investments in intangible assets	0	-1,632,044	-6,110,441
+ Proceeds from disposals of intangible assets	0	450	1,937
- Cash paid for investments in property, plant and equipment	-10,229,268	-28,748,343	-30,730,688
+ Cash received from disposals of fixed financial assets	1,339,861	1,190	415,976
- Cash paid for investments in fixed financial assets	-549,517	-2,062,380	-4,347,648
+ Cash received in connection with short-term financial management of cash investments	19,085,750	4,685,311	20,013,784
- Cash paid in connection with short-term financial management of cash investments	-19,837,310	-20,128,870	-28,222,728
+ Interest received	177,244	211,319	132,066
CASHFLOW FROM INVESTING ACTIVITIES	-8,380,570	-47,673,367	-48,730,465
+ Cash received from equity contributions by other shareholders	73,602	0	0
- Cash from decrease in equity	0	-10,704	-96,555
+ Cash received from the issue of bonds and from loans	0	6,447,268	7,321,899
- Cash repayments of bonds and loans	-8,204,192	-16,658,000	-16,658,000
- Interest paid	-3,016,216	-4,356,791	-7,514,923
- Dividends paid to shareholders of the parent company	0	0	-495,394
- Dividends paid to other shareholders	-174,428	-248,947	-248,947
CASHFLOW FROM FINANCING ACTIVITIES	-11,321,234	-14,827,174	-17,691,920
Change in cash and cash equivalents	17,094,637	-47,265,079	-52,431,861
+/- Changes in cash and cash equivalents due to exchange rates and valuation	253,703	-142,061	-639,402
+ Cash and cash equivalents at the beginning of the period	8,209,518	61,280,782	61,280,782
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	25,557,858	13,876,642	8,209,518

# **GROUP MANAGEMENT REPORT**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**



# GROUP MANAGEMENT REPORT

The following is an abridged management report which mainly covers deviations from the 2020 consolidated financial statements. For a detailed presentation, please refer to the Annual Report 2020 and the extensive management report contained therein.

## I. FUNDAMENTAL INFORMATION ABOUT THE GROUP

### 1. BUSINESS MODEL

There have been no changes to the business model described in the Annual Report 2020. As of June 30, 2021, the Deutsche Rohstoff Group consisted of the Group companies shown on the following page:

There have been only minor changes compared with the 2020 Annual Report.

- » The shareholding in Ceritech AG increased from 63.71% to 73.45% and
- » the shareholding in Bright Rock Energy LLC from 98.88% to 98.91%.

The shares of Deutsche Rohstoff AG have been traded in the Entry Standard segment of the Frankfurt Stock Exchange since May 2010 and in the Scale segment since March 2017. The number of shares as of June 30, 2021 amounted to 5,081,747. The market capitalization as of June 30, 2021 was approximately EUR 87.6 million (June 30, 2020: EUR 44 million).

### 2. OBJECTIVES AND STRATEGIES

No changes.

### 3. RESEARCH AND DEVELOPMENT

No changes.

## II. REPORT ON ECONOMIC POSITION

### 1. MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

The price of U.S. oil (WTI) rose in the first half of the year from USD 48.18 at year-end 2020 to USD 73.26 per barrel on June 30, 2021, an increase of more than 50 percent. This very positive

development was due to the rapid recovery in global demand for oil. Supply, on the other hand, remained relatively tight. The OPEC+ countries continued to maintain their cuts. At the end of the first half of the year, they still amounted to more than 5 million barrels per day. At the same time, despite higher prices, production in the USA increased only marginally and is around 2 million barrels per day below the peak reached before the Corona pandemic. Worldwide, storage capacities were reduced faster than expected. In the USA, the largest consumer country, they are already below the 5-year average.

