wintershall dea

Wintershall Dea GmbH
Q1 2021 Report

WINTERSHALL DEA
Group Management Report
Q1 2021

Introduction

The reporting period of the condensed Group Management Report for Q1 2021 comprises the months of January through March 2021 and the comparison period comprises accordingly the months of January through March 2020.
For computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

Description of KPIs and how we steer the company

The Group uses various key performance indicators to actively manage and steer its performance and achieve sustainable and value-oriented growth.

› Adjusted EBITDAX (EBITDAX)
› Production
› CAPEX
› Free cash flow

The adjusted EBITDAX (EBITDAX)[1] is a non-GAAP financial measure used for internal management control within the Wintershall Dea Group. It is the primary key indicator from the consolidated statement of income and is defined as revenues and other income less production and operating expenses, less production and similar taxes and less general and administrative expenses, adjusted for special items. The definition of EBITDAX was amended in the fourth quarter2020. Consequently, the presented prior-year figures are amended.

The non-financial measure **production**[2] states the produced quantities on a working interest basis of gas and liquids in thousand barrels of oil equivalent per day for the Group's segments produced, including the proportion from equity-accounted companies.

The financial measure **CAPEX**[3] consists of payments for intangible assets, property, plant and equipment and investment properties, as shown in the Group's consolidated statement of cash flows, less capitalised exploration.

Free cash flow[4] is a non-GAAP financial measure and comprises cash flow from operating activities and cash flow from investing activities but excludes payments foracquisitions and proceeds from the disposal of non-current assets/divestures, as shown in the Group's consolidated statement of cash flows.

In order to ensure the value-oriented management of the Group, we use planning and control processes to make key figures and information available to the decision-making bodies throughout the Group. Based on long-term planning, the relevant budgets are defined and tracked during the year using a rigorous performance management process. This approach allows any deviations from the budget to be detected promptly, analysed and, in the event of negative developments, balanced to the greatest extent possible by taking suitable countermeasures.

[1] For further details, see the chapter EBITDAX and the corresponding tables.
[2] For further details, see the chapter Production and the corresponding tables.
[3] For further details, see the chapter CAPEX and the corresponding tables.
[4] For further details, see the chapter Consolidated Statement of cash flows and the corresponding tables.

Major Business Activities in the Reporting Period

General

In January, we successfully concluded a Subordinated Resettable Fixed Rate Notes (Subordinated Notes) issuance in two tranches with a total transaction volume of €1.5 billion, proceeds of which were used to partially prepay the term loans, allowing to further de-lever and strengthen the balance sheet.
Following significantly improved external environment and strong financial performance the Management Board recommended to recommence the payment of the common dividend. In March, a common dividend distribution of €500 million was made to the shareholders, with an additional €100 million planned to be distributed in June.

Northern Europe – Norway

Our major development projects, Nova, Dvalin and Njord are progressing towards first production in H2 2022. Ærfugl Phase 2 and Gråsel developments are well on track to come onstream later in the year.

Northern Europe – Germany

As part of our portfolio optimisation process in Germany, we divested a number of smaller non-core licenses in the country. Together with our recently concluded sale of our Hamburg Headquarter building we realised around €40 million cash flow contribution in the first quarter 2021 from these transactions. These transactions allowed us to increase our focus on the core assets we operate in Germany.

Russia

Achimov area 4A is in commissioning since the beginning of this year and we expect to gradually increase production over time. In area 5A, the construction has progressed well, and commissioning has commenced.

Middle East/North Africa – Egypt

In Egypt, we achieved the field start-up of production of our Raven field at the end of February. Production from all West Nile Delta fields will significantly support domestic consumption. This marks the final phase of our initial West Nile Delta development project.

1. Business environment

1.1 MACRO FUNDAMENTALS

OIL PRICES

$/barrel	Q1 2021	Q1 2020
Average Brent price for the period[1]	61.1	50.1

[1] Source: Platts.

GAS PRICES

$/mscf	Q1 2021	Q1 2020
Average TTF price (day-ahead) for the period[1]	6.54	3.15

[1] Source: Heren/Argus; FX conversion according to ECB.

FOREIGN CURRENCY

CLOSING RATES €1 =	31 Mar 2021	31 Dec 2020
Argentinian peso (ARS)	108.02	103.16
Russian rouble (RUB)	88.32	91.47
Norwegian krone (NOK)	10.00	10.47
US dollar (USD)	1.17	1.23

AVERAGE €1 =	Q1 2021	Q1 2020
Argentinian peso (ARS)	106.80	67.83
Russian rouble (RUB)	89.67	73.82
Norwegian krone (NOK)	10.26	10.47
US dollar (USD)	1.20	1.10

1.2 REALISED PRICES

	Q1 2021	Q1 2020
Average realised liquids price[1] (in $/bbl)	35.2	32.0
Northern Europe	52.5	42.1
Russia[2]	10.1	9.6
Middle East/North Africa	59.9	48.5
Latin America	47.7	42.4
Average realised gas price[1] (in $/mscf)	2.18	1.61
Northern Europe	5.58	3.34
Russia[2]	0.50	0.53
Middle East/North Africa	2.97	2.99
Latin America	2.12	2.13

[1] Including commodity price hedge result.
[2] Includes the deduction of production costs and applicable taxes.

In Q1 2021, our realised liquids price increased by 3.2 $/bbl from 32.0 $/bbl to 35.2 $/bbl (10%), compared to an increase in Brent prices of 22% compared to Q1 2020. Our realised gas price increased by 0.57 $/mscf from 1.61 $/mscf to 2.18 $/mscf (35%). This increase is lower than the increase in TTF prices (108%), mainly due to the unfavourable contribution of our gas hedges.

2. Operational performance

2.1 PRODUCTION

NATURAL GAS (mboe/d)[1]	Q1 2021	Q1 2020
Northern Europe	114	112
Russia	252	242
Middle East/North Africa	36	40
Latin America	63	61
	465	**454**

LIQUIDS (mboe/d)[1]	Q1 2021	Q1 2020
Northern Europe	108	95
Russia	69	58
Middle East/North Africa[2]	9	9
Latin America	8	9
	194	**172**

TOTAL PRODUCTION (mboe/d)[1]	Q1 2021	Q1 2020
Northern Europe	222	207
Russia	321	300
Middle East/North Africa[2]	45	49
Latin America	71	70
	659	**626**

[1] mboe/d – thousand barrel of oil equivalent per day/on working interest basis including proportional production from at equity-accounted companies.
[2] Excluding Libya onshore.

In Q1 2021, the Group's daily production averaged 659 mboe/d, of which gas was 465 mboe/d and liquids 194 mboe/d, representing an increase of 33 mboe/d compared to Q1 2020. Gas production increased by 11 mboe/d (2%), and the production of liquids increased by 22 mboe/d (13%). This is mainly due to the commencement of production in Achimov 4 and plateau production in Achimov 1. In addition, the production start of Ærfugl in Norway and strong production of liquids in other Norwegian fields supported the production whereas the overall production in North Africa/Middle East and Latin America remained stable.

2.2 CAPEX[5]

€ million	Q1 2021	Q1 2020
Northern Europe	-203	-268
Russia	-1	-5
Middle East/North Africa	-29	-55
Latin America	-5	-5
Midstream	-	-
Other	-1	0
Total	**-239**	**-333**

The capital expenditures amounted to €-239 million for Q1 2021 compared with €-333 million in Q1 2020 mainly due to lower expenditures into our ongoing Norwegian development projects. In addition, Raven in the Egyptian West Nile Delta came onstream in Q1 2021. The majority of the capital expenditures were directed to Northern Europe, largely for Njord, Nova and Ærfugl/Skarv.

