wintershall dea

Q1 2023 Report

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Wintershall Dea
GROUP MANAGEMENT REPORT
Q1 2023

1. CORPORATE PROFILE

1.1 BUSINESS MODEL AND STRUCTURE

Wintershall Dea is a leading European independent gas and oil company. The Group comprises Wintershall Dea AG as the parent company and its subsidiaries.

The Group's business is conducted in five segments:

- Northern Europe
- Latin America
- Middle East/North Africa
- Midstream
- Headquarter and Other

In the previous year, Russia was reported as an additional segment.

The segments Northern Europe, Latin America and Middle East/North Africa comprise the E&P business and are further divided into 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
- **Latin America:** Argentina and Mexico
- **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 Headquarter and Other (HQ and Other) includes the Management Board and corporate functions, such as the trading activities managed by the headquarter, Global Exploration and Carbon Management and Hydrogen (CMH), as well as the holding companies.

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 section 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 the items net payments for acquisitions and proceeds from the disposal of non-current assets/divestitures in the Group's consolidated statement of cash flows.

The financial measure **capex** consists of payments for intangible assets and property, plant and equipment, 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 oil (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 2023 through 31 March 2023; the comparison period comprises the period from 1 January 2022 through 31 March 2022.

All Russian entities were deconsolidated in the fourth quarter of 2022 and recognised as other financial assets according to IFRS 9. Therefore, the comparison period includes still the segment Russia. For convenience purposes, chapter 2.6 includes additional unaudited voluntary information for Wintershall Dea Group excluding the Russian business in the comparison period.

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.

Furthermore, the term “oil” as used in the management report, refers to oil, condensate and NGL.

2.2 BUSINESS ENVIRONMENT

Macro fundamentals

Gas prices

Average TTF prices decreased from $31.50/mscf in Q1 2022 to $16.99/mscf during the reporting period.

$/mscf	Q1 2023	Q1 2022
Average TTF price for the period[1]	16.99	31.50

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

Oil prices

Average Brent crude oil prices decreased from $101.3/bbl in Q1 2022 to $81.2/bbl in the reporting period.

$/bbl	Q1 2023	Q1 2022
Average Brent price for the period[1]	81.2	101.3

[1] Source: Platts

Foreign currencies

Closing rates €1 =	31 Mar 2023	31 Dec 2022
Argentinian peso (ARS)	227.74	189.15
Egyptian pound (EGP)	33.57	26.44
Mexican peso (MXN)	19.64	20.86
Norwegian krone (NOK)	11.39	10.51
US dollar (USD)	1.09	1.07

Average rates €1 =	Q1 2023	Q1 2022
Argentinian peso (ARS)	206.73	119.65
Egyptian pound (EGP)	32.23	18.04
Mexican peso (MXN)	20.04	22.99
Norwegian krone (NOK)	10.99	9.92
US dollar (USD)	1.07	1.12

Realised prices

	Q1 2023	Q1 2022
Average realised gas price[1] (in $/mscf)	**9.02**	**10.09**
Northern Europe	13.66	16.16
Latin America	3.30	2.65
Middle East/North Africa[2]	4.09	4.01
Average realised oil price[1] (in $/bbl)	**67.0**	**85.8**
Northern Europe	67.6	86.5
Latin America	53.3	67.6
Middle East/North Africa	78.1	101.9

[1] Includes commodity hedge result
[2] Includes the deduction of applicable taxes for Algeria

In Q1 2023, our realised gas price decreased by 11% from $10.09/mscf to $9.02/mscf, 35 percentage points lower than the decrease in TTF prices mainly due to the existence of hedges. During Q1 2023, gas hedges with a total volume of 383 mmscf/d (Q1 2022: 354 mmscf/d) were realised at an average price of $10.56/mscf (Q1 2022: $5.76/mscf).

Realised oil price decreased by 22% from $85.8/bbl to $67.0/bbl, in line with the decline in Brent prices (20%). During Q1 2023, crude oil hedges with a total volume of 19 mboe/d were realised at an average price of $66.3/bbl.

2.3 MAJOR BUSINESS ACTIVITIES IN THE REPORTING PERIOD

General

On 17 January 2023, Wintershall Dea announced its intention to fully exit Russia in an orderly manner complying with all applicable laws and regulations. This decision followed the deconsolidation of Wintershall Dea's Russian participations in the fourth quarter of 2022, due to the loss of control or significant influence over all its Russian joint ventures as defined by IFRS.

During Q1 2023, both Moody's and Fitch completed their reviews of Wintershall Dea's credit ratings and maintained them at current ratings of Baa2 and BBB with stable outlooks respectively. The confirmation of both ratings reflects Wintershall Dea's commitment to a conservative financial policy, strong balance sheet, as well as an attractive, diversified and growing production and reserves portfolio.

Northern Europe – Norway

Our producing assets in Norway showed good performance during the reporting period. The produced volumes amounted to 169 mboe/d on average, which is close to the level of Q4 2022.

The Njord field, which is operated by Equinor and re-started production in late December last year experienced slower than planned commissioning during Q1, but is now near the planned production levels. Two other tie-in fields, where Wintershall Dea holds equity, commenced production in early April: Hyme and Bauge.

Our own-operated development project Dvalin is nearing completion.

The company continues to apply for new exploration acreage through participation in the annual Awards in Predefined Areas (APA) licensing rounds. In January 2023, Wintershall Dea was awarded a further eleven new exploration licences (three as operator) following the APA 2022 licensing round.

Latin America – Argentina

The production performance of our partner-operated fields Cuenca Marina Austral 1 (CMA-1), Aguada Pichana Este and San Roque remains at a high level with average produced volumes of 63 mboe/d in the reporting period, which is equal to the level of Q4 2022.

The development of the Fénix Phase 1 natural gas project, which is located offshore of Tierra del Fuego, is on track and the construction of the platform commenced. First gas from Fénix is expected in 2025 and is planned to reach peak gross production of around 10 million cubic metres of gas per day. Fénix is expected to extend the plateau production of the CMA-1 concession of which Fénix is a vital part.

Latin America – Mexico

The Zama offshore field development in Block 7 of the Sureste Basin reached an important milestone. The partners finalised the development concept and submitted the Unit Development Plan for approval to the authorities in March 2023. The Final Investment Decision is expected to be taken in the medium term.

On 30 March 2023, Wintershall Dea completed the acquisition of a 37% non-operated participating interest in the oil producing Hokchi Block offshore Mexico. With this acquisition, Wintershall Dea further enhances its presence in Mexico and diversifies its global project portfolio.

After the end of the reporting period Wintershall Dea announced a discovery with its first own operated offshore exploration well in Block 30 of the Sureste Basin in the Gulf of Mexico. The well named "Kan", where Wintershall Dea holds 40% interest, was successful and discovered oil of very good quality. Preliminary estimates indicate the discovery may contain 200 to 300 million barrels oil equivalent in place. The second well in the block called "Ix" was spudded recently and first results are expected by the end of Q2 2023.

Carbon Management and Hydrogen (CMH)

Wintershall Dea continues to make good progress in its Carbon Management and Hydrogen ambitions with several significant milestones achieved during the quarter.