### 2. CORPORATE DEVELOPMENT

In the first half of 2021, average daily production was 6,377 BOE (barrels of oil equivalent). The Group's oil and gas production totaled 1,412,019 BOE in the first half of the year. Of this amount, oil accounted for 660,682 barrels, while natural gas and condensates accounted for the remainder. All volumes represent the Group's net share. Third-party shares have already been deducted. Production resulted in revenues of USD 46.8 million in the first half. Natural gas and condensates accounted for USD 15.5 million. The conversion into EUR was carried out using an average exchange rate of 1.2048 EUR/USD, resulting in revenues of EUR 38.8 million.

The four companies accounted for the following volumes:

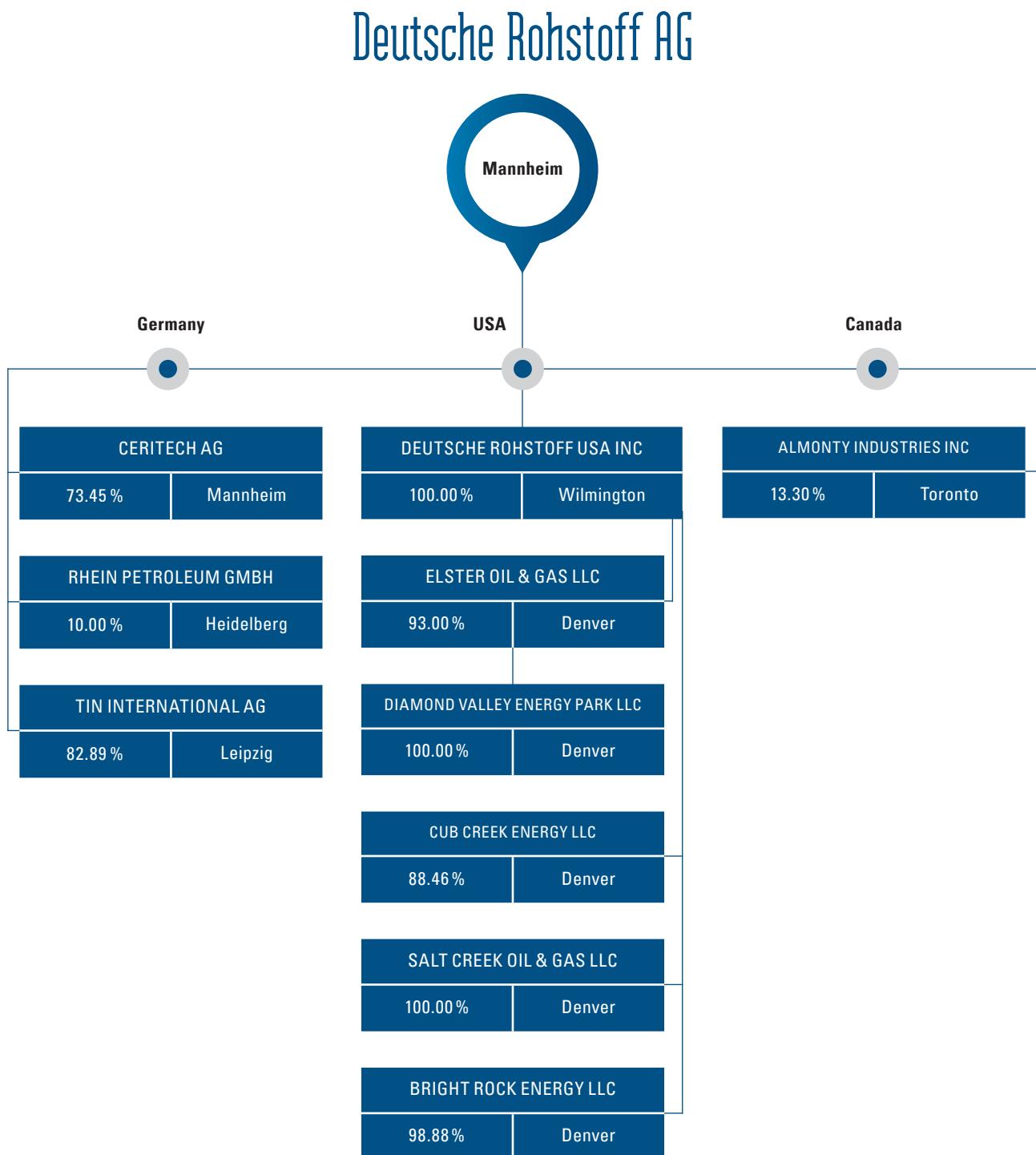
Cub Creek Energy: 1,154,237 BOE (535,393 barrels of oil).  
Elster Oil & Gas: 165,991 BOE (53,576 barrels of oil)  
Salt Creek Oil & Gas: 10,880 BOE (8,134 barrels of oil)  
Bright Rock Energy: 80,911 BOE (63,579 barrels of oil)