[5] Voluntary disclosure

2.3 NET EXPLORATION EXPENDITURES

€ million	Q1 2021	Q1 2020
Exploration CAPEX	-27	-24
Northern Europe	-22	-17
Russia	-	-
Middle East/North Africa	-	-
Latin America	-5	-7
Other	-	-
Exploration expenses	-70	-46
Northern Europe	-57	-21
Russia	-	-
Middle East/North Africa	5	-2
Latin America	-13	-18
Other	-5	-5
Adjusted for dry well costs from prior years	4	0
Adjusted for gains/losses from disposal of exploration assets	31	-4
Proceeds from disposal of exploration assets	10	10
Adjusted for changes in provisions	0	0
Total	**-52**	**-64**

In Q1 2021 exploration activities in total of €-27 million were capitalised. These expenditures relate mainly to two wells drilled in Northern Europe. One well was successful, the other well was not yet completed as at the balance sheet date.

Exploration expenses included expenses for the acquisition of seismic data, licence fees and expenses for dry well costs for two dry wells. In Q1 2021 exploration expenses increased by 52% or €-24 million, to €-70 million compared to €-46 million in Q1 2020, mainly due to higher losses from the disposal of assets. This was partially offset by lower geophysical survey and seismic costs due to shifted seismic campaigns and lower dry well costs.

3 Financial performance

CONSOLIDATED STATEMENT OF INCOME

€ million	Q1 2021	Q1 2020
Revenues gas and oil	1,163	993
Revenues other	44	62
Net income from equity-accounted investments: gas and oil	19	1
Net income from equity-accounted investments: midstream	53	44
Other operating income	12	8
	1,291	**1,108**
Production and operating expenses	-496	-496
Production and similar taxes	-13	-32
Depreciation and amortisation	-323	-364
Net impairment on assets	-1	-
Exploration expenses	-70	-46
General and administrative expenses	-86	-105
	302	**65**
Financial income	113	32
Financial expenses	-159	-80
	-46	**-48**
Net income/loss (–) before taxes	**256**	**17**
Income taxes	-95	-107
Net income/loss (–)	**161**	**-90**
Net income/loss (–) attributable to shareholders	**153**	**-90**
Net income/loss (-) attributable to subordinated notes investors	8	-

3.1 COMPARISON OF Q1 2021 TO Q1 2020

EBITDAX

Revenues and other operating income

Revenues gas and oil increased by €170 million, or 17%, to €1,163 million, compared with €993 million in the comparison period. This was mainly due to significantly higher commodity prices: the realised price for liquids increased by 10%, and the realised gas price increased by 35%. Trading revenues amounted to €329 million in Q1 2021, compared to €241 million in Q1 2020. Commodity hedges for oil and gas accounted for a €57 million loss compared to a positive effect of €14 million in the prior-year period.

The net income from equity accounted investments increased in total by €27 million, mainly due to increases in the underlying proportionate net income of the participations.

The other revenues decreased by €18 million to €44 million in Q1 2021 mainly due to the decrease of construction services related to the General Contracting Agreement with Achim Development for Achimov 4 and 5.

Other operating income, which comprises mainly income from divestments of €7 million and a government grant in Argentina increased by €4 million compared to January-March 2020 due to gains from the disposal of small non-core licences in Germany.

Production and Operating Expenses

Production and operating expenses remained stable and accounted for €496 million, flat with expenses in Q1 2020.

Overall, specific production cost decreased by 18% to 3.2 €/boe compared to 3.9 €/boe in Q1 2020 mainly driven by increased volumes.

PRODUCTION COSTS PER boe (€/boe)	Q1 2021	Q1 2020
Northern Europe	5.3	5.7
Russia	0.3	0.4
Middle East/North Africa	4.0	7.8
Latin America	3.0	3.3
Total	**3.2**	**3.9**

Production and similar taxes

The production and similar taxes decreased by €19 million from €32 million in Q1 2020 to €13 million in Q1 2021 due to a lower royalty tax rate in Germany as well as a refund for 2020.

General and administrative expense

General and administrative expenses amounted to €86 million, a 18% decrease compared to €105 million in Q1 2020. The decrease is driven primarily through the delivery of merger synergies.

RECONCILIATION OF EBITDAX

€ million	Q1 2021	Q1 2020
Revenues gas and oil	1,163	993
adjusted for unrealised changes in fair value of commodity derivatives Sales	-2	-6
Revenues other	44	62
Net income from equity-accounted investments: gas and oil	19	1
Net income from equity-accounted investments: midstream	53	44
Other operating income	12	8
adjusted for gains from sale of assets/changes in consolidation scope	-7	-1
Production and operating expenses	-496	-496
adjusted for losses from sale of assets	8	0
Production and similar taxes	-13	-32
General and administrative expenses	-86	-105
adjusted for non-recurring items (merger-related costs, acquisition costs, etc.)[1]	9	11
EBITDAX	**704**	**479**

[1] Included integration costs of €9 million (Q1 2020: €11 million).

EBITDAX increased by €225 million, or 47%, compared to Q1 2020. The higher revenues gas and oil (€+174 million after adjustments, mainly caused by the higher commodity prices), the decrease in production and similar taxes and the lower general and administration expenses (mainly caused by lower personnel cost) led to this result.

EBITDAX per segment

million	Q1 2021	Q1 2020
Northern Europe	496	334
Russia	97	104
Middle East/North Africa	55	8
Latin America	53	62
Midstream	54	44
Other	-51	-73
Total	**704**	**479**

ADJUSTED NET INCOME

€ million	Q1 2021	Q1 2020
EBITDAX	704	479
Depreciation and amortisation	-323	-364
Exploration expenses	-70	-46
adjusted for gains/losses from sale of assets	31	-3
Financial income	113	32
Financial expense	-159	-80
Income taxes	-95	-107
adjusted for taxes on adjusted and disregarded items	-30	1
Total	**171**	**-88**

Adjusted net income is a non-GAAP financial measure and derived from EBITDAX less depreciation and amortisation, less exploration expenses, plus financial income, less financial expenses and less income taxes, adjusted for special items as well as tax effects on adjusted special items or not considered items (e. g. impairments on assets).

The definition of adjusted net income has been amended in the fourth quarter 2020. Consequently, the presented prior-year figures are amended accordingly, and adjusted net income replaces net result as a measure for profit and loss in the segment reporting.

Depreciation and amortisation

Depreciation and amortisation amounted to €323 million in Q1 2021. This is a decrease by 11% compared to €364 million in Q1 2020, mainly due to positive reserves adjustments in Northern Europe and Latin America and effects from foreign currency translation.

Exploration expenses

In the reporting period exploration expenses increased by €24 million or 52%, to €70 million compared to €46 million in Q1 2020, mainly due to higher losses from the disposal of assets.[6]

Financial result

The financial result amounted to €-46 million, broadly in line with Q1 2020. This was mainly due to the repayment of €1,491 million term debt, resulting in the release of unamortized arrangement fees and a decrease in interest from debt to banks. This was partially compensated by a decrease of interest income from cash at banks and by the decrease of capitalized borrowing costs.

Income taxes

In Q1 2021, the income before taxes amounted to €256 million (Q1 2020: €17 million). In the reporting period, the Wintershall Dea Group incurred total tax expense of €95 million (comparison period: €107 million). The tax rate in Q1 2021 was 37%, which was positively impacted by the uplift in Norway and certain tax-free income components.