In February 2023, Wintershall Dea and INEOS as the operator were granted the first CO_2 storage licence named Greensand in the Danish North Sea by the Danish Ministry of Climate, Energy and Utilities. Alongside INEOS, Wintershall Dea is the leading member of the project Greensand consortium, where both companies have a 40% share and the remaining 20% are held by the state-owned company Nordsøfonden. It is expected that by 2026 up to 1.5 million tonnes of CO_2 could be stored in the reservoir annually. By the end of 2030, this figure is projected to increase to up to 8 million tonnes of CO_2 per year – or more than 13% of Denmark's total annual emissions. First pilot injection at Greensand started in March 2023 as planned.

In early March 2023, Wintershall Dea and Fluxys signed a memorandum of understanding to jointly investigate the construction of a cross-border CO_2 pipeline network connecting Germany and Belgium. CO_2 emissions from industrial clusters in southern Germany are planned to be transported to the German-Belgian border via the pipeline network. From there, the CO_2 will be transported via the Fluxys CO_2 network in Belgium to Zeebrugge on the Belgian North Sea coast, and subsequently to offshore CCS storage locations in the North Sea where Wintershall Dea is involved.

On 31 March 2023, Wintershall Dea and its partner Altera were awarded the "Havstjerne" CO_2 storage licence in the Norwegian North Sea by the Norwegian Ministry of Petroleum and Energy. The licence is located 135 kilometres southwest of Stavanger and will be operated by Wintershall Dea, holding 50% of the shares. Havstjerne is expected to have the potential to store up to 7 million tonnes of CO_2 annually. The partnership intends to develop a system for transporting CO_2 by ship to the Havstjerne licence and thus provide a flexible and scalable CCS solution as offer to emitters from around Europe. Havstjerne is the second, own-operated CO_2-storage licence awarded to Wintershall Dea in Norway after the Luna licence granted last year.

2.4 OPERATIONAL PERFORMANCE

Production

Natural gas (mboe/d)[1]	Q1 2023	Q1 2022
Northern Europe	117	109
Russia[2]	—	281
Latin America	59	55
Middle East/North Africa	40	42
	215	**487**

Oil (mboe/d)[1]	Q1 2023	Q1 2022
Northern Europe	88	98
Russia[2]	—	70
Latin America	7	7
Middle East/North Africa[3]	7	7
	103	**182**

Total production (mboe/d)[1]	Q1 2023	Q1 2022
Northern Europe	205	207
Russia[2]	—	351
Latin America	66	62
Middle East/North Africa[3]	47	49
	318	**669**

[1] Mboe/d – thousand barrels of oil equivalent per day on a working-interest basis, including proportional production from at equity-accounted companies
[2] Russia deconsolidated in Q4 2022
[3] Excludes Libya onshore

In Q1 2023, the Group's daily production averaged 318 mboe/d, consisting of 215 mboe/d of gas and 103 mboe/d of oil, representing a decrease of 351 mboe/d compared to Q1 2022. The decrease resulted from the deconsolidation of the Russian entities in the fourth quarter of 2022. Excluding Russia, the daily production remained stable (318 mboe/d).

The higher gas production in Northern Europe was primarily a result of the restart of production in one of our assets in Norway, strong performance from assets including Skarv and Vega as well as optimised production efficiency. The decrease in the oil production in Northern Europe was due to the termination of production in two of our assets in Norway, the sale of Brage in Norway as well as natural decline, which was partly compensated by the production start of our own-operated Nova field in Norway.

In Latin America, gas production was higher due to a plant shutdown in Argentina in the comparison period.

Capex

€ million	Q1 2023	Q1 2022
Northern Europe	146	171
Russia[1]	—	—
Latin America	32	10
Middle East/North Africa	29	27
HQ and Other	6	-1
Total	**214**	**208**

[1] Deconsolidation in Q4 2022

In Q1 2023, capital expenditures amounted to €214 million compared with €208 million in Q1 2022. The increase was attributable to our rising investment activities in Latin America and the Middle East/North Africa region. This was partially compensated by Northern Europe, primarily due to the fact that our major development projects Njord and Nova came on stream in 2022 whereas new development projects are in an early stage.

Net exploration expenditures

€ million	Q1 2023	Q1 2022
Exploration capex	19	14
Northern Europe	4	13
Russia[1]	—	—
Latin America	15	1
Middle East/North Africa	—	—
HQ and Other	—	—
Exploration expenses	23	17
Northern Europe	7	8
Russia[1]	—	—
Latin America	12	6
Middle East/North Africa	1	1
HQ and Other	3	2
Adjusted for dry well costs from prior years	-1	—
Adjusted for changes in provisions	1	—
Total	**42**	**30**

[1] Deconsolidation in Q4 2022

Net exploration expenditures comprise capitalised exploration and 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 2023, exploration expenditures totalling €19 million were capitalised. The increase in Latin America relates mainly to one yet-to-be-completed well drilled in Mexico whereas the expenditures in Northern Europe declined due to lower exploration activities in the reporting period.

Exploration expenses include expenses for the acquisition of seismic data, licence fees and expenses for dry well costs.

2.5 FINANCIAL PERFORMANCE

Earnings performance

€ million	Q1 2023	Q1 2022
Revenues gas and oil	3,190	3,818
Revenues other	18	13
Net income from equity-accounted investments: gas and oil	32	34
Net income from equity-accounted investments: midstream	29	34
Other operating income	5	7
	3,274	**3,905**
Production and operating expenses	-1,995	-2,121
Production and similar taxes	-47	-49
Depreciation and amortisation	-274	-327
Net impairment on assets	—	-545
Exploration expenses	-23	-17
General and administrative expenses	-116	-118
	820	**729**
Financial income	74	34
Financial expenses	-98	-1,092
	-24	**-1,058**
Income/loss (-) before taxes	**796**	**-328**
Income taxes	-522	-675
Net income/loss (-)	**274**	**-1,003**
Net income/loss (-) attributable to shareholders	264	-1,013
Net income/loss (-) attributable to subordinated notes investors	10	10

Revenues and other operating income

Revenues gas and oil showed a decrease in Q1 2023, falling by €628 million, or 16%, to €3,190 million, compared with €3,818 million in Q1 2022. Excluding revenues from gas trading activities managed by the headquarters, revenues gas and oil decreased by 33% year-on-year to €1,391 million, primarily due to the deconsolidation Russia and lower commodity prices. The realised gas price decreased by 11%, and the realised price for oil decreased by 22%. In addition, unrealised changes in fair values of commodity derivatives measured through profit or loss led to a loss of €20 million compared to a loss of €209 million in Q1 2022.

Revenues from the headquarters' gas trading activities amounted to €1,799 million, an increase of 2% compared to Q1 2022, driven by higher volumes. The revenues are largely offset by the cost of trade goods included in production and operating expenses.

Revenues other increased by 38% and amounted to €18 million. The increase was primarily due to Libyan profit tax, which was partially set off by no longer existing revenues from construction services in Russia.

Net income from equity-accounted investments decreased from €68 million in Q1 2022 to €61 million in the reporting period, mainly driven by the fact that no further contributions from the Russian JVs and Nord Stream were accounted for. This was to a large extent compensated by a higher proportionate net income from the remaining equity-accounted investments.