For **Cub Creek Energy**, the first half of the year was dominated by increasing volumes from the Olander pad, which restarted producing oil and gas in early 2021.

In the first quarter, net production from Cub Creek Energy operated wells was 5,120 BOE per day, including 3,034 barrels of oil. Second quarter production was actually higher than the first quarter at 7,620 BOE per day (2,883 barrels of oil per day). The reason for the higher production in the second quarter is that the Olander pad was to resume production in the first quarter and the gas rate increased.

In February, Cub Creek Energy began drilling wells from the Knight pad. This involved 12 wells with 2.25 miles of horizontal length. By the end of May, all 12 wells had been drilled to depth. Cub Creek management expects the wells to begin producing in

## GROUP STRUCTURE AS OF 30 JUNE 2021



# GROUP MANAGEMENT REPORT

the fourth quarter of 2021 upon completion.

**Elster Oil & Gas** produced in line with expectations in the first half of the year. Net well production was 917 BOE per day (296 barrels of oil per day).

The average Revenues price for oil produced increased from USD 53.93 per barrel in the first quarter to USD 62.46 per barrel in the second quarter.

**Salt Creek Oil & Gas** saw little change in the first half of the year. Production was 60 BOE, or 45 barrels of oil per day.

**Bright Rock Energy**, a new company formed in 2018, continued to grow in the first half of 2021. In the Uinta Basin in Utah, USA, the company now holds approximately 2,000 acres, all in the core area of the field. Production in Utah was approximately 264 BOE per day (171 BO per day) in the first half of the year.

In May 2020, Bright Rock had announced an acquisition of production and acreage in an oil field in Wyoming, USA. In the first half of 2021, Bright Rock produced 184 BOE per day (181 BO per day) in Wyoming. To advance development of the large acreage package of approximately 28,000 acres acquired in 2020, Bright Rock applied for a drilling permit in late 2020. The drilling is intended to define and hold what is known as a Federal Unit of approximately 10,000 acres and to proof the economics of the acreage.

The drilling permit was issued in March 2021. The well is expected to be drilled in August 2021.

In response to the Corona crisis, Deutsche Rohstoff had established an equity and bond portfolio in April 2020, which continued to perform well in the first half of 2021. As of June 30, 2021, realized capital gains in 2020 and 2021 amounted to approximately EUR 15.3 million, of which EUR 11.7 million were realized in the first half of 2021. As of June 30, 2021, there were also unrealized gains of EUR 5.8 million.

Of the originally planned investment volume of a maximum of EUR 22.3 million (USD 25 million), EUR 16.5 million was still invested or reinvested at the end of June 2021. Gold mining stocks currently account for just under 70 percent of the portfolio. Oil equities and bonds have now been largely sold.

For further information on our activities, please refer to the

Annual Report 2020 and the comments in this interim report.

## 3. FINANCIAL PERFORMANCE, FINANCIAL POSITION AND ASSETS AND LIABILITIES

### FINANCIAL PERFORMANCE

In the first half of the year, the Group generated revenues of EUR 38.8 million, which originated from oil and gas production in the USA.

