Wintershall Dea AG
Q1 2022 Report

Wintershall Dea
GROUP MANAGEMENT REPORT
Q1 2022

1. CORPORATE PROFILE

1.1 BUSINESS MODEL AND STRUCTURE

Wintershall Dea is a leading European independent gas and oil company, complemented by a stable midstream business. The Group comprises Wintershall Dea AG as the parent company and its subsidiaries.

The Group's business is conducted in six segments:

› Northern Europe

› Russia

› Latin America

› Middle East/North Africa

› Midstream

› Other

The segments Northern Europe, Russia, Latin America and Middle East/North Africa comprise the E&P business and are further divided into eleven divisions, based on countries in the respective region. The E&P segments comprise exploration, appraisal, field development and production activities in the following divisions:

› **Northern Europe**: Germany, Norway, the Netherlands, United Kingdom and Denmark

› **Russia**: Russia

› **Latin America**: Argentina, Mexico and Brazil[1]

› **Middle East/North Africa**: Egypt, Libya, Algeria and United Arab Emirates

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

The segment Other includes the Management Board; corporate functions, such as Global Exploration, Carbon Management and Hydrogen; the trading activities managed by the headquarters, as well as the holding companies.

[1] The Group has decided to terminate all activities in Brazil as communicated on 17 January 2022..

1.2 MANAGEMENT SYSTEM

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

› **Adjusted EBITDAX (EBITDAX)**

› **Free cash flow**

› **Capex**

› **Production**

The **'adjusted EBITDAX' (EBITDAX)** is a non-GAAP financial measure used for internal management control within Wintershall Dea. It is the primary key indicator derived 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. Further information on the EBITDAX reconciliation is provided in the chapter *Earnings performance*.

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

The financial measure **capex** 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.

The main non-financial measure **production** shows the quantities of gas and liquids (including oil, condensate and NGL) produced in thousand barrels of oil equivalent per day on a working interest basis for the Group's segments, including the proportion from equity-accounted companies (except Libya onshore).

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, corrected to the greatest extent possible by taking suitable countermeasures.

2. BUSINESS REPORT

2.1 INTRODUCTION

The reporting period for the group management report comprises the period from 1 January through 31 March 2022 and the comparison period comprises accordingly the period from 1 January through 31 March 2021.

The management report has been prepared in euros (€). All amounts, including the figures for prior years, are generally reported in millions of euros (€ million). The subtotals and totals in millions may not equal the sum of the amounts shown due to rounding.

2.2 BUSINESS ENVIRONMENT

Macro fundamentals

Gas prices

Average TTF prices increased from $6.54/mscf in Q1 2021 to $31.50/mscf during the reporting period.

$/mscf	Q1 2022	Q1 2021
Average Gas price for the period[1]	31.50	6.54

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

Oil prices

Average Brent crude oil prices increased from $61.1/bbl in Q1 2021 to $101.3/bbl during the reporting period.

$/bbl	Q1 2022	Q1 2021
Average Brent price for the period[1]	101.3	61.1

[1] Source: Platts

Foreign currencies

Closing rates €1 =	31 Mar 2022	31 Dec 2021
Argentinian peso (ARS)	122.93	116.49
Russian rouble (RUB)	91.87	85.30
Norwegian krone (NOK)	9.71	9.99
US dollar (USD)	1.11	1.13
Average rates €1 =	Q1 2022	Q1 2021
Argentinian peso (ARS)	119.65	106.80
Russian rouble (RUB)	99.58	89.67
Norwegian krone (NOK)	9.92	10.26
US dollar (USD)	1.12	1.20

Realised prices

	Q1 2022	Q1 2021
Average realised gas price[1] (in $/mscf)	**6.61**	**2.18**
Northern Europe	16.16	5.58
Russia[2]	3.82	0.50
Latin America	2.65	2.12
Middle East/North Africa[3]	4.01	2.97
Average realised liquids price[1] (in $/bbl)	**63.9**	**35.2**
Northern Europe	86.5	52.5
Russia[2]	16.6	10.1
Latin America	67.6	47.7
Middle East/North Africa	101.9	59.9

[1] Includes commodity hedge result
[2] Includes the deduction of production costs and applicable taxes
[3] Includes the deduction of applicable taxes for Algeria

In Q1 2022, our realised gas price increased by 203% from $2.18/mscf to $6.61/mscf. This increase is lower than the increase in TTF prices, mainly due to the existence of domestic gas prices in certain of our jurisdictions, formula price contracts and hedges. Gas hedges with a total volume of 354 mmscf/d, representing 35% of total gas volumes produced in the quarter, were realised at an average of $5.76/mmbtu during Q1 2022. Our realised liquids price increased by 81% from $35.2/bbl to $63.9/bbl, 15 percentage points higher than the increase in Brent prices.

2.3 MAJOR BUSINESS ACTIVITIES IN THE REPORTING PERIOD

General

On 24 February 2022, the Russian government and the Russian military invaded Ukraine and commenced a violent war with severe consequences for Ukraine, Russia, and European-Russian cooperation. Wintershall Dea's Management Board, the Executive Representative Committee and the General Works Councils condemn the Russian president's war of aggression in the strongest possible terms and demand to immediately cease hostilities and engage in peace negotiations. In response to the Russian aggression, the EU, the US, the UK and many other countries imposed harsh sanctions on Russian economy, certain companies and individuals.

In early March, following the uncertainty caused by the war in Ukraine, Wintershall Dea AG postponed the Annual General Meeting to 25 April 2022. Management Board and Supervisory Board have decided to reduce the common dividend proposal to the statutory minimum and to carry forward the remaining balance sheet profit, leaving the company with the flexibility to potentially distribute a common dividend later in the year depending on circumstances.

Against the backdrop of the announced sanctions on Russian economy and counter-sanctions from the Russian Federation, Moody's and Fitch have re-assessed their credit ratings for Wintershall Dea in early March. Fitch decided to maintain Wintershall Dea's credit rating at BBB with stable outlook. Moody's placed the rating on review for downgrade, following the review for downgrade on Russia's B3 sovereign rating. Moody's has indicated that the rating downgrade would likely be limited to one notch, should Moody's decide to exclude Russian financial and operational metrics from the Group's metrics.

On 15 March 2022, following the inclusion to the EU and UK sanctions list, German Khan, a member of Wintershall Dea AG's Supervisory Board, resigned with immediate effect.

Russia

In early March, Wintershall Dea announced that it will no longer advance or implement any additional gas and oil production projects in Russia. This includes stopping of all planning for new projects and basically ending all payments to Russia with immediate effect.

Wintershall Dea's Russian business (segment Russia) consists of three joint ventures: Achimgaz, Severneftegazprom and Achim Development. The three joint ventures are structured as follows:

- AO Achimgaz (50/50% JV between Wintershall Dea AG and PJSC Gazprom) operates and sells the production from the licence block 1A of the Urengoyskoye field. AO Achimgaz is proportionally consolidated in Wintershall Dea Group.
- JSC Achim Development (25.01%/74.99% JV between Wintershall Dea AG and PJSC Gazprom), operates the production of licence block Areas 4A/5A of the Urengoyskoye field. JSC Achim Trading (25.01% Wintershall Dea AG ownership) sells the production from licence block Areas 4A/5A. Both entities are accounted for using the equity method.

– OAO Severneftegazprom (35%/40%/25%* JV between Wintershall Dea AG, PJSC Gazprom and OMV Exploration & Production GmbH) is the licence owner and operator of Yuzhno-Russkoye licence. OAO Severneftegazprom is accounted for using the equity method. JSC Gazprom YRGM Trading (100% Wintershall Dea economic share) sells Wintershall Dea's share of the production from the Yuzhno-Russkoye licence. The company is included as a fully consolidated subsidiary in Wintershall Dea Group.