Production and operating expenses

Production costs amounted to €168 million compared with €182 million in Q1 2022. This decrease was mainly due to no dry well costs in Northern Europe. This was partially offset by higher costs for workover and maintenance activities as well as increased production costs due to start of production in Nova and Njord. The production costs in Latin America rose by €5 million due to reductions of the crude oil stock.

Excluding Russia, the specific production costs decreased in total by €0.4/boe to €5.9/boe compared to €6.3/boe in Q1 2022, mainly due to dry well cost in the comparison period.

	Production costs in € million		Production costs in €/boe	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Northern Europe	125	144	6.9	7.9
Russia[1]	—	3	—	0.2
Latin America	31	26	5.2	4.5
Middle East/North Africa	12	9	2.9	2.1
Total	**168**	**182**	**5.9**	**4.3**

[1] Deconsolidation in Q4 2022

Next to production costs, the production and operating expenses were impacted by the following items:

The change in over-/underlift related to lower sales volumes in Northern Europe compared to our production volumes resulted in income of €4 million in the reporting period while Q1 2022 reported expenses of €64 million.

Transport fees and leases of €67 million remained stable whereas development costs of €8 million are below the prior-year figure by €11 million. This was principally attributable to an additional contingent purchase price liability for Njord in the comparison period.

Other cost of sales from the provision of services decreased by €11 million in parallel to the respective revenues from those services, driven by the deconsolidation of the Russian business.

Other costs fell below the prior-year figure by €18 million. This was principally attributable to dry well costs in the comparison period in Norway as well as lower net impairments on sales-related receivables in the region Middle East/North Africa.

Cost of trade goods remained stable and amounted to €1,752 million in the reporting period.

RECONCILIATION OF EBITDAX

€ million	Q1 2023	Q1 2022
Revenues gas and oil	3,190	3,818
adjusted for unrealised changes in fair value of commodity derivatives	20	209
Revenues other	18	13
Net income from equity-accounted investments: gas and oil	32	34
Net income from equity-accounted investments: midstream	29	34
Other operating income	5	7
adjusted for gains from sale of assets/changes in consolidation scope	-3	—
Production and operating expenses	-1,995	-2,121
adjusted for net impairments and write-offs on/from operating receivables	2	9
adjusted for losses from sale of assets	2	1
Production and similar taxes	-47	-49
General and administrative expenses	-116	-118
adjusted for non-recurring items[1]	5	3
EBITDAX	**1,142**	**1,839**

[1] Q1 : included integration costs of €5 million; Q1 : included integration costs of €3 million

Totalling €1,142 million in the period under review, EBITDAX was €697 million lower than the prior-year figure (€1,839 million), mainly because of the deconsolidation Russia and decreased commodity prices.

EBITDAX PER SEGMENT

€ million	Q1 2023	Q1 2022
Northern Europe	959	1,221
Russia[1]	—	507
Latin America	72	64
Middle East/North Africa	137	90
Midstream	29	33
HQ and Other	-54	-76
Total	**1,142**	**1,839**

[1] Deconsolidation in Q4 2022

RECONCILIATION OF ADJUSTED NET INCOME

€ million	Q1 2023	Q1 2022
EBITDAX	1,142	1,839
Depreciation and amortisation	-274	-327
Exploration expenses	-23	-17
Financial income	74	34
adjusted for gains from disposal of other financial assets	-3	—
Financial expenses	-98	-1,092
adjusted for net impairments on financial receivables, bank balances and other financial assets	8	1,004
Income taxes	-522	-675
adjusted for taxes on adjusted and disregarded items	-6	-99
Adjusted net income	**298**	**669**

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 increased by €6 million or 35%, to €23 million compared to €17 million in Q1 2022 (further information is provided in section Net exploration expenditures).

Financial income and expenses

The financial result amounted to €-24 million in the reporting period, after €-1,058 million in Q1 2022. This improvement is mainly due to the full impairment on financial receivables from the financing of the Nord Stream 2 pipeline project (€1,003 million) in the comparison period.

Income taxes

The income/loss before taxes amounted to €796 million in the reporting period compared to €-328 million in Q1 2022. In the quarter being reviewed, Wintershall Dea incurred a total tax expense of €522 million (comparison period €675 million).

The effective tax rate in the reporting period amounted to 66% (comparison period: -206%). The tax rate of Q1 2022 was influenced by the fact that the majority of impairment losses were recorded without tax impact.

Adjusted net income

Adjusted net income amounted to €298 million in Q1 2023, compared to €669 million in Q1 2022. The decrease in EBITDAX was partly offset by lower income taxes, lower depreciation and amortization as well as by an improved adjusted financial result.

Financial position

€ million	Q1 2023	Q1 2022
Net income/loss (-)	**274**	**-1,003**
Amortisation/depreciation/impairment losses/reversal of impairment losses	274	896
Changes in provisions	4	-4
Changes in deferred taxes	-14	-155
Gains (-)/losses from disposal of non-current assets	-1	13
Other non-cash income/expenses and finance costs	-122	1,033
Changes in working capital	81	-276
Changes in income tax assets and liabilities	-57	566
Changes in other balance sheet items	-42	174
Cash flow from operating activities	**397**	**1,245**
Payments for intangible assets and property, plant and equipment	-233	-222
Net payments for acquisitions	-326	—
Net proceeds from the disposal of non-current assets/divestitures	11	67
Changes in financial receivables from cash pooling	—	-1
Cash flow from investing activities	**-547**	**-156**
Distributions paid to subordinated notes investors	-26	-26
Proceeds from debt to banks	—	11
Repayments of debt to banks	—	-11
Changes in financial liabilities to related parties (cash pooling)	55	-183
Repayment of lease liabilities	-7	-9
Cash flow from financing activities	**23**	**-217**
Change in cash and cash equivalents	**-127**	**872**
Effects of foreign exchange rate changes and other non-cash changes	-38	100
Cash and cash equivalents at the beginning of the reporting period	**3,089**	**2,106**
Cash and cash equivalents at the end of the reporting period	**2,924**	**3,077**

Cash flow from operating activities
Cash flow from operating activities decreased by €848 million from €1,245 million in Q1 2022 to €397 million in Q1 2023. The decrease was primarily due to the deconsolidation Russia, lower commodity prices, significantly higher income tax payments in Norway and no received dividends from the midstream business.

Cash flow from investing activities
Cash flow from investing activities amounted to €-547 million in Q1 2023 compared to €-156 million in Q1 2022. The reporting period included net payments for acquisitions related to the Hokchi acquisition in Latin America (€-326 million). Additionally, the comparison period included higher proceeds from divestitures.

Cash flow from financing activities
Cash flow from financing activities amounted to €23 million compared to €-217 million in the comparison period. The reporting period was impacted by a net cash inflow from an addition of financial liabilities from cash pooling, whereas the comparison period included a reduction in liabilities from cash pooling.