The individual subsidiaries accounted for the following revenues:

Cub Creek Energy: EUR 30.2 million

Elster Oil & Gas: EUR 5.6 million

Salt Creek Oil & Gas: EUR 0.4 million

Bright Rock Energy: EUR 2.6 million

Of the other operating income of EUR 13.9 million, EUR 11.7 million came from income from the sale of shares in oil and gas and mining companies. At EUR 2.7 million, personnel expenses were EUR 1.0 million higher than the level of the previous year.

As of June 30, expenses for purchased services of EUR 8.3 million are reported, which relate to current production costs, fees for processing gas and condensates, maintenance and work on producing and new oil wells in the USA. Operating costs thus amount to approximately USD 7.03 (EUR 5.83) per BOE.

At EUR 16.6 million (previous year: EUR 24.1 million), depreciation and amortization was significantly below the level of the previous year. In the first half of 2021, this relates exclusively to scheduled depreciation in the amount of EUR 16.6 million. This corresponds to EUR 11.74 per barrel of oil equivalent produced.

Other operating expenses amounted to EUR 1.7 million in the first half of the year, of which EUR 0.3 million relates to additions to provisions for well plugging in the USA. All other expenses are general and administrative expenses in all Group companies amounting to EUR 1.4 million.

The financial result of EUR -3.5 million is significantly above the level of the previous year (EUR -10.3 million), which included the write-downs on shares in Northern Oil & Gas. The financial result includes the item interest expenses of EUR 3.3 million, of which EUR 3.0 million is attributable to Deutsche Rohstoff AG and EUR 0.3 million to the US subsidiaries.

The tax result was EUR 2.3 million (previous year: EUR -5.3 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 39.9 million in the first half of the year (previous year: EUR 15.8 million). After depreciation and amortization, earnings before interest and taxes (EBIT) amounted to EUR 22.5 million. (previous year: EUR -15.5 million). Earnings before taxes amounted to EUR 19.9 million (previous year: EUR -18.7 million).

Consolidated net income amounted to EUR 17.5 million in the first half of 2021 (previous year: consolidated net loss: EUR -13.1 million). Minority interests accounted for a profit of EUR 1.0 million.

## FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 36.8 million in the first half of 2021 (previous year: EUR 15.2 million). This positive cash flow resulted mainly from sales revenues of the US subsidiaries, in particular Cub Creek Energy (EUR 30.2 million), and other operating income (EUR 13.9 million). The cash income was offset by payments of cash expenses from operating activities, mainly for the operating costs of the wells (EUR 8.3 million) and personnel expenses (EUR 2.7 million).

Cash flows from investing activities in 2021 were mainly driven by investments in the U.S. oil and gas activities, which amounted to approximately EUR 10.3 million.

Cash flow from financing activities was EUR -11.3 million (EUR -14.8 million). The payments mainly consist of the repayment of a USD credit line at Cub Creek Energy in the amount of EUR 8.2 million and interest payments in the amount of EUR 3.0 million.

Cash and cash equivalents (bank balances and securities held as fixed and current assets, as well as current receivables) amounted to EUR 71.3 million as of June 30, 2021 (previous year: EUR 51.7 million). Compared to December 31, 2020 (EUR 46.9 million), this represents an increase of EUR 24.4 million.

## ASSETS AND LIABILITIES

The consolidated balance sheet total of EUR 226.6 million increased by EUR 4.8 million compared with the previous year (EUR 221.8 million) and by EUR 19.9 million compared with December 31, 2020 (EUR 206.7 million).

On the assets side, the increase in total assets compared with December 31, 2020 is mainly due to the increase in trade receivables by around EUR 5.4 million and the increase in bank balances by around EUR 17.4 million.

Liabilities decreased from EUR 138.6 million to EUR 130.1 million compared to December 31, 2020. The decrease is based on the repayment of bank loans in the USA in the amount of USD 9.6 million.

Equity increased from EUR 58.2 million (30 June, 2020) to EUR 66.2 million. The equity ratio increased from 26.2% to 29.2%.