*economic share

All of the Russian hydrocarbon production is sold to JSC Gazprom subsidiaries via offtake agreements at the well head. All of the joint ventures are independently funded with no shareholder loans outstanding. The joint ventures continued to produce at stable levels throughout Q1.

In February 2022, we received this year's first scheduled dividend payment from AO Achimgaz in the amount of €111 million. Due to the current limitations imposed by the Central Bank of Russia, it is currently unclear when further dividend payments from our Russian joint ventures will materialize.

Northern Europe – Norway

In January, Wintershall Dea was awarded seven new exploration licences in the 2021 Awards in Predefined Areas (APA) round, four of which as operator.

The Nova field development project continued to progress according to plan, with 5 out of 6 wells drilled and in process of completion. Production start-up is expected in the third quarter.

In March, we reached a significant milestone with the sail out and completion of the onshore redevelopment phase of the Njord A production platform. The project is expected to come on-stream in Q4 2022.

Dvalin project mercury filtration facilities are being installed and start-up is expected at the end of 2022.

Latin America – Mexico

The Mexican Ministry of Energy (SENER) published a formal notification on the final Unitisation Resolution of the Zama discovery. The partners expect to submit the Unit Development Plan before the Final Investment Decision is taken in 2023.

Latin America – Argentina

In Argentina we conducted a strategic review of our growth portfolio. As a consequence, we signed an agreement to divest our 50% interest including operatorship in the unconventional Aguada Federal and Bandurria Norte shale oil blocks in the Neuquén province in early January 2022. Completion of the transaction, including authority approval, is expected later this year. With the sale, we are focusing our activities in Argentina on gas production. Here we have a strong position in the country, with projects in Tierra del Fuego and Neuquén, that contribute significantly to Argentina's energy supply.

Latin America – Brazil

In early January 2022, we decided to terminate all our activities in Brazil and to close the current office in Rio de Janeiro after the execution of all required measures. This decision is the result of a thorough strategic analysis of our global portfolio and evaluation of individual projects and how they fit with our long-term strategy in a changing global energy market.

Middle East/North Africa – Egypt

In February 2022 we announced that, following a portfolio review, Wintershall Dea reached an agreement with the government of Egypt to assign its entire interest in the Gulf of Suez to the Egyptian General Petroleum Corporation (EGPC). The decision is in line with the company's Energy Transition Pathway and its focus on low-cost natural gas production. A corresponding contract has been signed with an effective date of 1 January 2022.

Midstream

Subsequent to the most recent sanctions imposed on the Nord Stream 2 operator, Wintershall Dea has impaired its financing of Nord Stream 2 in the first quarter of 2022 totalling €1 billion.

Wintershall Dea retains its ownership in the WIGA Group as well as in Nord Stream AG, which own critical infrastructure for gas transport within Germany and Europe. The WIGA Group owns a total pipeline network of more than 4,140 km in Germany, which is operated by its subsidiaries GASCADE Gastransport GmbH, NEL Gastransport GmbH and OPAL Gastransport GmbH & Co. KG.

On 4 April 2022, following the envisaged disposition of Gazprom's shareholding in Gazprom Germania (49.99% shareholders of WIGA Group) to a third party, German Federal Ministry of Economic Affairs and Climate Actions published its ordinance in the German Federal Gazette that the German Federal Network Agency took over all shareholder rights from Gazprom Germania GmbH as a trustee until 30 September 2022, citing illegal transfer of JSC Gazprom's shares in Gazprom Germania GmbH to a third party without receiving the necessary approvals required under German foreign trade regulations. The trustee has been announced by the German Federal Network Agency in order to stabilize the financial position of Gazprom Germania GmbH due to its critical nature of German and European gas supply. The WIGA Group and its subsidiaries have been able to operate uninterrupted by these events.

2.4 OPERATIONAL PERFORMANCE

Production

Natural gas (mboe/d)[1]	Q1 2022	Q1 2021
Northern Europe	109	114
Russia	281	252
Latin America	55	63
Middle East/North Africa	42	36
	487	**465**

Liquids (mboe/d)[1]	Q1 2022	Q1 2021
Northern Europe	98	108
Russia	70	69
Latin America	7	8
Middle East/North Africa[2]	7	9
	182	**194**

Total production (mboe/d)[1]	Q1 2022	Q1 2021
Northern Europe	207	222
Russia	351	321
Latin America	62	71
Middle East/North Africa[2]	49	45
	669	**659**

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

In Q1 2022, the Group's daily production averaged 669 mboe/d, one of the highest quarterly production in the history of Wintershall Dea, consisting of 487 mboe/d of gas and 182 mboe/d of liquids, representing an increase of 10 mboe/d compared to Q1 2021. The higher production in Russia was primarily a result of the commencement of production in Areas 4A and 5A, as well as in the Turonian layer in the Yuzhno-Russkoye field. The start-up of the Raven field in Egypt contributed to the strong production of gas in the Middle East/North Africa region, whereas the overall production in Northern Europe and Latin America was lower mainly due to maintenance in Norway and in Argentina.

Capex

€ million	Q1 2022	Q1 2021
Northern Europe	-171	-203
Russia	—	-1
Latin America	-10	-5
Middle East/North Africa	-27	-29
Other	1	-1
Total	**-208**	**-239**

In Q1 2022, capital expenditures amounted to €208 million compared with €239 million in Q1 2021. The decrease was a result of lower investment activity following the commencement of production in several of our development projects. The majority of capex is currently directed towards the completion of our major projects in Norway - Njord, Nova and Dvalin area as well as Vega unit.

Net exploration expenditures

€ million	Q1 2022	Q1 2021
Exploration capex	-14	-27
Northern Europe	-13	-22
Russia	—	—
Latin America	-1	-5
Middle East/North Africa	—	—
Other	—	—
Exploration expenses	-17	-70
Northern Europe	-8	-57
Russia	—	—
Latin America	-6	-13
Middle East/North Africa	-1	5
Other	-2	-5
Adjusted for dry well costs from prior years	—	4
Adjusted for gains/losses from disposal of exploration assets	—	31
Proceeds from disposal of exploration assets and acquisitions	—	10
Adjusted for changes in provisions	—	—
Total	**-30**	**-52**

Net exploration expenditures comprise capitalised exploration, exploration expenses as shown in the consolidated statement of income, adjusted for exploration expenses for prior-year dry well costs, adjusted for gains/losses from disposal of exploration assets, adding proceeds from the disposal of exploration assets and acquisitions and adjusted for changes in provisions.

In Q1 2022, exploration expenditures totalling €14 million were capitalised. These expenditures related to one not yet completed well drilled in Northern Europe. A total of three wells were drilled overall, of which two were dry and are included in exploration expenses.

Exploration expenses included expenses for the acquisition of seismic data, licence fees and expenses for dry well costs. In Q1 2022, exploration expenses decreased by 76% to €17 million compared to €70 million in Q1 2021. The comparison period included losses from the disposal of exploration assets in Northern Europe.

2.5 FINANCIAL PERFORMANCE

Earnings performance

€ million	Q1 2022	Q1 2021
Revenues gas and oil	3,818	1,163
Revenues other	13	44
Net income from equity-accounted investments: gas and oil	34	19
Net income from equity-accounted investments: midstream	34	53
Other operating income	7	12
	3,905	**1,291**
Production and operating expenses	-2,121	-496
Production and similar taxes	-49	-13
Depreciation and amortisation	-327	-323
Net impairment on assets	-545	-1
Exploration expenses	-17	-70
General and administrative expenses	-118	-86
	729	**302**
Financial income	34	113
Financial expenses	-1,092	-159
	-1,058	**-46**
Income/loss (-) before taxes	**-328**	**256**
Income taxes	-675	-95
Net income/loss (-)	**-1,003**	**161**
Net income/loss (-) attributable to shareholders	-1,013	153
Net income/loss (-) attributable to subordinated notes investors	10	8

EBITDAX

Revenues and other operating income

Revenues gas and oil increased by €2,655 million, or 228%, to €3,818 million, compared with €1,163 million in Q1 2021. Excluding revenues from trading activities managed by the headquarters, revenues gas and oil increased by €1,215 million to €2,060 million. This was mainly due to significantly higher commodity prices and an increase of 20% in sales volumes for liquids in Northern Europe. Overall, sales volumes for liquids increased by 9% while gas volumes were stable. The realised gas price increased by 203% and the realised price for liquids increased by 81%. Due to domestic gas prices in some of our jurisdictions, as well as formula price contracts and hedges, the development of realised gas prices was weaker than the development of TTF.