€ million	Q1 2023	Q1 2022
Cash flow from operating activities	397	1,245
Cash flow from investing activities	-547	-156
less net payments for acquisitions	326	—
less proceeds from the disposal of non-current assets/divestitures	-11	-67
Free cash flow	**164**	**1,022**

Wintershall Dea believes the Group has sufficient funds available to meet its liquidity needs, including working capital, based on its current liquidity reserves, including €2,924 million in cash and cash equivalents at the end of the reporting period (down from €3,089 million as at 31 December 2022), and an undrawn committed revolving credit facility of €900 million.

Net assets

€ million	31 Mar 2023	31 Dec 2022
Assets		
Non-current assets		
Goodwill	2,121	2,156
Exploration assets	310	298
Other intangible assets	1,881	1,912
Property, plant and equipment	8,417	8,245
Equity-accounted investments	656	599
Other financial assets	260	261
Financial receivables	210	212
Derivative instruments	61	26
Other receivables	18	14
Deferred tax assets	235	189
	14,170	**13,912**
Current assets		
Inventories	155	215
Financial receivables	19	19
Trade and other receivables	1,578	1,937
Derivative instruments	205	405
Income tax assets	15	24
Cash and cash equivalents	2,924	3,089
	4,896	**5,690**
Total assets	**19,066**	**19,601**

Non-current assets equalled €14,170 million as at 31 March 2023, amounting to 74% of total assets. Compared to €13,912 million as at 31 December 2022, non-current assets increased by €258 million or 2%.

Intangible assets of €4,312 million were €54 million below the prior-year figure (€4,366 million). Additions related to the Hokchi acquisition and to exploration assets were more than offset by amortisation (€-43 million) and foreign currency translation effects (€-74 million).

Tangible assets amounted to €8,417 million, an increase of €172 million (31 December 2022: €8,245 million). The main factors were the additions (€536 million), driven by the Hokchi acquisition, our Norwegian development projects as well as rising investment activities in Latin America and the region Middle East/North Africa. Opposing effects were felt from depreciation (€-231 million) and foreign currency translation effects (€-128 million).

Compared to year-end, equity-accounted investments went up by €57 million and amounted to €656 million (31 December 2022: €599 million). The increase was mainly driven by the proportionate net income of the participations (€61 million).

Current assets decreased by 14% compared to 31 December 2022 and amounted to €4,896 million as at 31 March 2023.

Trade and other receivables amounted to €1,578 million compared with €1,937 million as at 31 December 2022. The decline of revenues as well as foreign currency translation effects led to the decrease in trade and other receivables.

The decrease in derivative instruments was attributable primarily to lower fair values of commodity derivatives measured through profit and loss.

Cash and cash equivalents went down from €3,089 million to €2,924 million, mainly due to the payment of the purchase price for Hokchi. The positive free cash flow had a compensating effect.

€ million	31 Mar 2023	31 Dec 2022
Equity and liabilities		
Equity attributable to shareholders and subordinated notes investors		
Subscribed capital	189	189
Capital reserves	1,186	1,386
Retained earnings and other comprehensive income	1,309	441
Equity attributable to subordinated notes investors	1,509	1,525
	4,194	**3,541**
Non-current liabilities		
Pension provisions	373	371
Decommissioning provisions	1,982	1,954
Other provisions	115	124
Financial debt	3,060	3,067
Derivative instruments	525	1,220
Income tax liabilities	15	36
Other liabilities	19	19
Deferred tax liabilities	3,091	1,713
	9,179	**8,504**
Current liabilities		
Decommissioning provisions	131	133
Other provisions	293	299
Financial debt	1,414	1,356
Trade and other payables	1,156	1,528
Derivative instruments	1,100	2,491
Income tax liabilities	1,598	1,750
	5,693	**7,557**
Total equity and liabilities	**19,066**	**19,601**

Equity increased by €653 million to €4,194 million compared with 31 December 2022. This positive development was driven by the net result (€274 million) as well as positive fair value changes of cash flow hedges (€463 million). This was partly offset by negative effects from foreign currency translation (€-61 million) and distributions to subordinated notes investors (€-26 million).

Compared with 31 December 2022, non-current liabilities increased by €675 million to €9,179 million as at 31 March 2023.

Non-current provisions increased by €20 million to €2,470 million. Decommissioning provisions went up by €28 million, mainly driven by additions in the course of the Hokchi acquisition.

The decrease in derivative instruments (non-current: decrease of €695 million; current: decrease of €1,391 million) was attributable primarily to lower negative fair values of commodity derivatives in hedge relationships measured at fair value through other comprehensive income (€1,854 million).

Deferred tax liabilities increased by €1,378 million to €3,091 million, mainly due to a lower netting with decreased deferred tax assets resulting from a positive development of gas hedges recognized in other comprehensive income.

Current liabilities decreased by 25% compared to 31 December 2022 and amounted to €5,693 million as at 31 March 2023.

Trade and other payables decreased by €372 million to €1,156 million compared to €1,528 million as at 31 December 2022, mostly attributable to a decrease in liabilities from gas trading.

Income tax liabilities decreased to €1,598 million (31 December 2022: €1,750 million). The increase resulting from accrued tax expenses for the current period, was overcompensated by significant tax payments related to the previous year in Norway.

Net debt/EBITDAX ratio

€ million	31 Mar 2023	31 Dec 2022
Bonds	3,914	3,903
Financial liabilities from cash pooling	456	410
Lease liabilities	88	93
Total debt	**4,458**	**4,406**
Financial receivables from cash pooling	-13	-13
Cash and cash equivalents	-2,924	-3,089
Net debt	**1,520**	**1,303**
EBITDAX (LTM)[1,2]	**5,734**	5,924
Net debt/EBITDAX ratio	**0.3**	**0.2**

[1] LTM = Last 12 months
[2] Without segment Russia

Net debt as at 31 March 2023 amounted to €1,520 million compared to €1,303 million as at 31 December 2022, following a decrease in cash and cash equivalents by 5% to €2,924 million, leading to a net debt to EBITDAX (LTM) ratio of 0.3x.

2.6 VOLUNTARY DISCLOSURE (UNAUDITED)

Financials without segment Russia

CONSOLIDATED STATEMENT OF INCOME WITHOUT SEGMENT RUSSIA

€ million	Q1 2023	Q1 2022
Revenues gas and oil	3,190	3,305
Revenues other	18	2
Net income from equity-accounted investments: gas and oil	32	24
Net income from equity-accounted investments: midstream	29	34
Other operating income	5	6
	3,274	**3,371**
Production and operating expenses	-1,995	-2,097
Production and similar taxes	-47	-48
Depreciation and amortisation	-274	-318
Net impairment on assets	—	-197
Exploration expenses	-23	-17
General and administrative expenses	-116	-107
	820	**589**
Financial income	74	26
Financial expenses	-98	-1,090
	-24	**-1,064**
Income/loss (-) before taxes	**796**	**-475**
Income taxes	-522	-570
Net income/loss (-)	**274**	**-1,045**
Net income/loss (-) attributable to shareholders	264	-1,055
Net income/loss (-) attributable to subordinated notes investors	10	10