Adjusted Net Income

Compared to Q1 2020, adjusted net income increased by €259 million to €171 million, mainly due to higher commodity prices, lower production cost and lower general and administration expenses.

[6] More information on exploration expenses can be found on page 8.

3.2 FINANCIAL POSITION

Wintershall Dea's financial strategy aims to provide a long-term balance between shareholder returns and profitable growth while maintaining a conservative financial profile and balance sheet strength through the commodity price cycle. The Group works to ensure financial stability through its long-term commitment to its investment-grade credit rating.

€ million	Q1 2021	Q1 2020
Net income/loss (–)	**161**	**-90**
Amortisation/depreciation/impairment losses/reversal of impairment losses	335	375
Changes in provisions	-55	-35
Changes in deferred taxes	37	109
Gains (–)/losses from disposal of non-current assets	36	-5
Other non-cash income/expenses and finance cost	-106	-49
Changes in working capital	31	132
Changes in other balance sheet items	254	65
Cash flow from operating activities	**693**	**502**
Payments for intangible assets, property, plant and equipment and investment property	-266	-357
Payments for acquisitions	-	-11
Proceeds from the disposal of non-currentassets/divestures	53	53
Payments for financial receivables	-27	-61
Cash flow from investing activities	**-240**	**-376**
Dividend payment to shareholders	-586	-
Capital contribution from subordinated notes investors	1,491	-
Proceeds from debt to banks	27	-
Repayments of debt to banks	-1,516	-
Change in financial liabilities (related parties)	87	221
Repayment of lease liabilities	-16	-15
Cash flow from financing activities	**-513**	**206**
Change in cash and cash equivalents	**-60**	**332**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	41	-55
Cash and cash equivalents at beginning of reporting period	**821**	**814**
Cash and cash equivalents at end of reporting period	**802**	**1,091**

COMPARISON OF Q1 2021 TO Q1 2020

€ million	Q1 2021	Q1 2020
Cash flow from operating activities	693	502
Cash flow from investing activities	-240	-376
Cash flow from financing activities	-513	206
Change in cash and cash equivalents	**-60**	**332**

Cash flow from operating activities

Cash flow from operating activities increased by €191 million from €502 million in Q1 2020 to €693 million in Q1 2021. This increase was primarily driven by a €189 million cash refund for the tax value of losses from Norwegian tax authorities in Q1 2021.

Cash flow from investing activities

Cash flow from investing activities, which includes capital expenditures, acquisitions, payments for financial receivables and proceeds from divestments and disposals, amounted to €-240 million in Q1 2021 compared to €-376 million in Q1 2020. The change was mainly due to a decrease in capital expenditures (€-91 million) and payments for financial receivables (€-34 million). In Q1 2021, the proceeds from divestures include proceeds for the sale of the Hamburg Headquarter building of €39 million.

Cash flow from financing activities

Cash flow from financing activities amounted to €-513 million in the reporting period, compared with €206 million in Q1 2020. The change compared to the previous year was mainly due to common dividend payments to both shareholders (€-500 million), preferred share dividends of €-86 million and the lower increase of liabilities from cash pooling with related parties. The proceeds from the issuance of the Subordinated Notes (capital contribution) were used to repay debt to banks.

€ million	Q1 2021	Q1 2020
Cash flow from operating activities	693	-502
Cash flow from investing activities	-240	-376
less payments for acquisitions	-	-11
less proceeds from the disposal of non-current assets/divestures	53	53
Free cash flow	**400**	**84**

3.3 NET ASSETS

BALANCE SHEET OF THE WINTERSHALL DEA GROUP

€ million	31 Mar 2021	31 Dec 2020
Intangible assets	5,759	5,629
Tangible assets	8,985	8,776
Equity-accounted investments	2,776	2,671
Financial receivables	1,134	1,127
Other assets/receivables	282	315
Non-current assets	**18,936**	**18,518**
Financial receivables	185	141
Trade and other receivables	968	908
Other current assets	1,145	1,410
Current assets	**2,298**	**2,459**
Assets	**21,234**	**20,977**

Non-current assets amounted to €18,936 million as at 31 March 2021, 89% of total assets. Compared to €18,518 as at 31 December 2020, non-current assets increased by €418 million or 2%.

Intangible assets amounted to €5,759 million (31 December 2020: €5,629 million). Goodwill increased by €89 million to €2,387 million as at 31 March 2021 as a result of foreign currency translation effects. Exploration assets remained nearly stable and amounted to €628 million. Other intangible assets amounted to €2,744 million as at 31 March 2021, an increase of €55 million compared to 31 December 2021, mainly due to foreign currency translation effects that exceeded amortization.

Tangible assets increased by €209 million and amounted to €8,985 million. Depreciation, impairment and disposals exceeded additions and transfers for the reporting period by €91 million, this was overcompensated by the foreign currency translation effect in the amount of €300 million.

Equity-accounted investments amounted to €2,776 million an increase of €105 million mainly due to increases in the underlying proportionate net income of the participations and foreign currency translation effects.

By contrast, other assets and receivables decreased by 33€m to 282€m, mainly driven by decreased derivative instruments (€43 million) and partially offset by higher deferred taxes (€6 million).

Current assets decreased by 7% compared to 31 December 2020 and amounted to €2,298 million as at 31 March 2021.

Financial receivables increased by €44 million to €185 million, mainly due to higher loans to one of our Russian joint ventures.

Trade and other receivables amounted to €968 million compared with €908 million as at 31 December 2020. The increase of €60 million was due among other factors to higher revenues, an increased underlift position and again as a result of the foreign currency translation.

These effects were overcompensated by the decrease of the other current assets by €265 million to €1,145 million. The decrease in derivative instruments by €34 million (€92 million as at 31 December 2020) is mainly attributable to a decline in the fair values for commodity derivatives. Income tax assets decreased in Q1 2021 mainly as a result of the received refunds for tax value of losses for the fiscal year 2020 from Norwegian tax authorities. Cash and cash equivalents amounted to €802 million, slightly below the level as at 31 December 2020 (€821 million).

€ million	31 Mar 2021	31 Dec 2020
Equity	**7,620**	**6,435**
Provisions	3,240	3,327
Financial debt	4,390	5,886
Other non-current liabilities	3,560	3,361
Non-current liabilities	**11,190**	**12,574**
Provisions	445	437
Financial debt	667	471
Trade and other payables	915	766
Other current liabilities	397	294
Current liabilities	**2,424**	**1,968**
Equity and liabilities	**21,234**	**20,977**

Equity increased by €1,185 million to €7,620 million, mainly due to capital raised through the issuance of Subordinated Notes (€1,491 million). The increase was partly compensated by declared dividends of €686 million (thereof paid €586 million).
The equity ratio for Wintershall Dea Group increased from 31% as at 31 December 2020 to 36% as at 31 March 2021.

Compared with 31 December 2020, non-current liabilities decreased by €1,385 million to €11,190 million as at 31 March 2021.

Overall, non-current provisions declined by €87 million to €3,240 million as at 31 March 2021. Provisions for pensions decreased by €80 million to €550 million due to a change in the discount rate. Decommissioning provisions amounted to €2,600 million (31 December 2020: €2,607 million), the decrease mainly stemming from the disposal of assets in Germany partially offset by the effects from foreign currency translation. Other provisions remained stable and amounted to €90 million.

Financial debt amounted to €4,390 million (31 December 2020: €5,886 million). The decline of €1,496 million was due to the net proceeds from the issuance of the Subordinated Notes which were used for the repayment of bank facilities.