Unrealised changes in market values of commodity derivatives measured through profit or loss led to a loss of €209 million compared to a gain of €2 million in Q1 2021. However, this is a temporary valuation effect only. Once the underlying transactions are realised, a positive margin will be recognised.

Revenues from the headquarters' trading activities also increased due to higher commodity prices as well as slightly higher volumes, but were largely offset by a respective increase in the cost of trade goods.

Production and operating expenses

Production and operating expenses, excluding cost of trade goods, increased by €188 million to a total of €365 million compared to €177 million in Q1 2021.

	Production costs in € million		Production costs in €/boe	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Northern Europe	144	102	7.9	5.3
Russia	3	5	0.2	0.3
Latin America	26	19	4.5	3.0
Middle East/North Africa	9	16	2.1	4.0
Total	**182**	**142**	**4.3**	**3.2**

Production costs amounted to €182 million compared with €142 million in Q1 2021. The increase of €40 million is primarily due to two dry production wells and higher CO_2 costs, both in Northern Europe, as well as increased costs from operators in Latin America (Argentina) due to maintenance work. The relinquishment of our share in the Gulf of Suez led to a reduction of production costs in Middle East/North Africa.

Overall, the specific production costs increased in total by €1.1/boe to €4.3/boe compared to €3.2/boe in Q1 2021.

The change in over-/underlift related to the relatively high sales volumes in Northern Europe compared to our production volumes resulted in an increase in expenses of €122 million. The development costs increased by €30 million as the reporting and the comparison period were both influenced by opposing one-off effects. The other cost amounted to €22 million and included dry well costs from the previous year in Northern Europe and impairments on operating receivables.

Cost of trade goods increased in parallel to the revenues from trading from €319 million in the comparison period to €1,756 million in the reporting period.

Production and similar taxes

Production and similar taxes increased by €36 million from €13 million in the comparison period to €49 million in the reporting period. The increase in production and similar taxes was primarily due to higher commodity prices as well as a refund in the comparison period in Germany.

General and administrative expenses

General and administrative expenses amounted to €118 million compared to €86 million in Q1 2021, an increase of €32 million due to timing effects of charge-outs.

RECONCILIATION OF EBITDAX

€ million	Q1 2022	Q1 2021
Revenues gas and oil	3,818	1,163
adjusted for unrealised changes in fair value of commodity derivatives	209	-2
Revenues other	13	44
Net income from equity-accounted investments: gas and oil	34	19
Net income from equity-accounted investments: midstream	34	53
Other operating income	7	12
adjusted for gains from sale of assets/changes in consolidation scope	—	-7
Production and operating expenses	-2,121	-496
adjusted for net impairments and write-offs on/from operating receivables	9	—
adjusted for losses from sale of assets	1	8
Production and similar taxes	-49	-13
General and administrative expenses	-118	-86
adjusted for non-recurring items (merger related costs, acquisition costs, etc.)[1]	3	9
EBITDAX	**1,839**	**704**

[1] Q1 2022: included integration costs of €3 million; Q1 2021: included integration costs of €9 million.

EBITDAX increased by €1,135 million from €704 million in Q1 2021 to €1,839 million in the reporting period, primarily due to higher commodity prices.

EBITDAX PER SEGMENT

€ million	Q1 2022	Q1 2021
Northern Europe	1,221	496
Russia	507	97
Latin America	64	53
Middle East/North Africa	90	55
Midstream	33	54
Other	-76	-51
Total	**1,839**	**704**

RECONCILIATION OF ADJUSTED NET INCOME

€ million	Q1 2022	Q1 2021
EBITDAX	**1,839**	**704**
Depreciation and amortisation	-327	-323
Exploration expenses	-17	-70
adjusted for gains and losses from sale of assets	—	31
Financial income	34	113
Financial expenses	-1,092	-159
adjusted for net impairments on financial receivables and bank balances	1,004	—
Income taxes	-675	-95
adjusted for taxes on adjusted and disregarded items	-99	-30
Adjusted net income	**669**	**171**

Adjusted net income is a non-GAAP financial measure which represents an additional performance indicator, and, as such, is disclosed as a measure of profit or loss in the segment reporting. 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 effects on adjusted special items and disregarded items (e.g. net impairments on assets).

Exploration expenses

In the reporting period, exploration expenses decreased by €53 million or 76%, to €-17 million compared to €-70 million in the period Q1 2021 (see Net exploration expenditures).

Financial result

The financial result amounted to €-1,058 million in the reporting period, a decrease compared to €-46 million in Q1 2021. This decrease is due to the impairment on financial receivables in the reporting period (€1,004 million). Subsequent to the most recent sanctions imposed on the Nord Stream 2 operator, Wintershall Dea fully impaired its financial receivable resulting from the financing of the Nord Stream 2 pipeline project (€1,003 million).

Income taxes

The loss before taxes amounted to €-328 million in the reporting period compared to an income before taxes of €256 million in Q1 2021. In the reporting period, Wintershall Dea incurred a total tax expense of €675 million (comparison period: €95 million). The increase in tax expenses was mainly driven by the strong increase in the Norwegian income before taxes in Q1 2022 compared to Q1 2021.

The effective tax rate in the reporting period amounted to -206% (comparison period: 37%) mainly driven by impairment losses as the majority of impairment losses were recorded without tax income.

Adjusted net income

Adjusted net income amounted to €669 million in Q1 2022, compared to €171 million in Q1 2021. The increase in EBITDAX has been partly offset by the increased adjusted tax expenses.

Net impairments on assets are part of the net income/loss as reported in the consolidated statement of income but not included in the calculation of the adjusted net income. In Q1 2022 impairment losses on equity-accounted investments amounted to €545 million (Q1 2021: €1 million on intangible assets).

Financial Position

€ million	Q1 2022	Q1 2021
Net income/loss (-)	**-1,003**	**161**
Amortisation/depreciation/impairment losses/reversal of impairment losses	896	335
Changes in provisions	-4	-55
Changes in deferred taxes	-155	37
Gains (-)/losses from disposal of non-current assets	13	36
Other non-cash income/expenses and finance costs	1,033	-106
Changes in working capital	-276	31
Changes in other balance sheet items	740	254
Cash flow from operating activities	**1,245**	**693**
Payments for intangible assets, property, plant and equipment and investment property	-222	-266
Proceeds from the disposal of non-current assets/divestitures	67	53
Payments for financial receivables	—	-24
Changes in financial receivables from cash pooling	-1	-3
Cash flow from investing activities	**-156**	**-240**
Capital contribution from subordinated notes investors	—	1,491
Dividend payments to shareholders	—	-586
Distributions paid to subordinated notes investors	-26	—
Proceeds from debt to banks	11	27
Repayments of debt to banks	-11	-1,516
Changes in financial liabilities to related parties (cash pooling)	-183	87
Repayment of lease liabilities	-9	-16
Cash flow from financing activities	**-217**	**-513**
Change in cash and cash equivalents	**872**	**-60**
Effects of foreign exchange rate changes, changes in the consolidation scope and other changes in value	100	41
Cash and cash equivalents at the beginning of the reporting period	**2,106**	**821**
Cash and cash equivalents at the end of the reporting period	**3,077**	**802**

Cash flow from operating activities

Cash flow from operating activities increased by €552 million from €693 million in Q1 2021 to €1,245 million in Q1 2022. The increase was mainly due to higher commodity prices. In addition, we had a positive effect from the development of the income tax liabilities in Norway: despite the fact that in the reporting period we are in a tax paying position whereas in the comparison period we received cash refunds relating to the 2020 tax losses (€189 million), the income tax liabilities in Norway increased significantly, thus contributing positively to the cash flow from operating activities in the reporting period.