CONSOLIDATED STATEMENT OF CASH FLOWS WITHOUT SEGMENT RUSSIA

€ million	Q1 2023	Q1 2022
Net income/loss (-)	**274**	**-1,045**
Amortisation/depreciation/impairment losses/reversal of impairment losses	274	533
Changes in provisions	4	-4
Changes in deferred taxes	-14	-152
Gains (-)/losses from disposal of non-current assets	-1	13
Other non-cash income/expenses and finance costs	-122	1,031
Changes in working capital	81	-77
Changes in income tax assets and liabilities	-57	198
Changes in other balance sheet items	-42	530
Cash flow from operating activities	**397**	**1,027**
Payments for intangible assets and property, plant and equipment	-233	-222
Net payments for acquisitions	-326	—
Net proceeds from the disposal of non-current assets/divestitures	11	67
Changes in financial receivables from cash pooling	—	-1
Cash flow from investing activities	**-547**	**-156**
Distributions paid to subordinated notes investors	-26	-26
Proceeds from debt to banks	—	11
Repayments of debt to banks	—	-11
Changes in financial liabilities to related parties (cash pooling)	55	-183
Repayment of lease liabilities	-7	-9
Cash flow from financing activities	**23**	**-217**
Change in cash and cash equivalents	**-127**	**654**
Effects of foreign exchange rate changes and other non-cash changes	-38	103
Cash and cash equivalents at the beginning of the reporting period	**3,089**	**1,835**
Cash and cash equivalents at the end of the reporting period	**2,924**	**2,593**

SELECTED PERFORMANCE INDICATORS WITHOUT SEGMENT RUSSIA

€ million	Q1 2023	Q1 2022
Realised prices		
Average realised gas price[1] (in $/mscf)	9.02	10.09
Average realised oil price[1] (in $/bbl)	67.0	85.8
External revenues	3,208	3,306
Production[2]		
Natural gas (mboe/d)	215	206
Oil (mboe/d)	103	112
Total production (mboe/d)	318	318
Production costs in €/boe	5.9	6.3
EBITDAX	1,142	1,332
Adjusted net income	298	271
Exploration		
Exploration capex	19	14
Exploration expenses	23	17
Net exploration expenditures	42	30
Capex	214	208
Free cash flow	164	689

[1] Includes commodity hedge result
[2] Mboe/d – thousand barrels of oil equivalent per day/on a working-interest basis, including proportional production from at equity-accounted companies

Wintershall Dea
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CONSOLIDATED STATEMENT OF INCOME

€ million	Q1 2023	Q1 2022
Revenues gas and oil	3,190	3,818
Revenues other	18	13
Net income from equity-accounted investments: gas and oil	32	34
Net income from equity-accounted investments: midstream	29	34
Other operating income	5	7
	3,274	**3,905**
Production and operating expenses	-1,995	-2,121
Production and similar taxes	-47	-49
Depreciation and amortisation	-274	-327
Net impairment on assets	—	-545
Exploration expenses	-23	-17
General and administrative expenses	-116	-118
	820	**729**
Financial income	74	34
Financial expenses	-98	-1,092
	-24	**-1,058**
Income/loss (-) before taxes	**796**	**-328**
Income taxes	-522	-675
Net income/loss (-)	**274**	**-1,003**
Net income/loss (-) attributable to shareholders	264	-1,013
Net income/loss (-) attributable to subordinated notes investors	10	10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Q1 2023	Q1 2022
Net income/loss (-)	**274**	**-1,003**
Actuarial gains/losses	-3	54
Income and expenses that will not be reclassified to the statement of income at a later date, recognised directly in equity	**-3**	**54**
Unrealised gains/losses on currency translation	-61	16
Unrealised gains/losses on currency translation from equity-accounted investments	—	-76
Fair value changes in derivatives designated in cash flow hedges	467	-894
Fair value changes in derivatives designated in cash flow hedges from equity-accounted investments	-4	18
Income and expenses that will be reclassified to the statement of income at a later date, recognised directly in equity	**402**	**-937**
Other comprehensive income (net of tax)	**399**	**-883**
Total comprehensive income	**673**	**-1,886**
Total comprehensive income attributable to shareholders	663	-1,896
Total comprehensive income attributable to subordinated notes investors	10	10

CONSOLIDATED BALANCE SHEET

€ million	31 Mar 2023	31 Dec 2022
Assets		
Non-current assets		
Goodwill	2,121	2,156
Exploration assets	310	298
Other intangible assets	1,881	1,912
Property, plant and equipment	8,417	8,245
Equity-accounted investments	656	599
Other financial assets	260	261
Financial receivables	210	212
Derivative instruments	61	26
Other receivables	18	14
Deferred tax assets	235	189
	14,170	**13,912**
Current assets		
Inventories	155	215
Financial receivables	19	19
Trade and other receivables	1,578	1,937
Derivative instruments	205	405
Income tax assets	15	24
Cash and cash equivalents	2,924	3,089
	4,896	**5,690**
Total assets	**19,066**	**19,601**

€ million	31 Mar 2023	31 Dec 2022
Equity and liabilities		
Equity attributable to shareholders and subordinated notes investors		
Subscribed capital	189	189
Capital reserves	1,186	1,386
Retained earnings and other comprehensive income	1,309	441
Equity attributable to subordinated notes investors	1,509	1,525
	4,194	**3,541**
Non-current liabilities		
Pension provisions	373	371
Decommissioning provisions	1,982	1,954
Other provisions	115	124
Financial debt	3,060	3,067
Derivative instruments	525	1,220
Income tax liabilities	15	36
Other liabilities	19	19
Deferred tax liabilities	3,091	1,713
	9,179	**8,504**
Current liabilities		
Decommissioning provisions	131	133
Other provisions	293	299
Financial debt	1,414	1,356
Trade and other payables	1,156	1,528
Derivative instruments	1,100	2,491
Income tax liabilities	1,598	1,750
	5,693	**7,557**
Total equity and liabilities	**19,066**	**19,601**

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	Shareholder`s equity	Equity attributable to subordinated notes investors	**Total**
As at 1 Jan 2023	189	1,386	749	-52	588	-844	2,016	1,525	**3,541**
Other comprehensive income	—	—	—	-3	-61	463	399	—	**399**
Net income/loss (-)	—	—	264	—	—	—	264	10	**274**
Total comprehensive income	—	—	264	-3	-61	463	663	10	**673**
Change in scope of consolidation	—	—	6	—	—	—	6	—	**6**
Dividends/ distributions	—	—	—	—	—	—	—	-26	**-26**
Other changes	—	-200	200	—	—	—	—	—	**—**
As at 31 Mar 2023	**189**	**1,186**	**1,219**	**-55**	**526**	**-381**	**2,685**	**1,509**	**4,194**
As at 1 Jan 2022	189	1,161	6,910	-172	-989	-773	6,327	1,525	**7,852**
Other comprehensive income	—	—	—	54	-61	-876	-883	—	**-883**
Net income/loss (-)	—	—	-1,013	—	—	—	-1,013	10	**-1,003**
Total comprehensive income	—	—	-1,013	54	-61	-876	-1,896	10	**-1,886**
Dividends/ distributions	—	—	—	—	—	—	—	-26	**-26**
As at 31 Mar 2022	**189**	**1,161**	**5,896**	**-118**	**-1,050**	**-1,649**	**4,431**	**1,509**	**5,940**