Other non-current liabilities include derivative instruments, other liabilities, income tax liabilities and deferred tax liabilities. The increase in derivative instruments (€40 million) was attributable to commodity derivatives. Deferred taxes increased by €169 million to €3,419 million and income tax liabilities amounted to €18 million as at 31 March 2021.

Current liabilities increased by €456 million to €2,424 million as of 31 March 2021. This was mainly driven by the increase of current financial debt (€196 million), trade and other payables (€149 million) and derivative instruments (€111 million).

Financial debt increased by €196 million, mainly due to higher cash pool liabilities (€85 million) and outstanding dividends to shareholders (€100 million).

Trade and other payables increased by €149 million to €915 million compared with €766 million as at December 2020. The increase was among others due to higher received prepayments for the sale of the Hamburg Headquarter building (€39 million) and higher joint venture liabilities in Norway.

Other current liabilities include derivative instruments and income tax liabilities and amount to €397 million as at 31 March 2021. The increase by €111 million in derivative instruments (€258 million as at 31 December 2020) was mainly attributable to commodity derivatives (increase of €83 million). Income tax liabilities amounted to €28 million, below the prior-year level (2020: €36 million).

NET DEBT/EBITDAX RATIO

€ million	31 Mar 2021	31 Dec 2020
Debt to banks	345	1,828
Bonds	4,008	3,997
Financial liabilities from cash pooling	479	394
Lease liabilities	119	133
Total debt	**4,951**	**6,352**
Financial receivables from cash pooling	-14	-12
Cash and cash equivalents	-802	-821
Net debt	**4,135**	**5,519**
EBITDAX (LTM)[1]	**1,868**	**1,643**
Net debt/EBITDAX ratio	**2.2**	**3.4**

[1] LTM = Last twelve months

Net debt as at 31 March 2021 amounted to €4,135 million, resulting in a net debt to EBITDAX ratio of 2.2x (31 December 2020: 3.4x).

Kassel/Hamburg, 26 April 2021

Mehren **Smith** **Dijkgraaf** **Summers** **Wieland**

WINTERSHALL DEA

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Q1 2021

CONSOLIDATED STATEMENT OF INCOME

€ million	Q1 2021	Q1 2020
Revenues gas and oil	1,163	993
Revenues other	44	62
Net income from equity-accounted investments:gas and oil	19	1
Net income from equity-accounted investments:midstream	53	44
Other operating income	12	8
	1,291	**1,108**
Production and operating expenses	-496	-496
Production and similar taxes	-13	-32
Depreciation and amortisation	-323	-364
Net impairment on assets	-1	-
Exploration expenses	-70	-46
General and administrative expenses	-86	-105
	302	**65**
Financial income	113	32
Financial expenses	-159	-80
	-46	**-48**
Income/loss (–) before taxes	**256**	**17**
Income taxes	-95	-107
Net income/loss (–)	**161**	**-90**
Net income/loss (–) attributable to shareholders	**153**	**-90**
Net income/loss (-) attributable to subordinated notes investors	8	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Q1 2021	Q1 2020
Net income/loss (–)	**161**	**-90**
Actuarial gains/losses	57	-18
Income and expenses that will not be reclassified to the statement of income at a later date, recognised directly in equity	**57**	**-18**
Unrealised gains/losses on currency translation	214	-121
Unrealised gains/losses on currency translation from equity-accounted investments	27	–
Fair value changes in derivatives designated in cash flow hedges	-88	33
Fair value changes in derivatives designated in cash flow hedges from equity-accounted investments	6	-2
Income and expenses that will be reclassified to the statement of incomeat a later date, recognised directly in equity	**159**	**-90**
Other comprehensive income (net of tax)	**216**	**-108**
Total comprehensive income	**377**	**-198**
Total comprehensive income attributable to shareholders	369	-198
Total comprehensive income attributable to subordinated notes investors	8	–

CONSOLIDATED BALANCE SHEET

€ million	31 Mar 2021	31 Dec 2020
Assets		
Non-current assets		
Goodwill	2,387	2,298
Exploration assets	628	642
Other intangible assets	2,744	2,689
Property, plant and equipment and investment property	8,985	8,776
Equity-accounted investments	2,776	2,671
Other financial assets	16	16
Financial receivables	1,134	1,127
Derivative instruments	78	121
Other receivables	42	38
Deferred tax assets	146	140
	18,936	**18,518**
Current assets		
Inventories	205	201
Financial receivables	185	141
Trade and other receivables	968	908
Derivative instruments	58	92
Income tax assets	80	296
Cash and cash equivalents	802	821
	2,298	**2,459**
Total assets	**21,234**	**20,977**

€ million	31 Mar 2021	31 Dec 2020
Equity and liabilities		
Equity attributable to shareholders and subordinated notes investors		
Subscribed capital	189	189
Capital reserve	1,161	1,161
Retained earnings and other comprehensive income	4,768	5,085
Equity attributable to subordinated notes investors	1,502	–
	7,620	**6,435**
Non-current liabilities		
Pension provisions	550	631
Decommissioning provisions	2,600	2,607
Other provisions	90	89
Financial debt	4,390	5,886
Derivative instruments	102	62
Income tax liabilities	18	18
Other liabilities	21	31
Deferred tax liabilities	3,419	3,250
	11,190	**12,574**
Current liabilities		
Decommissioning provisions	164	167
Other provisions	281	270
Financial debt	667	471
Trade and other payables	915	766
Derivative instruments	369	258
Income tax liabilities	28	36
	2,424	**1,968**
Total equity and liabilities	**21,234**	**20,977**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other comprehensive income					
€ million	Subscribed capital of Wintershall Dea GmbH	Capital reserves of Wintershall Dea GmbH	Retained earnings and net retained profit	Remeasure-ment of defined benefit plans	Foreign currency translation	Cash flow hedges	Share-holders' equity	Equity attributable to subordinated notes investors	Total
As at 1 Jan 2021	**189**	**1,161**	**7,047**	**-225**	**-1,496**	**-241**	**6,435**	**–**	**6,435**
Other comprehensive income	–	–	–	57	241	-82	216	–	216
Net income/loss (–)	–	–	153	–	–	–	153	8	161
Total comprehensive income	–	–	153	57	241	-82	369	8	377
Capital increase/ decrease (–)	–	–	–	–	–	–	–	1,491	1,491
Dividend distribution	–	–	-686	–	–	–	-686	–	-686
Other changes	–	–	–	–	–	–	–	3	3
As at 31 Mar 2021	**189**	**1,161**	**6,514**	**-168**	**-1,255**	**-323**	**6,118**	**1,502**	**7,620**
As at 1 Jan 2020	**189**	**6,152**	**2,943**	**-190**	**-786**	**-19**	**8,289**	**–**	**8,289**
Other comprehensive income	–	–	–	-18	-121	31	-108	–	-108
Net income/loss (–)	–	–	-90	–	–	–	-90	–	-90
Total comprehensive income	–	–	-90	-18	-121	31	-198	–	-198
Capital increase/ decrease (–)	–	–	–	–	–	–	–	–	–
Dividend distribution	–	–	–	–	–	–	–	–	–
Other changes	–	–	-	–	–	–	–	–	–
As at 31 Mar 2020	**189**	**6,152**	**2,853**	**-208**	**-907**	**12**	**8,091**	**–**	**8,091**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Q1 2021	Q1 2020
Net income/loss (–)	**161**	**-90**
Amortisation/depreciation/impairment losses/reversal of impairment losses	335	375
Changes in provisions	-55	-35
Changes in deferred taxes	37	109
Gains (–)/losses from disposals of non-current assets	36	-5
Other non-cash income/expenses and finance cost	-106	-49
Changes in working capital	31	132
Changes in other balance sheet items	254	65
Cash flow from operating activities	**693**	**502**
Payments for intangible assets, property, plant and equipment and investment property	-266	-357
Payments for acquisitions	–	-11
Proceeds from the disposal of non-current assets/divestures	53	53
Payments for financial receivables	-27	-61
Cash flow from investing activities	**-240**	**-376**
Dividend payment to shareholders	-586	–
Capital contribution from subordinated notes investors	1,491	–
Proceeds from debt to banks	27	–
Repayments of debt to banks	-1,516	–
Change in financial liabilities (related parties)	87	221
Repayment of lease liabilities	-16	-15
Cash flow from financing activities	**-513**	**206**