Cash flow from investing activities

Cash flow from investing activities, which includes capital expenditures, acquisitions, payments for and proceeds from financial receivables and proceeds from divestitures and disposals, amounted to €-156 million in Q1 2022 compared to €-240 million in Q1 2021. This decrease was related to lower capital expenditures (€44 million) due to lower investment activity following the commencement of production in several of our development projects, higher proceeds from the disposal of non-current assets/divestitures (€14 million) due to the received first payments related to the assets held for sale in Argentina and no payments for financial receivables in the reporting period (€24 million).

€ million	Q1 2022	Q1 2021
Cash flow from operating activities	1,245	693
Cash flow from investing activities	-156	-240
less payments for/proceeds from acquisitions	—	—
less proceeds from the disposal of non-current assets/ divestitures	-67	-53
Free cash flow	**1,022**	**400**

Cash flow from financing activities

Cash flow from financing activities amounted to €-217 million in the reporting period, compared to €-513 million in Q1 2021. The change compared to Q1 2021 was primarily attributable to lower dividend payments (€560 million) partly compensated by a net cash outflow from a reduction of financial liabilities from cash pooling (€-270 million).

Wintershall Dea believes the Group has sufficient funds available to meet its liquidity needs, including working capital, based on its current liquidity reserves, including €3,077 million in cash and cash equivalents at the end of the reporting period (up from €2,106 million as at 31 December 2021) and an undrawn committed revolving credit facility of €900 million. The cash and cash equivalents from our Russian subsidiaries amounted to €508 million as at 31 March 2022.

Net assets

€ million	31 Mar 2022	31 Dec 2021
Intangible assets	5,278	5,292
Tangible assets	9,197	9,170
Equity-accounted investments	2,228	2,856
Financial receivables	212	1,159
Other assets/receivables	428	308
Non-current assets	**17,342**	**18,785**
Financial receivables	27	65
Trade and other receivables	2,121	1,745
Other current assets	3,911	2,728
Assets held for sale	65	129
Current assets	**6,124**	**4,666**
Assets	**23,466**	**23,452**

Non-current assets equalled €17,342 million as at 31 March 2022, amounting to 74% of total assets. Compared to €18,785 million as at 31 December 2021, non-current assets decreased by €1,443 million or 8%.

Equity-accounted investments amounted to €2,228 million, a decrease of €628 million compared to 31 December 2021, primarily due to impairments (€545 million). The decrease was additionally due to received dividends (€92 million) and foreign currency translation effects (€76 million), which were partly compensated by the underlying proportionate net income of the participations (€67 million) and changes in the OCI (€18 million).

Non-current financial receivables decreased by €947 million to €212 million due to the impairment on financial receivables resulting from the financing of the Nord Stream 2 pipeline project.

Current assets increased by 31% compared to 31 December 2021 and amounted to €6,124 million as at 31 March 2022.

Current financial receivables decreased by €38 million to €27 million primarily due to the impairment described under non-current financial receivables (€56 million).

Trade and other receivables amounted to €2,121 million compared with €1,745 million as at 31 December 2021. The increase of €376 million was due to higher revenues.

The increase in cash and cash equivalents (included in other current assets) of €971 million (€2,106 million as at 31 December 2021) was mainly attributable to the positive free cash flow. Current derivative instruments amounted to €665 million, an increase of €224 million compared to 31 December 2021 (€441 million), attributable primarily to commodity derivatives measured at fair value through profit and loss.

Assets held for sale amounted to €65 million as at 31 March 2022 and include the assets related to the planned divestment in Argentina. The decrease was related to settled carry receivables.

€ million	31 Mar 2022	31 Dec 2021
Equity	**5,940**	**7,852**
Provisions	3,140	3,169
Financial debt	4,067	4,055
Other non-current liabilities	2,233	3,241
Non-current liabilities	**9,440**	**10,464**
Provisions	452	483
Financial debt	395	575
Trade and other payables	1,466	1,277
Other current liabilities	5,768	2,795
Liabilities directly associated with assets classified as held for sale	5	5
Current liabilities	**8,085**	**5,136**
Equity and liabilities	**23,466**	**23,452**

Equity decreased by €1,912 million to €5,940 million compared with 31 December 2021. This decrease resulted mainly from the net result (€1,003 million) and fair value changes in derivatives (€876 million net of tax).

Compared with 31 December 2021, non-current liabilities decreased by €1,024 million to €9,440 million as at 31 March 2022.

Pension provisions decreased by €75 million to €483 million due to changes in discount rates.

Deferred tax liabilities decreased by €1,878 million to €320 million, driven by higher losses from hedging of the Norwegian gas production reported under other comprehensive income (OCI). This decrease was partially offset by foreign currency translation effects on deferred taxes mainly in Norway, as well as other existing taxable temporary differences.

The increase in derivative instruments (non-current: €872 million, current: €2,379 million) was attributable primarily to commodity derivatives measured at fair value through profit and loss (€439 million) as well as commodity derivates in hedge relationships measured at fair value through other comprehensive income (€2,856 million).

Current financial debt decreased by €180 million, primarily due to a decline in cash pool liabilities.

Income tax liabilities increased to €1,255 million (31 December 2021: €661 million). This increase was primarily attributable to the strong result before taxes of our Norwegian subsidiary.

Net debt/EBITDAX ratio

€ million	31 Mar 2022	31 Dec 2021
Bonds	4,011	3,999
Debt to banks	—	3
Financial liabilities from cash pooling	353	536
Lease liabilities	87	90
Total debt	**4,450**	**4,628**
Financial receivables from cash pooling	-14	-13
Cash and cash equivalents	-3,077	-2,106
Net debt	**1,360**	**2,510**
EBITDAX (LTM)[1]	**4,967**	**3,832**
Net debt/EBITDAX ratio	**0.3**	**0.7**

[1] LTM = Last 12 months

Net debt as at 31 March 2022 amounted to €1,360 million compared to €2,510 million as at 31 December 2021. Total debt has decreased by 4% to €4,450 million. In addition, cash and cash equivalents increased by 46% to €3,077 million, resulting in net debt of €1,360 million and a reduction in the net debt to EBITDAX (LTM) ratio from 0.7x to 0.3x.

The net debt/EBITDAX ratio without the segment Russia is 0.5x as the respective EBITDAX amounted to €3,829 million. The cash and cash equivalents from our Russian subsidiaries amounted to €508 million.