## OVERALL STATEMENT

In the opinion of the Management Board, there has been no change to the overall statement in the Annual Report that the Group's economic and financial situation remains good. The recovery in oil prices since the fall of 2020, the restart of production from the Olander pad, and the income from the equity and bond portfolios led to one of the best half-year results in the company's history in the first half of the year.

The Group closed the half-year with net income of EUR 17.5 million. The key performance indicators of revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) were both significantly higher than in the previous year. Revenues rose to EUR 38.8 million (previous year: EUR 26.1 million), EBITDA to EUR 39.9 million (previous year: EUR 15.8 million). In the second half of the year, the Management Board expects the positive development of the first half to continue. The main prerequisite for this is that the positive development of the oil price continues.

# GROUP MANAGEMENT REPORT

## III. FORECAST, OPPORTUNITIES AND RISK REPORT

For the full year 2021, the forecast is adjusted as follows:

» Group revenue 2021 EUR 68 to 73 million  
(previously EUR 57 to 62 million)

» Group revenue 2022 EUR 70 to 75 million  
(previously EUR 60 to 65 million)

» EBITDA 2021 EUR 57 to 62 million  
(previously EUR 42 to 47 million)

» EBITDA 2022 EUR 47 to 52 million  
(previously EUR 40 to 45 million)

The forecast is based on an expected average oil price of USD 70 in Q3 2021, USD 65 in Q4 2021 and USD 60 in 2022 (previously USD 60 over both plan years) and a gas price (Henry Hub) of USD 3.0 in 2021 and USD 2.75 in 2022. The EUR/USD exchange rate is assumed to remain unchanged at 1.22.

With regard to the opportunity and risk report, please refer to the Annual Report 2020.

Mannheim, August 5, 2021

The Executive Board

Dr. Thomas Gutschlag

Jan-Philipp Weitz



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The registered office of the parent company Deutsche Rohstoff AG is in Mannheim. The company is entered in the register of the Local Court of Mannheim under number HRB 702881.

The half-year consolidated financial statements of Deutsche Rohstoff as of June 30, 2021 have been prepared in accordance with the accounting provisions of the German Commercial Code (HGB) (sections 290 et seq.). The half-year consolidated financial statements do not contain all the disclosures and notes required for the consolidated financial statements and should be read in conjunction with the consolidated financial statements as of December 31, 2020.

The consolidated income statement was prepared in the reporting period using the nature of expense method. The accounting policies applied in the preparation of the half-year consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2020. Here we refer to the notes to the consolidated financial statements for the financial year January 1, 2020 to December 31, 2020, printed in the Annual Report 2020, page 54 et seq. (hereinafter referred to as the Annual Report). The half-year consolidated financial statements are presented in euros (EUR). Unless otherwise stated, all values are rounded up or down to the nearest euro (EUR) in accordance with commercial rounding principles. Please note that differences may arise from the use of rounded amounts and percentages. These interim consolidated financial statements have not been audited.

## 2. BASIS OF CONSOLIDATION

The scope of consolidation has not changed as of June 30, 2021 compared with December 31, 2020.

## 3. CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies were translated at the average spot exchange rate on the balance sheet date. Where the remaining term to maturity is more than one year, the realization principle and the historical cost principle have been applied. With the exception of equity, the asset and liability items in the financial statements prepared in foreign currencies were translated into euros at the average spot exchange rate on the reporting date. Equity has been translated using historical exchange rates. Income statement items have been translated into euros using average exchange

rates. The resulting translation difference is shown within consolidated equity under the item „Equity difference from currency translation“.

## 4. NOTES TO THE CONSOLIDATED BALANCE SHEET

In the following, only those items are listed for which there are significant changes in the half-year from January 1 to June 30, 2021 compared with the previous year (December 31, 2020). Otherwise, please also refer to the comments in the Annual Report.