€ million	Q1 2021	Q1 2020
Change in cash and cash equivalents	**-60**	**332**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	41	-55
Cash and cash equivalents at beginning of reporting period	**821**	**814**
Cash and cash equivalents at end of reporting period	**802**	**1,091**
Supplementary information on cash flows from operating activities		
Income tax paid (less refunds)	156	-49
Interest paid[1]	-6	-8
Interest received	3	7
Dividends received gas and oil	2	–
Dividends received midstream	10	–

[1] Includes capitalised borrowing cost of €-4 million shown as part of the payments for intangible assets, property plant and equipment and investment property in the cash flow from investing activities.

NOTES OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 – Basis of presentation

Wintershall Dea GmbH is a German limited company registered at the District Court (Amtsgericht) of Lüneburg under entry no. HRB 200519. The company's registered office is located in Celle, Lower Saxony, Germany, and it is dual-headquartered in Kassel (Friedrich-Ebert-Straße 160 in 34119 Kassel) and Hamburg (Überseering 40 in 22297 Hamburg), Germany. Its operations and principal activities are the exploration and production of natural gas, oil and other resources and resulting products and co-products, trading in all of the resources and commodities, as well natural gas pipeline systems.

The consolidated interim financial statements of Wintershall Dea GmbH and its subsidiaries ('Wintershall Dea Group' or the 'Group') have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable in the European Union (EU).

In line with IAS 34, the scope of the presentation of the consolidated interim financial statements for the three months period ended 31 March 2021 (comparison period 1 January to 31 March 2020) is condensed compared to the scope applied to the consolidated financial statements as at 31 December 2020. The consolidated interim financial statements apply the same accounting policies and practices as those used in the 2020 annual financial statements, except where financial reporting standards have been applied for the first time in 2021 (see Note 3).

SELECTED EXCHANGE RATES

	BALANCE SHEET DATE		AVERAGE	
€1 =	31 Mar 2021	31 Dec 2020	Q1 2021	Q1 2020
Argentinian peso (ARS)	108.02	103.16	106.80	67.83
Brazilian real (BRL)	6.74	6.37	6.60	4.92
British pound (GBP)	0.85	0.90	0.87	0.86
Norwegian krone (NOK)	10.00	10.47	10.26	10.47
Russian rouble (RUB)	88.32	91.47	89.67	73.82
US dollar (USD)	1.17	1.23	1.20	1.10
Mexican peso (MXN)	24.05	24.42	24.53	22.10

Discount rates

The discount rates applied for decommissioning provisions remain unchanged between 0% and 6.25%. Pension provisions are discounted at an interest rate of 1.12% in Germany (31 December 2020: 0.70%) and at an interest rate of 1.50% in Norway (31 December 2020: 1.50%).

Note 2 – Scope of consolidation

The consolidated interim financial statements include 49 fully consolidated companies and one proportionally consolidated company (31 December 2020: 49 fully consolidated companies and one proportionally consolidated company) as well as 8 legal entities (joint ventures and associated companies) that are accounted for using the equity method (31 December 2020: 8).

A large part of the activities in the Exploration & Production business area is carried out in the context of joint operations, some of which are managed through separate companies. The Group's shares in joint operations are accounted for by recognising its respective share in assets and liabilities as well as its income and expenses. The joint operation AO Achimgaz, Novy Urengoy/Russia is operated jointly with Gazprom to produce natural gas and condensate. Wintershall Dea holds a 50% interest in the company and controls the company jointly with Gazprom. As a result, the company was classified as a joint operation within the meaning of IFRS 11 and is therefore proportionally consolidated.

Note 3 - Changes in accounting standards

The International Accounting Standards Board (IASB) has adopted changes in existing International Financial Reporting Standards (IFRS), which became effective for the Wintershall Dea Group as of 1 January 2021:

	IASB EFFECTIVE DATE
Amendments to IFRS 4 'Insurance Contracts' – Deferral of IFRS 9 (2020)	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (2020) 'Interest Rate Benchmark Reform – Phase 2'	1 January 2021

The amendments had no material impact on the Wintershall Dea Group's consolidated financial statements.

Note 4 – Supplementary information on consolidated statement of income

REVENUES

€ million	Q1 2021	Q1 2020
Revenues gas		
Gas sales own production	396	299
Gas sales trading	329	241
Unrealised gains/losses from gas derivatives	2	0
	727	**540**
Revenues oil		
Oil sales own production[1]	435	447
Oil sales trading	1	6
	436	**453**
Total revenues gas and oil	**1,163**	**993**
Revenues other	44	62
Total	**1,207**	**1,055**

[1] Including realised gains and losses from oil swaps that had been disclosed in separate line in Q1 2020.

Gas and oil (crude oil/condensate) revenues from own production also include service fees for extraction services in Russia. 'Revenues other' mainly comprise revenues from construction services provided from Achimgaz to Achim Development.

Trading revenues cover the trading activities for gas and oil. The corresponding purchase costs for gas and oil volumes sold to third parties are shown under 'cost of trade goods'. Trading activities of the headquarter for the purpose of margin improvement and the trading transactions of the Russian subsidiary YRGM Trading are shown net of cost under trading revenues.

The Wintershall Dea Group has gas sales and purchase contracts that are physically settled despite not qualifying as own use prior to settlement. These contracts are accounted for as financial instruments, according to IFRS 9. The changes in fair value prior to settlement are shown separately as unrealised gains/losses from gas derivatives unless they are qualifying for hedge accounting and are recognised in other comprehensive income.

The realised gains/losses from these gas sales contracts as well as realised gains/losses from commodity derivatives, which are settled in cash, are shown under gas and oil sales revenues. As a consequence, gas and oil sales are reported at the contract price.

In the reporting period, realised gains from gas sales and purchase contracts measured at fair value through profit or loss according to IFRS 9 are recognised as gas sales revenues and cost of trade goods in the amount of €4 million. In addition, gas sales revenues include realised losses of €44 million for fixed price contracts for which hedge accounting is applied.

Oil sales revenues include realised losses from oil swaps amounting to €16 million. These gains and losses are not within the scope of IFRS 15.

PRODUCTION AND OPERATING EXPENSES

€ million	Q1 2021	Q1 2020
Production costs	142	166
Change over-/underlift	-58	5
Transport fees and leases	55	63
Development costs	-11	5
Cost of trade goods	319	193
Other cost of sales	41	64
Other costs	8	0
Total	**496**	**496**

Production costs also comprise gas and oil extraction service costs in Russia. Other cost of sales includes mainly construction services for Achim Development.

Development costs benefitted from the release of accruals (€-11 million) in Q1 2021.