Wintershall Dea

CONSOLIDATED INTERIM FINANCIAL STATEMENTS Q1 2022

CONSOLIDATED STATEMENT OF INCOME

€ million	Q1 2022	Q1 2021
Revenues gas and oil	3,818	1,163
Revenues other	13	44
Net income from equity-accounted investments: gas and oil	34	19
Net income from equity-accounted investments: midstream	34	53
Other operating income	7	12
	3,905	**1,291**
Production and operating expenses	-2,121	-496
Production and similar taxes	-49	-13
Depreciation and amortisation	-327	-323
Net impairment on assets	-545	-1
Exploration expenses	-17	-70
General and administrative expenses	-118	-86
	729	**302**
Financial income	34	113
Financial expenses	-1,092	-159
	-1,058	**-46**
Income/loss (-) before taxes	**-328**	**256**
Income taxes	-675	-95
Net income/loss (-)	**-1,003**	**161**
Net income/loss (-) attributable to shareholders	-1,013	153
Net income/loss (-) attributable to subordinated notes investors	10	8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Q1 2022	Q1 2021
Net income/loss (-)	**-1,003**	**161**
Actuarial gains/losses	54	57
Income and expenses that will not be reclassified to the statement of income at a later date, recognised directly in equity	**54**	**57**
Unrealised gains/losses on currency translation	16	214
Unrealised gains/losses on currency translation from equity-accounted investments	-76	27
Fair value changes in derivatives designated in cash flow hedges	-894	-88
Fair value changes in derivatives designated in cash flow hedges from equity-accounted investments	18	6
Income and expenses that will be reclassified to the statement of income at a later date, recognised directly in equity	**-937**	**159**
Other comprehensive income (net of tax)	**-883**	**216**
Total comprehensive income	**-1,886**	**377**
Total comprehensive income attributable to shareholders	-1,896	369
Total comprehensive income attributable to subordinated notes investors	10	8

CONSOLIDATED BALANCE SHEET

€ million	31 Mar 2022	31 Dec 2021
Assets		
Non-current assets		
Goodwill	2,445	2,435
Exploration assets	237	226
Other intangible assets	2,595	2,631
Property, plant and equipment and investment property	9,197	9,170
Equity-accounted investments	2,228	2,856
Other financial assets	9	13
Financial receivables	212	1,159
Derivative instruments	45	50
Other receivables	13	11
Deferred tax assets	360	234
	17,342	**18,785**
Current assets		
Inventories	164	177
Financial receivables	27	65
Trade and other receivables	2,121	1,745
Derivative instruments	665	441
Income tax assets	6	4
Cash and cash equivalents	3,077	2,106
Assets held for sale	65	129
	6,124	**4,666**
Total assets	**23,466**	**23,452**

€ million	31 Mar 2022	31 Dec 2021
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	3,080	4,976
Equity attributable to subordinated notes investors	1,509	1,525
	5,940	**7,852**
Non-current liabilities		
Pension provisions	483	558
Decommissioning provisions	2,506	2,467
Other provisions	151	143
Financial debt	4,067	4,055
Derivative instruments	1,860	988
Income tax liabilities	27	27
Other liabilities	27	27
Deferred tax liabilities	320	2,198
	9,440	**10,464**
Current liabilities		
Decommissioning provisions	183	193
Other provisions	269	291
Financial debt	395	575
Trade and other payables	1,466	1,277
Derivative instruments	4,513	2,134
Income tax liabilities	1,255	661
Liabilities directly associated with assets classified as held for sale	5	5
	8,085	**5,136**
Total equity and liabilities	**23,466**	**23,452**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[1]

				Other comprehensive income					
€ million	Subscribed capital of Wintershall Dea AG	Capital reserves of Wintershall Dea AG	Retained earnings and net retained profit	Actuarial gains and losses	Foreign currency translation	Cash flow hedges	Share-holder`s equity	Equity attribu-table to subordi-nated notes investors	**Total**
As at 1 Jan 2022	189	1,161	6,910	-172	-989	-773	6,327	1,525	**7,852**
Other comprehen-sive income	—	—	—	54	-61	-876	-883	—	**-883**
Net income/ loss (-)	—	—	-1,013	—	—	—	-1,013	10	**-1,003**
Total comprehen-sive income	—	—	-1,013	54	-61	-876	-1,896	10	**-1,886**
Capital increase/ decrease (–)	—	—	—	—	—	—	—	—	**—**
Dividends/ distributions	—	—	—	—	—	—	—	-26	**-26**
Other changes	—	—	—	—	—	—	—	—	**—**
As at 31 Mar 2022	**189**	**1,161**	**5,896**	**-118**	**-1,050**	**-1,649**	**4,431**	**1,509**	**5,940**
As at 1 Jan 2021	189	1,161	7,047	-225	-1,496	-241	6,435	—	**6,435**
Other comprehen-sive income	—	—	—	57	241	-82	216	—	**216**
Net income/ loss (-)	—	—	153	—	—	—	153	8	**161**
Total comprehen-sive income	—	—	153	57	241	-82	369	8	**377**
Capital increase/ decrease	—	—	—	—	—	—	—	1,491	**1,491**
Dividends/ distributions	—	—	-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**

[1] For further information, please refer to Note 6

CONSOLIDATED STATEMENT OF CASH FLOW

€ million	Q1 2022	Q1 2021
Net income/loss (-)	**-1,003**	**161**
Amortisation/depreciation/impairment losses/reversal of impairment losses	896	335
Changes in provisions	-4	-55
Changes in deferred taxes	-155	37
Gains (-)/losses from disposal of non-current assets	13	36
Other non-cash income/expenses and finance costs	1,033	-106
Changes in working capital	-276	31
Changes in other balance sheet items	740	254
Cash flow from operating activities	**1,245**	**693**
Payments for intangible assets, property, plant and equipment and investment property	-222	-266
Proceeds from the disposal of non-current assets/divestitures	67	53
Payments for financial receivables	—	-24
Changes in financial receivables from cash pooling	-1	-3
Cash flow from investing activities	**-156**	**-240**
Capital contribution from subordinated notes investors	—	1,491
Dividend payments to shareholders	—	-586
Distributions paid to subordinated notes investors	-26	—
Proceeds from debt to banks	11	27
Repayments of debt to banks	-11	-1,516
Changes in financial liabilities to related parties (cash pooling)	-183	87
Repayment of lease liabilities	-9	-16
Cash flow from financing activities	**-217**	**-513**

€ million	Q1 2022	Q1 2021
Change in cash and cash equivalents	**872**	**-60**
Effects of foreign exchange rate changes, changes in the consolidation scope and other changes in value	100	41
Cash and cash equivalents at the beginning of the reporting period	**2,106**	**821**
Cash and cash equivalents at the end of the reporting period	**3,077**	**802**

Supplementary information on cash flows from operating activities		
Income tax paid (less refunds)	-260	156
Interest paid[1]	-2	-6
Interest received	12	3
Dividends received gas and oil	—	2
Dividends received midstream	92	10

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

Wintershall Dea AG is a joint-stock company registered at the District Court (Amtsgericht) of Lüneburg under entry no. HRB 209823. 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 as the operation of natural gas pipeline systems.

The consolidated interim financial statements of Wintershall Dea AG and its subsidiaries ('Wintershall Dea' 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).

The presented consolidated interim financial statements of Wintershall Dea AG comprise the first quarter (Q1) ended 31 March 2022 (comparison period the period from 1 January until 31 March 2021). In line with IAS 34, the scope of the presentation is condensed compared to the scope applied to the consolidated financial statements as at 31 December 2021. The consolidated interim financial statements apply the same accounting policies and practices as those used in the 2021 annual financial statements, except where financial reporting standards have been applied for the first time in 2022 (see Note 3).

The consolidated interim financial statements have been prepared in euros (€). All amounts, including the figures for prior years, are generally reported in millions of euros (€ million). The presentation in millions of euros does not result in any loss of information. Due to rounding, the subtotals and totals in millions may not equal the sum of the amounts shown.

Selected exchange rates

	Closing rates €1 =		Average rates €1 =	
	31 Mar 2022	31 Dec 2021	Q1 2022	Q1 2021
Argentinian peso (ARS)	122.93	116.49	119.65	106.80
Brazilian real (BRL)	5.30	6.31	5.87	6.60
British pound (GBP)	0.85	0.84	0.84	0.87
Norwegian krone (NOK)	9.71	9.99	9.92	10.26
Russian rouble (RUB)	91.87	85.30	99.58	89.67
US dollar (USD)	1.11	1.13	1.12	1.20
Mexican peso (MXN)	22.09	23.14	22.99	24.53

Discount rates

The discount rates applied for decommissioning provisions remain unchanged between 0.0% and 8.69%. Pension provisions are discounted at an interest rate of 1.77% in Germany (31 December 2021: 1.15%) and at an interest rate of 1.50% in Norway (31 December 2021: 1.50%).