### 4.1. FIXED ASSETS

Due to the sale of smaller licenses by Bright Rock Energy in May 2021, the item „Concessions, industrial property rights and similar rights and assets, and licenses“ decreased by EUR 1.2 million compared to December 31, 2020. Due to the start of drilling at Cub Creek Energy's Knight pad, the item „Exploration and evaluation“ in property, plant and equipment increased by approximately EUR 8.3 million compared to December 31, 2020.

The item „Producing oil production facilities“ decreased by EUR 10.7 million compared to December 31, 2020 due to scheduled depreciation.

Long-term securities amount to EUR 13.8 million as of June 30, 2021.

The increase compared to December 31, 2020 is due to share purchases in the amount of EUR 0.5 million.

### 4.2. CURRENT ASSETS

#### RECEIVABLES

The item „Trade receivables“ increased by EUR 5.1 million compared to December 31, 2020. This mainly relates to outstanding payments received from the US companies Cub Creek Energy (EUR 3.6 million) and Bright Rock Energy (EUR 1.0 million).

#### SECURITIES

Compared with December 31, 2020, the item „Securities held as current assets“ increased by around EUR 1.1 million. This position generated a gain on sales of around EUR 11.7 million in the first half of 2021.

As of June 30, 2021, the item „marketable securities“ amounts to EUR 15.7 million (previous year: EUR 19.9 million).

## BALANCES WITH BANKS

The item „Bank balances“ increased from EUR 8.2 million as of December 31, 2020 to EUR 25.6 million as of June 30, 2021, mainly due to the sale of land at Bright Rock Energy (EUR 1.7 million), ongoing operations at Cub Creek Energy (EUR 7.1 million) and the sale of securities at Deutsche Rohstoff AG (EUR 8.4 million).

## 4.3. EQUITY

As of the balance sheet date, the capital reserve in the Group is EUR 3.8 million higher than the capital reserve of the parent company. The item „Equity differences from currency translation“ mainly comprises the translation differences from the currency translation of the asset and liability items of the financial statements prepared in U.S. dollars as of the reporting date and the currency translation of the income statements prepared in U.S. dollars at the average exchange rate. Due to the increase in the EUR/USD exchange rate, the item increased by EUR 3.2 million compared with December 31, 2020, so that it now amounts to EUR -1.9 million as of June 30, 2021.

## 4.4. LIABILITIES

The item „Bonds, non-convertible“ includes liabilities from the issue of two corporate bonds and a convertible bond totaling EUR 114.4 million.

The first bond was issued as of July 20, 2016. This non-convertible bond has a final maturity, had a term until July 20, 2021, bore interest at 5.625% p.a. and was repaid in full (EUR 16.7 million) on schedule on July 20, 2021.

The second bond, also non-convertible, was issued on December 6, 2019, and has a five-year maturity date of December 6, 2024 and bears interest at 5.25% per annum. As of June 30, 2021, the bond has an outstanding volume of EUR 87.0 million.

The item „Bonds, convertible“ includes liabilities from the issuance of a convertible bond in March 2018. The nominal amount of the convertible bond remains unchanged at EUR 10.7 million as of June 30, 2021, has a five-year term until March 29, 2023, and bears interest at 3.625%. The convertible bonds are initially convertible into 357,143 new or registered ordinary shares of Deut-

sche Rohstoff AG. The subscription rights of the shareholders have been excluded.

Liabilities as of June 30, 2021 with a term of up to five years include a loan to banks in the amount of EUR 6.1 million relating to Cub Creek Energy. The loan serves to finance the ongoing oil and gas wells and was concluded with BOKF N.A.. The loan agreement still outstanding as of June 30, 2021 has been repaid in full in the coming weeks.

The loan facility, which is recalculated every six months, amounts to USD 23.0 million as of June 30, 2021. The interest rate is variable, with a weighted average interest rate of 4.5% at June 31, 2021. The loan has a maturity date of May 31, 2024.