Cost of trade goods covers the trading activities for oil and gas. The corresponding revenues are shown under gas and oil sales trading. The trading activities of the headquarter for the purpose of margin improvement and the trading transactions of the Russian subsidiary YRGM Trading are shown net of costs under trading revenues.

FINANCIAL RESULT

€ million	Q1 2021	Q1 2020
Interest income from third parties	30	30
Interest income from related parties	1	0
Foreign currency exchange gains, net	82	2
Financial income	**113**	**32**
Interest expenses to third parties	16	19
Less capitalised borrowing costs	-4	-10
Losses from financial derivatives, net	141	60
Interest from addition to provisions	6	11
Financial expenses	**159**	**80**
Total financial result	**-46**	**-48**

INCOME TAXES

€ million	Q1 2021	Q1 2020
Current income tax expense	59	-4
Deferred tax expenses	36	111
Total	**95**	**107**

Note 5 – Segment reporting

The Group's business is conducted in six segments:

› Northern Europe
› Russia
› Middle East/North Africa (MENA)
› Latin America (LATAM)
› Midstream
› Other

The segments Northern Europe, Russia, MENA and LATAM comprise the E&P business and are further divided into eleven divisions based on countries in the respective region. The E&P segments include exploration and appraisal, field development and production activities in the following divisions:

› **Northern Europe:** Germany, Norway and Denmark/The Netherlands/UK
› **Russia:** Russia
› **Middle East/North Africa:** Egypt, Libya, Algeria and United Arab Emirates (UAE)
› **Latin America:** Argentina, Mexico and Brazil

The Midstream segment comprises the onshore and offshore gas transportation activities in Europe.

The Other segment includes the Management Board; the corporate functions, including Strategy, Global Exploration, Carbon Management and Hydrogen, Technology & Innovation and Digital, the holding companies; and the trading activities managed by the headquarters.

The accounting policies for the operating segments are the same as the Group's accounting policies.

The consolidation column includes the elimination of inter-segment sales, mainly resulting from the gas trading activities between the headquarter and the business segments. Sales between the segments are made at prices that approximate market price.

The key internal performance measure 'adjusted EBITDAX' (EBITDAX), which is used for internal management control purposes, and the additional performance indicator 'adjusted net income' are disclosed as a measure of profit and loss for each reporting segment. EBITDAX and adjusted net income are not recognised measures under IFRS.

The definitions of EBITDAX and adjusted net income have been amended in the fourth quarter 2020. Consequently, the presented figures for the first quarter 2020 are amended accordingly, and adjusted net income replaces net result as a measure for profit and loss in the segment reporting.

Since Q4 2020, segment reporting includes the non-IFRS measure 'free cash flow', which also serves as a key performance indicator for internal management control.

	Q1 2021							
€ million/mboe/d	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consoli-dation	Total
External revenues	417	139	49	83	0	519	–	1,207
Inter-segment revenues	211	–	–	–	–	15	-226	–
Segment revenues	628	139	49	83	0	534	-226	1,207
Depreciation and amortisation	-258	-12	-14	-38	–	-1	–	-323
Net impairment on assets	–	–	-1	–	–	–	–	-1
Exploration expenses	-57	–	5	-13	-	-5	–	-70
Income tax	-56	-9	1	-2	0	-29	–	-95
Adjusted net income	115	78	22	-37	53	-60	–	171
EBITDAX	496	97	55	53	54	-51	–	704
of which net income from equity-accounted investments	0	7	11	–	54	–	–	72
Total CAPEX[1]	-225	-1	-29	-10	–	-1	–	-266
of which production and development CAPEX	-203	-1	-29	-5	–	-1	–	-239
of which exploration CAPEX	-22	–	–	-5	–	–	–	-27
Free cash flow	447	123	-44	-15	9	-120	–	400
Production[2 3]	222	321	45[4]	71	–	–	–	659
of which gas	114	252	36	63	–	–	–	465
of which oil	108	69	9	8	–	–	–	194

[1] Cash outflows for intangible assets, property, plant and equipment and investment property
[2] On a working-interest basis, including proportional production from at equity-associated companies
[3] Production (mboe/d) is not an IFRS measure.
[4] Excluding Libya onshore

	Q1 2020							
€ million/mboe/d	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consoli-dation	Total
External revenues	544	166	47	97	–	201	–	1,055
Inter-segment revenues	28	–	–	0	–	2	-30	–
Segment revenues	572	166	47	97	-	203	-30	1,055
Depreciation and amortisation	-275	-7	-27	-53	0	-2	–	-364
Net impairment on assets	–	–	–	–	–	–	–	–
Exploration expenses	-21	–	-2	-18	–	-5	–	-46
Income tax	-98	-18	6	-7	0	10	–	-107
Adjusted net income	-34	82	-12	-26	42	-140	–	-88
EBITDAX	334	104	8	62	44	-73	–	479
of which net income from equity-accounted investments	-6	9	-2	–	44	–	–	45
Total CAPEX[1]	-285	-5	-55	-12	–	0	–	-357
of which production and development CAPEX	-268	-5	-55	-5	–	0	–	-333
of which exploration CAPEX	-17	–	–	-7	–	–	–	-24
Production[2 3]	207	300	49[4]	70	–	–	–	626
of which gas	112	242	40	61	–	–	–	455
of which oil	95	58	9	9	–	–	–	171

[1] Cash outflows for intangible assets, property, plant and equipment and investment property
[2] On a working-interest basis, including proportional production from at equity-associated companies
[3] Production (mboe/d) is not an IFRS measure.
[4] Excluding Libya onshore

External revenues are allocated to the following divisions:

EXTERNAL REVENUES

€ million	Q1 2021	Q1 2020
Norway	316	384
Germany	101	160
Northern Europe	**417**	**544**
Russia	**139**	**165**
Egypt	38	35
Algeria	11	12
Middle East/North Africa	**49**	**47**
Argentina	70	82
Mexico	13	15
Latin America	**83**	**97**
Midstream	**0**	**1**
Other	**519**	**201**
Total	**1,207**	**1,055**

EBITDAX and adjusted net income

EBITDAX is defined as revenues and other income, less production and operating expenses, less production and similar taxes, less general and administrative expenses, adjusted for special items.

Adjusted net income is derived from EBITDAX less depreciation and amortisation, less exploration expenses, plus financial income, less financial expenses and less income taxes, adjusted for special items and tax effectson adjusted special items and disregarded items (e.g. impairments on assets).

€ million	Q1 2021	Q1 2020
Sales revenues gas and oil	1,163	993
adjusted for unrealised changes in fair value commodity derivatives	-2	-6
Sales revenues other	44	62
Net income from equity-accounted investments: gas and oil	19	1
Net income from equity-accounted investments: midstream	53	44
Other operating income	12	8
adjusted for gains from sale of assets/changes in consolidation scope	-7	-1
Production and operating expenses	-496	-496
adjusted for losses from sale of assets	8	0
Production and similar taxes	-13	-32
General and administrative expenses	-86	-105
adjusted for non-recurring items (merger-related cost, acquisition cost etc.)	9	11
EBITDAX	**704**	**479**

€ million	Q1 2021	Q1 2020
EBITDAX	**704**	**479**
Depreciation and amortisation	-323	-364
Exploration expenses	-70	-46
adjusted for gains/losses from sale of assets	31	-3
Financial income	113	32
Financial expenses	-159	-80
Income tax	-95	-107
adjusted for taxes on adjusted and disregarded items	-30	1
Adjusted net income	**171**	**-88**

Note 6 – Supplementary information on Balance Sheet

INTANGIBLE ASSETS

€ million	31 Mar 2021	31 Dec 2020
Goodwill	2,387	2,298
Exploration	628	642
Other intangible assets	2,744	2,689
Total	**5,759**	**5,629**

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

€ million	31 Mar 2021	31 Dec 2020
Land and buildings[1]	119	124
Gas and oil assets	8,833	8,618
Other plant machinery and equipment	8	8
Fixtures and fittings and office equipment	25	26
Total	**8,985**	**8,776**

[1] Land and buildings include investment property.