NOTE 2 – SCOPE OF CONSOLIDATION

The consolidated interim financial statements include 49 fully consolidated companies and one proportionally consolidated company (31 December 2021: 48 fully consolidated companies and one proportionally consolidated company) as well as 7 legal entities (joint ventures and associated companies) that are accounted for using the equity method (31 December 2021: 7). Wintershall Dea Technology Ventures GmbH, previously shown under other financial assets, was consolidated for the first time in Q1 2022.

Moreover, the fully consolidated company Wintershall Dea Insurance Limited (first-time consolidation in 2021) has started its business operations. Wintershall Dea Insurance Limited acts as a captive reinsurance company within Wintershall Dea Group. Accordingly, the company covers intra-group risks through its reinsurance business. Risks from investments accounted for using the equity method (associated companies and joint ventures) are also insured to a minor extent. Therefore expenses, income, assets and liabilities resulting from the respective insurance contracts with other fully consolidated group companies are consolidated. As the reinsurance business with associated companies and joint ventures is negligible, IFRS 4 Insurance Contracts does not apply.

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. The company was classified as a joint operation within the meaning of IFRS 11 and is proportionally consolidated.

NOTE 3 – CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) has adopted changes in existing International Financial Reporting Standards (IFRS), which in general became effective as at 1 January 2022:

	Effective date (IASB)
Amendments to IFRS 3 (2020) ‘Reference to the Conceptual Framework’	1 January 2022
Amendments to IAS 16 (2020) ‘Property, Plant and Equipment — Proceeds before Intended Use’	1 January 2022
Amendments to IAS 37 (2020) ‘Onerous Contracts – Cost of Fulfilling a Contract’	1 January 2022
Amendments to Annual Improvements 2018 – 2020 (2020)	1 January 2022

The amendments had no material impact on Wintershall Dea’s consolidated interim financial statements.

NOTE 4 – SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF INCOME

Revenues and other income

€ million	Q1 2022	Q1 2021
Revenues gas		
Gas sales own production	1,049	396
Gas sales trading	2,059	329
Unrealised gains/losses from gas derivatives	-209	2
	2,899	**727**
Revenues oil		
Oil sales own production	918	435
Oil sales trading	1	1
	919	**436**
Total revenues gas and oil	**3,818**	**1,163**
Revenues other	13	44
Total	**3,831**	**1,207**

Gas and oil (crude oil/condensate) revenues from own production also include revenues from 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'. The headquarters' trading activities for the purpose of margin improvement and the trading transactions of the Russian subsidiary YRGM Trading are shown net of cost under trading revenues.

Wintershall Dea 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 revenue gas and oil. 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 revenues gas and cost of trade goods in the amount of €20 million. In addition, revenues gas include realised losses of €784 million for fixed-price contracts for which hedge accounting is applied. Revenues oil include realised losses from oil swaps amounting to €69 million. These gains and losses are not within the scope of IFRS 15.

Production and operating expenses

€ million	Q1 2022	Q1 2021
Production costs	182	142
Change over-/underlift	64	-58
Transport fees and leases	66	55
Development costs	19	-11
Cost of trade goods	1,756	319
Other cost of sales	11	41
Other costs	22	8
Total	**2,121**	**496**

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

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

Net impairments on assets

Following the Russian war against Ukraine, a trigger-based impairment test has been carried out for our Russian and Midstream assets as well as equity-accounted investments.

The impairment calculations are based on a weighted scenario analysis or revised cash flow assumptions. The applied macroeconomic assumptions (gas and oil prices and discounts rates) are unchanged compared to the impairment test for year-end 2021.

The scenarios and assumptions are in line with the current risk assessment of the management. However, the future outcome of these scenarios is highly uncertain and may lead to adjustments in the considered scenarios and assumptions in the future which, in turn, may result in further material impairment losses or reversal of impairments especially for assets in the segment Russia, although with different likelihoods and impacts.

In the first quarter 2022, the impairment losses on equity-accounted investments amount to €545 million.

Information on impairments on financial receivables is provided under financial result.

Financial result

€ million	Q1 2022	Q1 2021
Interest income from third parties	28	30
Interest income from related parties	—	1
Foreign currency exchange gains, net	6	82
Financial income	**34**	**113**
Interest expenses to third parties	14	16
Less capitalised borrowing costs	-6	-4
Losses from financial derivatives, net	58	141
Interest from addition to provisions	10	6
Net impairment on financial receivables and bank balances	1,004	—
Other financial expenses	12	—
Financial expenses	**1,092**	**159**
Total financial result	**-1,058**	**-46**

Interest income and interest expenses result from assets and liabilities measured at amortised cost.

Subsequent to the most recent sanctions imposed on the Nord Stream 2 operator, Wintershall Dea fully impaired its financial receivable (including accrued interest until February) resulting from the financing of the Nord Stream 2 pipeline project (€1,003 million) as repayments are currently no longer expected to occur.

Income taxes

€ million	Q1 2022	Q1 2021
Current income tax expenses	830	59
Deferred taxes	-155	36
Income taxes	**675**	**95**

The full impairment of the financial receivable resulting from the financing of the Nord Stream 2 pipeline project increases the tax loss carry forwards in Germany. However, Wintershall Dea has not recorded a deferred tax asset of €316 million in the first quarter 2022 as it is not probable that sufficient taxable profit will be available to utilize the entire German tax loss carry forwards within the business plan period.

The assessment of the availability of future taxable profit is based on planning assumptions such as assumptions for the macroeconomic environment, reserves and production. The war in Ukraine increased the level of uncertainty in regard to the planning of future taxable result in Germany for periods beyond the business plan period of 5 years. Therefore, Wintershall Dea recognises deferred tax assets for its German tax loss carryforwards only to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of those deferred tax assets to be utilized within the business plan period of 5 years. The change in accounting estimate resulted in a deferred tax expense of €4 million in the first quarter 2022.

NOTE 5 – SEGMENT REPORT

The Group's business is conducted in six segments:

› Northern Europe

› Russia

› Latin America

› Middle East/North Africa

› Midstream

› Other

The segments Northern Europe, Russia, Latin America and Middle East/North Africa 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, appraisal, field development and production activities in the following divisions:

› **Northern Europe:** Germany, Norway, the Netherlands, United Kingdom and Denmark

› **Russia:** Russia

› **Latin America:** Argentina, Mexico and Brazil[2]

› **Middle East/North Africa:** Egypt, Libya, Algeria and United Arab Emirates

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

The segment Other includes the Management Board and the corporate functions, such as Global Exploration, Carbon Management and Hydrogen and the trading activities managed by the headquarter as well as holding companies.

The accounting policies for the 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.

In addition, the segment reporting includes the non-IFRS measures 'free cash flow' and 'production', which also serve as key performance indicators for internal management control.

[2] The Group has decided to terminate all activities in Brazil as communicated on 17 January 2022.