The item „Other liabilities“ amounts to EUR 8.5 million as of June 30, 2021 (previous year: EUR 8.0 million) and mainly consists of liabilities of the companies Cub Creek Energy and Elster Oil & Gas from the license obligations to land owners as well as the interest liabilities of Deutsche Rohstoff AG in connection with the corporate bonds as of June 30, 2021. The other liabilities are exclusively liabilities with a remaining term of up to one year.

## 4.5. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There are contingent liabilities from guarantees in the amount of EUR 805 thousand in favor of an associated company.

## 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the following, only items for which there are significant changes in the half-year from January 1 to June 30, 2021 compared with the previous year (January 1 to June 30, 2020) are listed. Otherwise, please also refer here to the comments in the Annual Report.

### 5.1. REVENUES

Revenues primarily relate to producing wells in the Wattenberg Field by Cub Creek Energy and Elster Oil & Gas, as well as wells in which Bright Rock Energy and Salt Creek Oil & Gas have interests in Utah, Wyoming and North Dakota. Revenues from oil wells are subject to production taxes, which are to be deducted directly from Revenues revenues in accordance with the requirements of BilRUG.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5.2. OTHER OPERATING INCOME

This item mainly includes gains from the sale of shares amounting to EUR 11.7 million, which arose at the level of Deutsche Rohstoff AG.

## 5.3. COST OF MATERIAL

As of June 30, 2021, expenses for purchased services amounting to EUR 8.3 million (previous year: EUR 6.7 million) are reported, which relate to production costs incurred in producing oil wells in the USA.

## 5.4. AMORTIZATION AND DEPRECIATION

Depreciation of property, plant and equipment as of June 30, 2021, amounts to EUR 16.6 million (previous year: EUR 24.1 million) and relates to scheduled depreciation of oil production facilities, which are depreciated according to the quantities of barrels of oil equivalent produced.

## 5.5. OTHER OPERATING EXPENSES

Other operating expenses amount to EUR 1.7 million as of June 30, 2021 (previous year: EUR 4.5 million). A significant item here is the addition to provisions in the amount of EUR 0.3 million. The provisions are recognized for the obligation to plug wells at the oil production facilities in the USA.

# 6. OTHER NOTES

## SUBSEQUENT EVENTS

As of July 20, 2021, the full repayment of the bond 2016/2021 in the amount of EUR 16,658,000.00 took place.

The loan from Cub Creek Energy to BOKF N.A. was fully repaid by the end of July.

Mannheim, August 5, 2021

Executive Board

Dr. Thomas Gutschlag

Jan-Philipp Weitz



## CONTACT DETAILS / PUBLISHER

Deutsche Rohstoff AG  
Q7, 24  
68161 Mannheim  
Germany

Telephone +49 621 490 817 0  
Telefax +49 621 490 817 22

info@rohstoff.de  
www.rohstoff.de

District Court: Mannheim  
HRB Number: 702881

## DISCLAIMER

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect the management's current views in respect of future developments. Such statements are subject to risks and uncertainties that are beyond the ability of Deutsche Rohstoff AG (DRAG) to control or estimate precisely. Such statements may include future market conditions and economic environment, the behaviour of other market participants, the successful acquisition or sale of group companies or interests and the actions of government bodies. Should any of the above stated risks or other risks and uncertainties occur, or should the assumptions underlying any of these statements prove incorrect, then the actual results may differ significantly from those expressed or implied by such statements. DRAG neither intends nor assumes any obligation to update any forward-looking statements to reflect events or developments that take place after the date of this report.

This English version of the Report is a translation of the original German version; in the event of any deviation, the German version of the Report shall take precedence over the English version.

This report was published on 5 August 2021.



@deurohstoffag



<https://tinyurl.com/DRAGLinkedIn>



# Deutsche Rohstoff



Q7, 24  
68161 Mannheim, Germany      Phone +49 621 490 817 0      info@rohstoff.de  
                                        Fax +49 621 490 817 22      www.rohstoff.de