Subordinated Notes (Equity)

In January 2021, Wintershall Dea Group issued, via Wintershall Dea Finance 2 B.V., a fully owned subsidiary, two series of Subordinated Resettable Fixed Rate Notes (Subordinated Notes), in the aggregate principal amount of €1,500 million. The Subordinated Notes were issued in two tranches and are callable three months prior to the first reset date for the NC2026 tranche and six months prior to the first reset date for the NC2029 tranche. The first reset date for the NC2026 tranche (€650 million with a coupon of 2.4985 %) is on 20 July 2026, and the first reset date for the NC2029 tranche (€850 million with a coupon of 3.0000 %) is on 20 January 2029.

Under IAS 32, the Subordinated Notes are classified entirely as equity. The capital raised through the issuance of Subordinated Notes was recognised in equity, less discounts and transaction costs. Deferred taxes on discounts and transaction costs are also recognised in equity. Accrued interest payables to the Subordinated Notes investors increase equity, whereas interest payments will reduce equity respectively.

The net proceeds from the issuance of the Subordinated Notes are shown as capital contribution in the consolidated statement of cashflows. The proceeds were used for the repayment of bank facilities.

Financial Debt/Net Debt

	31 Mar 2021		31 Dec 2020	
€ million	Non-current	Current	Non-current	Current
Bonds	4,000	23	4,000	12
less transaction cost	-15	-	-15	-
	3,985	23	3,985	12
Debt to banks	335	9	1,819	3
less/plus transaction cost and embedded derivatives	1	-	6	-
	336	9	1,825	3
Financial liabilities to related parties	-	585	-	399
Lease liabilities	69	50	76	57
Total	**4,390**	**667**	**5,886**	**471**

Bonds

In September 2019, Wintershall Dea Finance B.V., a fully owned subsidiary of Wintershall Dea GmbH, issued bonds in the amount of €4,000 million. The transaction comprised four tranches.

The transaction cost was capitalised as a reduction in the bond amount and is being amortised over the expected life applying the effective interest method.

BONDS	%	Maturity	Currency	Nominal value (€ million)	Fair value 31 Mar 2021 (€ million)	Carrying amount 31 Mar 2021 (€ million)
Bond ISIN XS2054209320	0.452	2023	EUR	1,000	1,011	997
Bond ISIN XS2054209833	0.840	2025	EUR	1,000	1,025	996
Bond ISIN XS2054210252	1.332	2028	EUR	1,000	1,035	996
Bond ISIN XS2055079904	1.823	2031	EUR	1,000	1,046	996
Total				**4,000**	**4,117**	**3,985**

The fair value was determined using quoted prices on an active market. The Group's repayment obligation remainsunchanged at €4,000 million.

Debt to banks

Debt to banks comprise an external financing arrangement via a consortium of banks (Syndicated Credit Facilities Agreement). Facility B was fully and Facility C was partially repaid using the net proceeds from the Subordinated Notes in January 2021. As of 31 March 2021, a nominal amount of €335 million was utilised of Facility C.

For the remaining Facility C of the Syndicated Credit Facilities Agreement, margins over the applicable EURIBOR rate apply.

Transactions cost were capitalised as a reduction of the loan amount. In addition, the financing facility comprises embedded derivatives which are required to be separated. The positive fair value of the embedded derivatives was initially recognised as an increase in the loan amount. Both amounts are being amortised over the term of the loans with corresponding impact on the financial result. Refer to Note 9 for more information on the embedded derivatives. Following the repayment in January an amount of €5 million was immediately amortised in profit or loss.

BREAKDOWN OF DEBT TO BANKS (incl. accrued interest)	Maturity	Interest rate	Currency	Nominal value (contract currency million)	31 Mar 2021 (€ million)	31 Dec 2020 (€ million
Facility B	04/2022	0.6 %	EUR	-	-	586
	04/2022	0.85–2.61 %	USD	-	-	328
Facility C	04/2024	0.75 %	EUR	335	337	586
	04/2024	1.01–2.76 %	USD	-	-	328
Overnight draft facility Argentina	-	34.5–36.0 %	ARS	1,005	8	-
Total					**345**	**1,828**

Credit facilities

A revolving credit facility (RCF) in the total amount of €900 million, with an initial tenor of five-years and additional extension options of up to two years was agreed with the bank consortium and can be utilised if necessary. The first one-year extension as well as the second one-year extension was confirmed for a total extension amount of €872 million. This facility is currently undrawn.

Further committed working capital lines agreed last year have partially expired or will expire during the second quarter. The company has elected not to extend these facilities.

NET DEBT

€ million	31 Mar 2021	31 Dec 2020
Cash and cash equivalents	-802	-821
Financial receivables from cash pooling	-14	-12
Bonds	4,008	3,997
Debt to banks	345	1,828
Financial liabilities from cash pooling	479	394
Lease liabilities	119	133
Total	**4,135**	**5,519**

Note 7 – Contractual commitments

As at 31 March 2021, the Group had obligations based on firm orders for property, plant and equipment, as well as from field development projects, in the amount of €342 million (31 December 2020: €373 million).

Furthermore, the Wintershall Dea Group is committed to a certain number of exploration wells and seismic surveys within the context of exploration licences. The estimated expenditures amount to €151 million (31 December 2020: €110 million).

Further obligations from purchase contracts resulted primarily from long-term purchase commitments for naturalgas ('own use contracts'). The firm purchase commitment from own use contracts amounted to €148 million as at 31 March 2021 (31 December 2020: €150 million).

OBLIGATIONS ARISING FROM COMMODITY PURCHASE CONTRACTS

€ million	31 Mar 2021	31 Dec 2020
2021	45	51
2022	43	39
2023	33	30
2024	19	18
2025	8	9
2026	-	1
2027 and maturities extending beyond this	-	2
Total	**148**	**150**

Note 8 – Related-party disclosures

A related party is a natural person or legal entity that can exert influence on the Wintershall Dea Group or over which the Wintershall Dea Group exercises control, joint control or a significant influence.

Wintershall Dea is jointly controlled by BASF and LetterOne. Therefore, BASF and LetterOne and their subsidiaries are considered as related parties. In addition, related parties include non-consolidated subsidiaries, joint ventures and associated companies.

The following tables show the volume of business with related parties that are included in the consolidated financial statements at amortised cost or accounted for using the equity method.

REVENUES WITH RELATED PARTIES

€ million	Q1 2021	Q1 2020
Non-consolidated subsidiaries	-	1
Joint ventures/associated companies	62	64
Shareholders and their affiliates	75	89
Total	**137**	**154**

TRADE ACCOUNT RECEIVABLES FROM/TRADE ACCOUNTS PAYABLES TO RELATED PARTIES

	Trade accounts receivables		Trade accounts payables	
€ million	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020
Non-consolidated subsidiaries	6	9	0	3
Joint ventures/associated companies	38	32	18	8
Shareholders and their affiliates	35	36	4	6
Total	**79**	**77**	**22**	**17**

FINANCIAL AND OTHER RECEIVABLES FROM/FINANCIAL AND OTHER LIABILITIES TO RELATED PARTIES

	Financial and other receivables		Financial and other liabilities	
€ million	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020
Non-consolidated subsidiaries	27	26	11	12
Joint ventures/associated companies	317	288	474	387
Shareholders and their affiliates	-	-	100	-
Total	**344**	**314**	**585**	**399**

Revenues, trade accounts receivable and trade accounts payable from related parties comprised mainly transactions in the Group’s own products, as well as other typical business transactions.