	Q1 2022							
€ million/mboe/d	Northern Europe	Russia	Latin America	Middle East/North Africa	Midstream	Other	Consolidation	**Total**
External revenues	973	525	110	101	—	2,123	—	**3,831**
Inter-segment revenues	587	—	—	—	—	11	-598	**—**
Segment revenues	1,560	525	110	101	—	2,133	-598	**3,831**
Depreciation and amortisation	-241	-9	-37	-38	—	-1	—	**-327**
Net impairment on assets	—	-348	—	—	-197	—	—	**-545**
Exploration expenses	-8	—	-6	-1	—	-2	—	**-17**
Income tax	-664	-105	-5	—	33	66	—	**-675**
Adjusted net income	287	398	-41	55	34	-65	—	**669**
EBITDAX	1,221	507	64	90	33	-76	—	**1,839**
of which net income from equity-accounted investments	24	9	—	1	34	—	—	**68**
Non-current assets	10,711	1,701	1,967	1,077	1,456	2,984	-2,555	**17,342**
Total capex[1]	-183	—	-11	-27	—	1	—	**-222**
of which production and development capex	-171	—	-10	-27	—	1	—	**-208**
of which exploration capex	-13	—	-1	—	—	—	—	**-14**
Free cash flow	594	333	-25	87	92	-59	—	**1,022**
Production[2]	207	351	62	49[3]	—	—	—	**669**
of which gas	109	281	55	42	—	—	—	**487**
of which liquids	98	70	7	7	—	—	—	**182**

[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-accounted companies
[3] Excluding Libya onshore

	Q1 2021							
€ million/mboe/d	Northern Europe	Russia	Latin America	Middle East/North Africa	Midstream	Other	Consolidation	**Total**
External revenues	417	139	83	49	—	519	—	**1,207**
Inter-segment revenues	211	—	—	—	—	15	-226	**—**
Segment revenues	628	139	83	49	—	534	-226	**1,207**
Depreciation and amortisation	-258	-12	-38	-14	—	-1	—	**-323**
Net impairment on assets	—	—	—	-1	—	—	—	**-1**
Exploration expenses	-57	—	-13	5	—	-5	—	**-70**
Income tax	-56	-9	-2	1	—	-29	—	**-95**
Adjusted net income	115	78	-37	22	53	-60	—	**171**
EBITDAX	496	97	53	55	54	-51	—	**704**
of which net income from equity-accounted investments	—	7	—	11	54	—	—	**72**
Non-current assets	10,303	2,180	2,174	1,244	2,574	1,203	-744	**18,936**
Total capex[1]	-225	-1	-10	-29	—	-1	—	**-266**
of which production and development capex	-203	-1	-5	-29	—	-1	—	**-239**
of which exploration capex	-22	—	-5	—	—	—	—	**-27**
Free cash flow	447	123	-15	-44	9	-120	—	**400**
Production[2]	222	321	71	45[3]	—	—	—	**659**
of which gas	114	252	63	36	—	—	—	**465**
of which liquids	108	69	8	9	—	—	—	**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-accounted companies
[3] Excluding Libya onshore

External revenues are allocated to the following divisions:

External revenues

€ million	Q1 2022	Q1 2021
Norway	839	316
Germany	114	101
The Netherlands/UK/Denmark	20	—
Northern Europe	**973**	**417**
Russia	**525**	**139**
Argentina	87	70
Mexico	23	13
Latin America	**110**	**83**
Egypt	84	38
Algeria	17	11
Middle East/North Africa	**101**	**49**
Midstream	**—**	**—**
Other	**2,123**	**519**
Total	**3,831**	**1,207**

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 effects on adjusted special items and disregarded items (e.g. net impairments on assets).

€ million	Q1 2022	Q1 2021
Revenues gas and oil	3,818	1,163
adjusted for unrealised changes in fair value of commodity derivatives	209	-2
Revenues other	13	44
Net income from equity-accounted investments: gas and oil	34	19
Net income from equity-accounted investments: midstream	34	53
Other operating income	7	12
adjusted for gains from sale of assets/changes in consolidation scope	—	-7
Production and operating expenses	-2,121	-496
adjusted for net impairments and write-offs on/from operating receivables	9	—
adjusted for losses from sale of assets	1	8
Production and similar taxes	-49	-13
General and administrative expenses	-118	-86
adjusted for non-recurring items (merger-related costs, acquisition costs, etc.)	3	9
EBITDAX	**1,839**	**704**

€ million	Q1 2022	Q1 2021
EBITDAX	**1,839**	**704**
Depreciation and amortisation	-327	-323
Exploration expenses	-17	-70
adjusted for gains and losses from sale of assets	—	31
Financial income	34	113
Financial expenses	-1,092	-159
adjusted for net impairments on financial receivables and bank balances	1,004	—
Income taxes	-675	-95
adjusted for taxes on adjusted and disregarded items	-99	-30
Adjusted net income	**669**	**171**

NOTE 6 – SUPPLEMENTARY INFORMATION ON BALANCE SHEET

Intangible assets

€ million	Goodwill	Exploration assets	Other intangible assets	Total
Cost of acquisition and production				
As at 1 Jan 2022	2,435	511	4,049	**6,995**
Additions	—	14	1	**15**
Transfers	—	-3	—	**-3**
Currency translation effect	10	12	-5	**18**
As at 31 Mar 2022	**2,445**	**534**	**4,045**	**7,024**
Accumulated amortisation				
As at 1 Jan 2022	—	284	1,418	**1,703**
Amortisation/depreciation	—	5	49	**54**
Currency translation effect	—	8	-18	**-10**
As at 31 Mar 2022	**—**	**297**	**1,449**	**1,746**
Net carrying amount as at 31 Mar 2022	**2,445**	**237**	**2,595**	**5,278**

Intangible assets

€ million	Goodwill	Exploration assets	Other intangible assets	**Total**
Cost of acquisition and production				
As at 1 Jan 2021	2,298	827	3,839	**6,964**
Additions	—	27	2	**29**
Disposals	—	-53	-4	**-57**
Transfers	—	-10	—	**-10**
Currency translation effect	89	30	137	**256**
As at 31 Mar 2021	**2,387**	**821**	**3,974**	**7,182**
Accumulated amortisation				
As at 1 Jan 2021	—	185	1,150	**1,335**
Amortisation/depreciation	—	2	51	**53**
Impairments	—	—	1	**1**
Disposals	—	—	-4	**-4**
Currency translation effect	—	6	32	**38**
As at 31 Mar 2021	**—**	**193**	**1,230**	**1,423**
Net carrying amount as at 31 Mar 2021	**2,387**	**628**	**2,744**	**5,759**

Property, plant and equipment and investment property

€ million	Land and buildings[1]	Gas and oil assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	Total
Cost of acquisition and production					
As at 1 Jan 2022	185	19,393	26	92	**19,696**
Additions	—	212	—	—	**213**
Disposals	—	-22	—	-1	**-24**
Transfers	—	3	—	—	**3**
Currency translation effect	—	256	-1	—	**256**
As at 31 Mar 2022	**186**	**19,841**	**25**	**91**	**20,143**
Accumulated amortisation					
As at 1 Jan 2022	81	10,366	18	61	**10,526**
Amortisation/depreciation	3	292	—	2	**298**
Disposals	—	-22	—	-1	**-23**
Currency translation effect	—	146	—	—	**146**
As at 31 Mar 2022	**84**	**10,783**	**17**	**62**	**10,946**
Net carrying amount as at 31 Mar 2022	**102**	**9,058**	**8**	**29**	**9,197**

[1] Land and buildings include investment property.

Property, plant and equipment and investment property

€ million	Land and buildings[1]	Gas and oil assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	**Total**
Cost of acquisition and production					
As at 1 Jan 2021	187	17,671	25	95	**17,977**
Additions	1	238	—	1	**240**
Disposals	-5	-243	—	-5	**-253**
Transfers	—	10	—	—	**10**
Currency translation effect	2	610	—	1	**613**
As at 31 Mar 2021	**185**	**18,286**	**25**	**92**	**18,588**
Accumulated amortisation					
As at 1 Jan 2021	63	9,052	17	69	**9,201**
Amortisation/depreciation	6	273	—	2	**281**
Disposals	-3	-184	—	-5	**-192**
Currency translation effect	—	312	—	—	**313**
As at 31 Mar 2021	**66**	**9,453**	**17**	**67**	**9,603**
Net carrying amount as at 31 Mar 2021	**119**	**8,833**	**8**	**25**	**8,985**

[1] Land and buildings include investment property.

Equity

Shareholder's equity

In early March, following the uncertainty caused by the war in Ukraine, Wintershall Dea AG postponed the Annual General Meeting to 25 April 2022. Management Board and Supervisory Board have decided to reduce the common dividend proposal to the statutory minimum and to carry forward the remaining balance sheet profit, leaving the company with the flexibility to potentially distribute a common dividend later in the year depending on circumstances.