[1] For further information refer to Note 7

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Q1 2023	Q1 2022
Net income/loss (-)	**274**	**-1,003**
Amortisation/depreciation/impairment losses/reversal of impairment losses	274	896
Changes in provisions	4	-4
Changes in deferred taxes	-14	-155
Gains (-)/losses from disposal of non-current assets	-1	13
Other non-cash income/expenses and finance costs	-122	1,033
Changes in working capital	81	-276
Changes in income tax assets and liabilities	-57	566
Changes in other balance sheet items	-42	174
Cash flow from operating activities	**397**	**1,245**
Payments for intangible assets and property, plant and equipment	-233	-222
Net payments for acquisitions	-326	—
Net proceeds from the disposal of non-current assets/divestitures	11	67
Changes in financial receivables from cash pooling	—	-1
Cash flow from investing activities	**-547**	**-156**
Distributions paid to subordinated notes investors	-26	-26
Proceeds from debt to banks	—	11
Repayments of debt to banks	—	-11
Changes in financial liabilities to related parties (cash pooling)	55	-183
Repayment of lease liabilities	-7	-9
Cash flow from financing activities	**23**	**-217**

€ million	Q1 2023	Q1 2022
Change in cash and cash equivalents	**-127**	**872**
Effects of foreign exchange rate changes and other non-cash changes	-38	100
Cash and cash equivalents at the beginning of the reporting period	**3,089**	**2,106**
Cash and cash equivalents at the end of the reporting period	**2,924**	**3,077**

Supplementary information on cash flow from operating activities		
Income taxes paid (less refunds)	-569	-260
Interest paid	-5[1]	-2
Interest received	49	12
Dividends received midstream	—	92

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 – BASIC 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 2023 (comparison period is the period from 1 January until 31 March 2022). 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 2022. The consolidated interim financial statements apply the same accounting policies and practices as those used in the 2022 annual financial statements, except where financial reporting standards have been applied for the first time in 2023 (see Note 4).

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 2023	31 Dec 2022	Q1 2023	Q1 2022
Argentinian peso (ARS)	227.74	189.15	206.73	119.65
Egyptian pound (EGP)	33.57	26.44	32.23	18.04
Mexican peso (MXN)	19.64	20.86	20.04	22.99
Norwegian krone (NOK)	11.39	10.51	10.99	9.92
US dollar (USD)	1.09	1.07	1.07	1.12

Discount rates

The discount rates applied for decommissioning provisions remain unchanged between 2.05% and 6.94%. Pension provisions are discounted at an interest rate of 3.65% in Germany (31 December 2022: 3.69%) and at an interest rate of 3.20% in Norway (31 December 2022: 3.20%).

NOTE 2 – SCOPE OF CONSOLIDATION

As at 31 March 2023, the consolidated interim financial statements include 43 fully consolidated companies (31 December 2022: 41 fully consolidated companies) as well as 3 legal entities (joint ventures and associated companies) that are accounted for using the equity method (31 December 2022: 4).

As at 1 January 2023, Wintershall Dea Carbon Management Solutions B.V. and Wintershall Dea Global Support B.V., previously shown under other financial assets due to materiality reasons, were included in the consolidated financial statements for the first time.

As of 1 January 2023, the application of the equity method for Nord Stream AG ceased and WD's participation in the company is accounted for as other financial asset measured at fair value through profit or loss.

NOTE 3 - ACQUISITIONS

On 30 March 2023, Wintershall Dea completed the acquisition of a 37% non-operated participating interest in the oil producing Hokchi Block located offshore Mexico. After government approvals were obtained Wintershall Dea and the partners in the Hokchi Block have signed a corresponding Production Sharing Contract amendment.

Thereby, Wintershall Dea acquired an interest in a joint operation according to IFRS 11. As this joint operation constitutes a business in terms of IFRS 3, Wintershall Dea accounts for the acquisition of the interest as a business combination according to IFRS 3. Due to a lack of sufficient information at the end of the reporting period, the purchase price of $401 million was allocated on a preliminary basis to the acquired assets. After obtaining all relevant information, the purchase price allocation will be carried out during the 12 months remeasurement period.

For the acquisition, €326 million is shown in the reporting period in the consolidated statement of cash flows as net payments for acquisitions. The remaining amount of the purchase price was a prepayment in the previous reporting period.

NOTE 4 - CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) has issued a new standard and adopted changes in existing International Financial Reporting Standards (IFRS), which became effective as at 1 January 2023:

	Effective date (IASB)
IFRS 17 (2017) "Insurance Contracts" including Amendments to IFRS 17 (2020)	1 January 2023
Amendments to IAS 1 (2021) "Disclosure of Accounting Policies"	1 January 2023
Amendments to IAS 8 (2021) "Definition of Accounting Estimates"	1 January 2023
Amendments to IAS 12 (2021) "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 January 2023
Amendments to IFRS 17 (2021) "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	1 January 2023

The changes had no material impact on Wintershall Dea's consolidated interim financial statements.

NOTE 5 – SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF INCOME

Revenues and other income

€ million	Q1 2023	Q1 2022
Revenues gas		
Gas sales own production	871	1,049
Gas sales trading	1,799	2,059
Unrealised gains/losses from gas derivatives	-20	-209
	2,650	2,899
Revenues oil (crude oil/condensate/NGL)		
Oil sales own production	538	918
Oil sales trading	2	1
	540	919
Total revenues gas and oil	3,190	3,818
Revenues other	18	13
Total	3,208	3,831

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'.

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 qualify 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 €59 million. In addition, revenues gas include realised losses of €204 million for fixed-price contracts for which hedge accounting is applied. Revenues oil include realised losses from oil swaps amounting to €29 million. These gains and losses are not within the scope of IFRS 15.

Production and operating expenses

€ million	Q1 2023	Q1 2022
Production costs	168	182
Change over-/underlift	-4	64
Transport fees and leases	67	66
Development costs	8	19
Cost of trade goods	1,752	1,756
Other cost of sales	—	11
Other costs	4	22
Total	1,995	2,121

Cost of trade goods covers the trading activities for gas and oil. The corresponding revenues are shown under gas and oil sales trading.

General and administrative expenses

€ million	Q1 2023	Q1 2022
Administration	106	112
Business Development	5	5
Carbon Management and Hydrogen	5	1
Total	116	118

Financial result

€ million	Q1 2023	Q1 2022
Interest income from third parties	48	28
Interest income from related parties	2	—
Foreign currency exchange gains, net	21	6
Income from investments	3	—
Financial income	**74**	**34**
Interest expenses to third parties	16	14
Interest expenses to related parties	2	—
Less capitalised borrowing costs	-1	-6
Losses from financial derivatives, net	49	58
Interest from addition to provisions	19	10
Net impairment on financial receivables and bank balances	8	1,004
Other financial expenses	4	12
Financial expenses	**98**	**1,092**
Total financial result	**-24**	**-1,058**

Income taxes

€ million	Q1 2023	Q1 2022
Current income tax expenses	523	830
Deferred taxes	-14	-155
Income taxes	**508**	**675**
EU solidarity contribution	14	—
Total	**522**	**675**

As a result of the acquisition of the participating interest in the Hokchi Block, Wintershall Dea recognized deferred tax assets of €56 million for its pre-acquisition tax loss carry forwards in Mexico.