Financial and other receivables and liabilities resulted mainly from financing transactions, outstanding dividend payments and profit and loss transfer agreements, as well as other financing-related and operating transactions.

Cash-effective changes in financial liabilities to related parties (see "Consolidated Statement of Cash Flows") are mainly related to liabilities from cash pooling.

Note 9 – Reporting on financial instruments

Derivative financial instruments and hedge accounting

Commodity derivatives

The Group has designated oil sales derivatives (Dated Brent crude oil swaps) and certain fixed-price gas sales agreements as hedging instruments within the scope of cash flow hedges. The existing hedges serve to stabilise portions of the Group's oil and gas revenues until 2024.

The effective portion of changes in the fair value of commodity derivatives, that are designated as cash flow hedges is recognised as other comprehensive income within equity. The gains or losses relating to the ineffective portion are recognised immediately in profit or loss.

Regarding oil sales derivatives, the price of the hedged item is defined via a price formula in the sales contract. The instruments used are Dated Brent oil swaps for which a liquid market exists. Furthermore, regression analysis shows a high correlation between Dated Brent oil and the price formula. This is also the basis to determine the hedge ratio in order to achieve the highest level of hedge effectiveness.

Fixed-price contracts with physical delivery at liquid locations are used as hedging instruments for gas sales. Published market prices for respective periods and locations are used for determination of fair values of such sales contracts. For the fixed-price gas sales agreements the critical terms match method is applied for assessing hedge effectiveness.

Derivatives related to the gas trading business are recognised at fair value through profit or loss and disclosed based on net risk exposure in accordance with IFRS 13.48.

Foreign currency derivatives

In the context of the Group's ordinary net foreign currency exposure derivatives are recognized at fair value through profit and loss.

In order to hedge the foreign currency risk from future USD repayments of intercompany loans, the Group entered into cross-currency swaps. The future cash flows resulting from the repayment of the intercompany loans have been designated as hedged items. The spot elements and the forward elements of the cross-currency swaps have been separated, whereas only the value changes of the spot elements have been designated as hedging instruments. The forward elements are recognised as cost of hedging in other comprehensive income and are reclassified to profit or loss on a systematic (linear) basis. Hedge ineffectiveness is immediately recognised in profit or loss. As at 31 March 2021, the market value of the derivative assets amounts to €27 million.

Embedded derivatives

In the context of financing activities, embedded derivatives have been identified, which are required to be separated. The contractual terms of the credit facilities entered into by the Group include early termination and extension options as well as zero floors for EURIBOR and

LIBOR. Early termination and extension options as well as zero floors represent embedded derivatives that must be separated and measured at fair value through profit and loss. Changes in fair value are based on changes in interest rates and the Group's own credit risk. To determine the fair value, an option pricing model is used that takes into account simulations of interest rates and Group's own credit risk is used. The market value as at 31 March 2021 amounts to €5 million.

EFFECT OF HEDGE ACCOUNTING ON THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF INCOME

	31 Mar 2021/Q1 2021		
€ million	Commodity derivatives (fixed-price gas sales)	Commodity derivatives (oil swaps)	Foreign currency derivatives
Carrying amount			
Derivative assets	0	17	53
Derivative liabilities	302	71	26
Nominal amount	1,301	911	1,343
Maturity date	04/2021-12/2024	04/2021-12/2024	09/2023-09/2028
Quantity	298,998 mmscf	16,536 mbbl	
Average price or rate	14.85 EUR/MWh	55.1 USD/bbl	1.10 USD/€
Amounts recognised in profit or loss or other comprehensive income			
Change in fair value of hedging instrument recognised in OCI	-126	-105	-56
Reclassified from OCI to profit or loss	44	16	91

Measurement of financial instruments

For financial receivables, trade and other receivables and cash and cash equivalents that are measured at cost, the carrying amounts approximate the fair values. The balance sheet item 'other financial assets' relates primarily to affiliated companies and equity investments that are not fully consolidated or recognised as equity-accounted investments for materiality reasons. Other investments shown under this position are not material and are therefore also recognised at cost. For financial debt other than bonds, trade and other payables, the carrying amount approximates the fair value.

The following overview represents the financial instruments to be recognised at fair value and the essential parameters on which the measurement is based. The individual levels are defined as follows in accordance with IFRS 13:

FAIR VALUE HIERARCHY

€ million	31 Mar 2021 Total	Level 1[1]	Level 2[2]	Level 3[3]
Other receivables	28	-	-	28
Derivative financial assets	136	-	136	-
thereof commodity derivatives	61	-	61	-
thereof currency derivatives	70	-	70	-
thereof embedded derivatives	5	-	5	-
Derivative financial liabilities	471	-	471	-
thereof commodity derivatives	420	-	420	-
thereof currency derivatives	50	-	50	-

[1] The fair value was determined on the basis of listed (unadjusted) prices for identical assets and liabilities on active markets.
[2] The fair value was determined based on parameters for which directly or indirectly quoted prices on active markets were available.
[3] The fair value was determined based on parameters for which there was no observable market data.

FAIR VALUE HIERARCHY

€ million	31 Dec 2020 Total	Level 1[1]	Level 2[2]	Level 3[3]
Other receivables	20	-	-	20
Derivative financial assets	213	-	213	-
thereof commodity derivatives	108	-	108	-
thereof currency derivatives	91	-	91	-
thereof embedded derivatives	14	-	14	-
Derivative financial liabilities	320	-	320	-
thereof commodity derivatives	297	-	297	-
thereof currency derivatives	23	-	23	-

[1] The fair value was determined on the basis of listed (unadjusted) prices for identical assets and liabilities on active markets.
[2] The fair value was determined based on parameters for which directly or indirectly quoted prices on active markets were available.
[3] The fair value was determined based on parameters for which there was no observable market data.

Fair values of derivative financial assets and liabilities are determined using customary market valuation methods taking into account the market data available on the measurement date as well as the default risk.

No transfers between the levels occurred during the period under review or during the previous year.

As at 31 March 2021, other receivables of €28 million (31 December 2020: €20 million) comprise the fair value of a contingent consideration resulting from a purchase agreement. Following a settlement agreement with the seller, the receivable was remeasured in the reporting period. The remeasurement was recognised in profit or loss.

Note 10 – Impact of the COVID-19 pandemic

In June 2020, the Norwegian government enacted temporary changes in the petroleum tax system, in effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 situation. The changes include an increase of the uplift allowance to 24% for investments and the direct tax expense of both uplift allowance and capital expenditures in the special petroleum tax regime in 2020 and 2021. These changes result in a positive tax effect of €11 million in the tax result the end of March 2021. In addition, cash refunds for the tax value of losses from Norwegian tax authorities have been received in February and March totalled NOK 1,953 million (€189 million).

Note 11 – Events after the balance sheet date

No events subject to mandatory disclosure occurred after the balance sheet date that have not been reflected in the consolidated financial statements.

Kassel/Hamburg, 26 April 2021

Mehren **Smith** **Dijkgraaf** **Summers** **Wieland**