Equity attributable to subordinated notes investors

In January 2021, Wintershall Dea AG issued two series of subordinated resettable fixed rate notes (subordinated notes), in the aggregate principal amount of €1,500 million through its fully owned subsidiary Wintershall Dea Finance 2 B.V. The subordinated notes are callable three months prior to the first reset date for the NC2026 series and six months prior to the first reset date for the NC2029 series. The first reset date for the NC2026 Subordinated Notes (€650 million with a coupon of 2.4985%) is on 20 July 2026, and the first reset date for the NC2029 Subordinated Notes (€850 million with a coupon of 3.0000%) is on 20 January 2029.

Under IAS 32, subordinated notes are classified entirely as equity. The capital raised through subordinated notes issues is recognised in equity, less discounts and transaction costs. Deferred taxes on discounts and transaction costs are also recognised in equity. Accrued interest payable to the subordinated notes investors increase equity, whereas the distribution of interest payments reduces equity.

The net proceeds from subordinated notes issues are shown as capital contribution in the consolidated statement of cash flows.

Financial Debt

	31 Mar 2022		31 Dec 2021	
€ million	Non-current	Current	Non-current	Current
Bonds	4,000	23	4,000	12
less transaction cost	-12	—	-13	—
	3,988	**23**	**3,987**	**12**
Debt to banks	—	—	—	3
	—	**—**	**—**	**3**
Financial liabilities to related parties	—	353	—	538
Lease liabilities	68	19	67	23
Other financial liabilities	12	—	—	—
Total	**4,067**	**395**	**4,055**	**575**

Bonds

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

Transaction costs were capitalised as a reduction in the bond amount and are being amortised over the expected life applying the effective interest method.

Bonds	%	Maturity	Currency	Nominal value (€ million)	Fair value 31 Mar 2022 (€ million)	**Carrying amount 31 Mar 2022 (€ million)**
Bond ISIN XS2054209320	0.452	2023	EUR	1,000	979	**998**
Bond ISIN XS2054209833	0.840	2025	EUR	1,000	944	**997**
Bond ISIN XS2054210252	1.332	2028	EUR	1,000	896	**996**
Bond ISIN XS2055079904	1.823	2031	EUR	1,000	880	**996**
Total				**4,000**	**3,699**	**3,988**

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

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 a bank consortium and can be utilised if necessary. The first and second one-year extensions were confirmed for the full amount. This facility is available until March 2026 and is currently undrawn.

Net debt

€ million	31 Mar 2022	31 Dec 2021
Bonds	4,011	3,999
Debt to banks	—	3
Financial liabilities from cash pooling	353	536
Lease liabilities	87	90
Total debt	**4,450**	**4,628**
Financial receivables from cash pooling	-14	-13
Cash and cash equivalents	-3,077	-2,106
Total	**1,360**	**2,510**

The cash and cash equivalents from our Russian subsidiaries amounts to €508 million. The Group is constantly monitoring the current restrictions on foreign currency transfer.

NOTE 7 – CONTRACTUAL COMMITMENTS

As at 31 March 2022, the Group has obligations based on firm orders for property, plant and equipment, as well as from field development projects in the amount of €233 million (31 December 2021: €313 million).

Furthermore, Wintershall Dea is committed to a certain number of exploration wells and seismic surveys within the context of exploration licences. The estimated expenditures amount to €101 million (31 December 2021: €121 million).

Further obligations from purchase contracts result primarily from long-term purchase commitments for natural gas ('own use contracts'). Any commodity purchase agreements that are enforceable and specify all significant terms are included, except those for which an offsetting agreement (sales contract) has already been contracted. The firm purchase commitments from own use contracts amount to €465 million as at 31 March 2022 (31 December 2021: €291 million).

Obligations arising from commodity purchase contracts

€ million	31 Mar 2022	31 Dec 2021
2022	230	160
2023	148	80
2024	59	33
2025	23	13
2026	1	1
2027	1	1
2028 and subsequent maturities	3	2
Total	**465**	**291**

NOTE 8 – RELATED PARTY DISCLOSURES

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

Wintershall Dea is subject to significant influence 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 as well as with our shareholders and their affiliates.

Revenues with related parties

€ million	Q1 2022	Q1 2021
Joint ventures/associated companies	16	62
Shareholders and their affiliates	390	75
Total	**406**	**137**

Trade accounts receivable from/trade accounts payable to related parties

	Trade accounts receivable		Trade accounts payable	
€ million	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Non-consolidated subsidiaries	7	8	3	–
Joint ventures/associated companies	16	15	30	24
Shareholders and their affiliates	179	169	–	–
Total	**203**	**192**	**33**	**25**

Financial and other receivables from/financial and other liabilities to related parties

	Financial and other receivables		Financial and other liabilities	
€ million	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Non-consolidated subsidiaries	37	36	11	15
Joint ventures/associated companies	201	200	342	523
Shareholders and their affiliates	2	2	3	5
Total	**240**	**239**	**356**	**542**

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

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

NOTE 9 – REPORTING ON FINANCIAL INSTRUMENTS

Derivatives financial instruments and hedge accounting

Commodity derivatives

The Group has designated oil swaps and certain fixed-price gas sales agreements as hedging instruments within the scope of cash flow hedges. Cash flow hedges are used to hedge the risk of variability in cash flows related to highly probable forecast transactions.

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 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 to determine the fair values of such sales contracts. In the case of fixed-price gas sales agreements, the critical terms match method is applied to assess 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 recognised 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.

Effects of hedge accounting on the consolidated balance sheet and consolidated statement of income

	31 Mar 2022/Q1 2022		
€ million	Commodity derivatives (fixed-price gas sales)	Commodity derivatives (oil swaps)	Foreign currency derivatives
Carrying amount			
Derivative assets	—	—	—
Derivative liabilities	4,992	416	29
Nominal amount	1,498	908	2,102
Maturity date	04/2022-12/2025	04/2022-12/2024	04/2022-09/2028
Quantity	266,833 mmscf	14,908 mbbl	
Average price or rate	€19.16/MWh	$60.94/bbl	$1.11/€
Amounts recognised in profit or loss and other comprehensive income			
Changes in fair value of hedging instruments recognised in OCI	-3,410	-305	-23
Reclassified from OCI to profit or loss	784	69	50

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 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 as well as 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

	31 Mar 2022			
€ million	**Total**	Level 1[1]	Level 2[2]	Level 3[3]
Derivative financial assets	**710**	—	710	—
of which commodity derivatives	**704**	—	704	—
of which currency derivatives	**6**	—	6	—
Derivative financial liabilities	**6,373**	—	6,373	—
of which commodity derivatives	**6,336**	—	6,336	—
of which currency derivatives	**37**	—	37	—
Other financial liabilities	**12**	—	—	12

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

Fair value hierarchy

	31 Dec 2021			
€ million	**Total**	Level 1[1]	Level 2[2]	Level 3[3]
Derivative financial assets	**492**	—	492	—
of which commodity derivatives	**481**	—	481	—
of which currency derivatives	**10**	—	10	—
Derivative financial liabilities	**3,122**	—	3,122	—
of which commodity derivatives	**3,041**	—	3,041	—
of which currency derivatives	**81**	—	81	—

[1] The fair value is determined on the basis of listed (unadjusted) prices for identical assets and liabilities on active markets.
[2] The fair value is determined based on parameters for which directly or indirectly quoted prices on active markets were available.
[3] The fair value is determined based on parameters for which there were 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.

Other financial liabilities measured at fair value comprise an issued financial guarantee. The determination of the fair value is based on a weighted scenario analysis. The probability of being claimed under the financial guarantee is considered to be very low. As at 31 March 2022 the negative fair value of the financial guarantee amounts to €12 million.

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

NOTE 10 – EVENTS AFTER THE BALANCE SHEET DATE

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

Kassel/Hamburg, 25 April 2022

The Management Board

Mehren Smith Dijkgraaf Summers Wieland