NOTE 6 – SEGMENT REPORT

The Group's business is conducted in five segments:

- Northern Europe
- Latin America
- Middle East/North Africa
- Midstream
- Headquarter and Other

In the previous year, Russia was reported as an additional segment.

The segments Northern Europe, Latin America and Middle East/North Africa comprise the E&P business and are further divided into 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
- **Latin America:** Argentina and Mexico
- **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 Headquarter and Other (HQ and Other) includes the Management Board and corporate functions, such as the trading activities managed by the headquarter, Global Exploration and Carbon Management and Hydrogen (CMH), as well as the 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 prices.

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.

	Q1 2023						
€ million/mboe/d	Northern Europe	Latin America	Middle East/ North Africa	Midstream	HQ and Other	Consolidation	**Total**
External revenues	503	130	128	—	2,447	—	**3,208**
Inter-segment revenues	771	—	—	—	31	-803	**—**
Segment revenues	1,274	130	128	—	2,478[1]	-803	**3,208**
Depreciation and amortisation	-192	-31	-50	—	-2	—	**-274**
Exploration expenses	-7	-12	-1	—	-3	—	**-23**
Income taxes	-594	61	-16	—	27	—	**-522**
Adjusted net income	181	81	56	29	-49	—	**298**
EBITDAX	959	72	137	29	-54	—	**1,142**
of which net income from equity-accounted investments	7	—	25	29	—	—	**61**
Non-current assets[2]	9,894	2,001	1,113	508	3,096	-2,442	**14,170**
Total capex[3]	150	47	29	—	6	—	**233**
of which production and development capex	146	32	29	—	6	—	**214**
of which exploration capex	4	15	—	—	—	—	**19**
Free cash flow	408	-56	-21	—	-167	—	**164**
Production[4]	205	66	47[5]	—	—	—	**318**
of which gas	117	59	40	—	—	—	**215**
of which oil	88	7	7	—	—	—	**103**

[1] The segment revenues are exclusively related to trading activities managed by the headquarter (€2,478 million including trading activities for the Group's own production).

[2] As at 31 Mar 2023

[3] Cash outflows for intangible assets and property, plant and equipment

[4] On a working-interest basis, including proportional production from at equity-accounted companies

[5] Excluding Libya onshore

	Q1 2022							
€ million/mboe/d	Northern Europe	Russia[1]	Latin America	Middle East/ North Africa	Midstream	HQ and 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[2]	-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 taxes	-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[3]	10,711	1,701	1,967	1,077	1,456	2,984	-2,555	**17,342**
Total capex[4]	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[5]	207	351	62	49[6]	—	—	—	**669**
of which gas	109	281	55	42	—	—	—	**487**
of which oil	98	70	7	7	—	—	—	**182**

[1] Deconsolidation of Russian subsidiaries in Q4 2022

[2] The segment revenues are exclusively related to trading activities managed by the headquarter (€2,133 million including trading activities for the Group's own production).

[3] As at 31 Mar 2022

[4] Cash outflows for intangible assets and property, plant and equipment

[5] On a working-interest basis, including proportional production from at equity-accounted companies

[6] Excluding Libya onshore

External revenues are allocated to the following divisions:

EXTERNAL REVENUES

€ million	Q1 2023	Q1 2022
Norway	383	839
Germany	103	114
The Netherlands/UK/Denmark	17	20
Northern Europe	**503**	**973**
Russia[1]	**—**	**525**
Argentina	115	87
Mexico	15	23
Latin America	**130**	**110**
Egypt	85	84
Libya	27	—
Algeria	15	17
Middle East/North Africa	**128**	**101**
HQ and Other	**2,447**	**2,123**
Total	**3,208**	**3,831**

[1] Deconsolidation of Russian subsidiaries in Q4 2022

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 2023	Q1 2022
Revenues gas and oil	3,190	3,818
adjusted for unrealised changes in fair value of commodity derivatives	20	209
Revenues other	18	13
Net income from equity-accounted investments: gas and oil	32	34
Net income from equity-accounted investments: midstream	29	34
Other operating income	5	7
adjusted for gains from sale of assets/changes in consolidation scope	-3	—
Production and operating expenses	-1,995	-2,121
adjusted for net impairments and write-offs on/from operating receivables	2	9
adjusted for losses from sale of assets	2	1
Production and similar taxes	-47	-49
General and administrative expenses	-116	-118
adjusted for non-recurring items	5	3
EBITDAX	**1,142**	**1,839**

€ million	Q1 2023	Q1 2022
EBITDAX	**1,142**	**1,839**
Depreciation and amortisation	-274	-327
Exploration expenses	-23	-17
Financial income	74	34
adjusted for gains from disposal of other financial assets	-3	—
Financial expenses	-98	-1,092
adjusted for net impairments on financial receivables, bank balances and other financial assets	8	1,004
Income taxes	-522	-675
adjusted for taxes on adjusted and disregarded items	-6	-99
Adjusted net income	**298**	**669**

NOTE 7 – SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF BALANCE SHEET

Intangible assets

€ million	Goodwill	Exploration assets	Other intangible assets	Total
Cost of acquisition and production				
As at 1 Jan 2023	2,156	569	3,412	**6,137**
Additions	—	19	40	**59**
Disposals	—	-1	—	**-1**
Transfers	—	—	5	**5**
Currency translation effect	-36	-9	-53	**-97**
As at 31 Mar 2023	**2,121**	**578**	**3,405**	**6,104**
Accumulated amortisation				
As at 1 Jan 2023	—	272	1,500	**1,772**
Amortisation/depreciation	—	—	43	**43**
Currency translation effect	—	-3	-20	**-23**
As at 31 Mar 2023	**—**	**268**	**1,523**	**1,792**
Net carrying amount as at 31 Mar 2023	**2,121**	**310**	**1,881**	**4,312**

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**

Property, plant and equipment

€ 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 2023	179	18,220	13	84	**18,496**
Additions	4	531	—	1	**536**
Disposals	-4	—	—	—	**-5**
Transfers	—	8	-13	—	**-5**
Currency translation effect	-1	-271	—	—	**-272**
As at 31 Mar 2023	**178**	**18,489**	**—**	**84**	**18,751**
Accumulated amortisation					
As at 1 Jan 2023	88	10,094	13	56	**10,251**
Amortisation/depreciation	3	226	—	2	**231**
Disposals	-4	—	—	—	**-4**
Transfers	—	13	-13	—	**—**
Currency translation effect	—	-144	—	—	**-145**
As at 31 Mar 2023	**87**	**10,189**	**—**	**58**	**10,333**
Net carrying amount as at 31 Mar 2023	**90**	**8,300**	**—**	**27**	**8,417**

[1] Land and buildings include investment property.

Property, plant and equipment

€ 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.

Equity

Shareholder's equity

As at 31 March 2023, the common ownership of Wintershall Dea AG is BASF 72.7% and L1 Energy Capital Management Services S.à r.l. (LetterOne) 27.3 %.

The subscribed capital of Wintershall Dea AG amounts to €189 million and is divided into 189,437,527 ordinary shares with full voting rights and a nominal value of €1.00 each.

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 wholly classified 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 increases equity, whereas the distribution of interest payments reduces equity.

Financial debt

	31 Mar 2023		31 Dec 2022	
€ million	Non-current	Current	Non-current	Current
Bonds	3,000	923	3,000	912
less transaction cost	-9	-1	-9	-1
	2,991	**923**	**2,991**	**911**
Financial liabilities to related parties	—	456	—	410
Lease liabilities	67	21	75	18
Other financial liabilities	1	15	1	16
Total	**3,060**	**1,414**	**3,067**	**1,356**

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.

In 2022, Wintershall Dea Finance B.V. repurchased €99 million in aggregate principal amount of its bonds due in 2023. The bonds were cancelled by the issuer.

Bonds	%	Maturity	Currency	Nominal value (€ million)	Fair value 31 Mar 2023 (€ million)	**Carrying amount 31 Mar 2023 (€ million)[1]**
Bond ISIN XS2054209320	0.452	2023	EUR	901	887	**900**
Bond ISIN XS2054209833	0.840	2025	EUR	1,000	934	**998**
Bond ISIN XS2054210252	1.332	2028	EUR	1,000	864	**997**
Bond ISIN XS2055079904	1.823	2031	EUR	1,000	813	**996**
Total				**3,901**	**3,498**	**3,891**

[1] Excluding accrued interest

The fair value is determined using quoted prices on an active market. The Group's repayment obligation remains at €3,901 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 2023	31 Dec 2022
Bonds	3,914	3,903
Financial liabilities from cash pooling	456	410
Lease liabilities	88	93
Total debt	**4,458**	**4,406**
Financial receivables from cash pooling	-13	-13
Cash and cash equivalents	-2,924	-3,089
Total	**1,520**	**1,303**

NOTE 8 – CONTRACTUAL OBLIGATIONS

As at 31 March 2023, the Group has obligations based on firm orders for property, plant and equipment, as well as from field development projects in the amount of €698 million (31 December 2022: €627 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 €194 million (31 December 2022: €188 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 €191 million as at 31 March 2023 (31 December 2022: €311 million).

OBLIGATIONS ARISING FROM COMMODITY PURCHASE CONTRACTS

€ million	31 Mar 2023	31 Dec 2022
2023	78	174
2024	71	96
2025	30	36
2026	3	2
2027 and beyond	10	4
Total	**191**	**311**

NOTE 9 – 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 from BASF and LetterOne. Therefore, BASF and LetterOne and their subsidiaries are considered related parties. In addition, related parties comprise non-consolidated subsidiaries, joint ventures and associated companies not included in the consolidated financial statements due to materiality reasons.

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 2023	Q1 2022
Joint ventures/associated companies	25	16
Shareholders and their affiliates	275	390
Total	**299**	**406**

TRADE ACCOUNTS RECEIVABLE FROM/TRADE ACCOUNTS PAYABLE TO RELATED PARTIES

	Trade accounts receivable		Trade accounts payable	
€ million	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
Non-consolidated subsidiaries	14	17	15	18
Joint ventures/associated companies	14	15	10	23
Shareholders and their affiliates	80	185	—	—
Total	**108**	**217**	**24**	**42**

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

	Financial and other receivables		Financial and other liabilities	
€ million	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
Non-consolidated subsidiaries	26	28	1	7
Joint ventures/associated companies	203	201	455	404
Shareholders and their affiliates	2	2	3	4
Total	**231**	**231**	**459**	**414**

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 10 – REPORTING ON FINANCIAL INSTRUMENTS

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 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.

Existing 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 instrument. 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 2023/Q1 2023		
€ million	Commodity derivatives (fixed-price gas sales)	Commodity derivatives (oil swaps)	Foreign currency derivatives
Carrying amount			
Derivative assets	92	23	—
Derivative liabilities	1,346	107	81
Nominal amount	1,787	768	2,107
Maturity date	04/2023-12/2025	04/2023-12/2025	04/2023-09/2028
Quantity	201,037 mmscf	11,220 mbbl	
Average price or rate	€30.33/MWh	$68.45/bbl	$1.09/€
Amounts recognised in profit or loss and other comprehensive income (net)			
Changes in fair value of hedging instruments recognised in OCI	1,613	32	18
Deferred taxes on change in fair value of hedging instruments recognised in OCI	-1,199	-7	—
Reclassified from OCI to profit or loss	204	29	-32
Deferred taxes on reclassification from OCI to profit or loss	-186	-5	—
	432	**48**	**-14**

Classes and categories 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 to affiliated companies and investments that are not fully consolidated or recognised as equity-accounted investments for materiality reasons. Other equity investments shown under this position are measured at fair value through OCI or through profit or loss, respectively.

For financial debt other than bonds as well as trade and other payables that are measured at amortised costs, the carrying amounts approximate the fair values.

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 2023			
€ million	Total	Level 1[1]	Level 2[2]	Level 3[3]
Other financial assets	**258**	—	—	258
Trade accounts receivable	**47**	—	—	47
Other receivables and assets	**8**	6	—	2
Derivative financial assets	**266**	—	266	—
of which commodity derivatives	**256**	—	256	—
of which currency derivatives	**10**	—	10	—
Derivative financial liabilities	**1,625**	—	1,625	—
of which commodity derivatives	**1,505**	—	1,505	—
of which currency derivatives	**120**	—	120	—
Other financial liabilities	**15**	—	—	15

[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.

Other financial assets comprise mainly Wintershall Dea's participations in all Russian entities that are recognised at fair value through OCI since Q4 2022. The fair value remains unchanged at €248 million.

For a sub-portfolio of trade accounts receivable, the model was changed from "hold in order to collect the contractual cash flows" to "sale" in the reporting period, and the corresponding trade accounts receivable are measured at fair value through profit and loss as at 31 March 2023. The valuation is based on the expected cash flows to be realised less expected credit losses. Changes in fair value were immaterial and recognised in production and other operating expenses.

Other receivables and assets comprise mainly securities that are traded on an active market.

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 a financial guarantee that was issued in Q1 2022. The determination of the fair value was 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 2023, the negative fair value of the financial guarantee amounts to €15 million (31 December 2022: €16 million). The underlying assumptions are unchanged compared to the initial recognition. The decrease of €1 million in the reporting period is related to foreign currency translation effects only.

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

FAIR VALUE HIERARCHY

	31 Dec 2022			
€ million	**Total**	Level 1[1]	Level 2[2]	Level 3[3]
Other financial assets	**258**	—	—	258
Trade accounts receivable	**51**	—	—	51
Other receivables and assets	**3**	—	—	3
Derivative financial assets	**431**	—	431	—
of which commodity derivatives	**384**	—	384	—
of which currency derivatives	**48**	—	48	—
Derivative financial liabilities	**3,711**	—	3,711	—
of which commodity derivatives	**3,526**	—	3,526	—
of which currency derivatives	**185**	—	185	—
Other financial liabilities	**16**	—	—	16

[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.

NOTE 11 – 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, 21 April 2023
The Management Board

Mehren Smith Dijkgraaf Summers Wieland