Wintershall Dea GmbH
Q2 2021 Report

WINTERSHALL DEA
Group Management Report

Introduction

The reporting period of the condensed Group Management Report for Q2 2021 comprises the months of April through June 2021 and the comparison period comprises accordingly the months of April through June 2020. In addition, the results of operations for the first half year 2021 (1 January–30 June 2021) were compared with the results of operations for the first half year 2020 (1 January–30 June 2020).

For computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

Description of KPIs and how we steer the company

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

› Adjusted EBITDAX (EBITDAX)

› Free cash flow

› CAPEX

› Production

The **adjusted EBITDAX (EBITDAX)**[1] is a non-GAAP financial measure used for internal management control within the Wintershall Dea Group. It is the primary key indicator from the consolidated statement of income and is defined as revenues and other income less production and operating expenses, less production and similar taxes and less general and administrative expenses, adjusted for special items. The definition of EBITDAX was amended in the fourth quarter 2020. Consequently, the presented prior-year figures are amended.

Free cash flow[2] is a non-GAAP financial measure and comprises cash flow from operating activities and cash flow from investing activities but excludes payments for 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**[3] consists of payments for intangible assets, property, plant and equipment and investment properties, as shown in the Group's consolidated statement of cash flows, less capitalised exploration.

The non-financial measure **production**[4] states the produced quantities on a working interest basis of gas and liquids in thousand barrels of oil equivalent per day for the Group's segments produced, including the proportion from equity-accounted companies.

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

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

Major Business Activities in the Reporting Period

General

In June, Moody's changed our credit rating from Baa2 "negative" to Baa2 "stable", recognising our very low production costs as a result of our attractive production portfolio and reserves in combination with the ongoing global recovery of oil and gas demand leading to improved credit metrics.

In June, our shareholders – BASF and LetterOne – announced that the planned Initial Public Offering (IPO) will be targeted at a later point in time.

At the end of June, a €100 million planned distribution to the shareholders was made taking the final common dividend distribution to €600 million.

Northern Europe – Norway

In April, the annual maintenance season commenced in Norway, leading to an expected reduction in overall volumes produced in Q2. All turnarounds have been performed safely and according to schedule.

Our major development projects Njord, Nova and Dvalin are on track and expected to come on stream in H2 2022.

In May, we discovered additional volumes through successful exploration drilling in the Dvalin North license, which is expected to be tied back and contribute 71-157 million boe to the nearby Dvalin field.

Our additional smaller projects such as Ærfugl Phase 2, the Snorre Expansion project and Solveig are progressing to plan. The Gråsel field, which is a tie-back to Skarv, commenced production in June, four months ahead of schedule.

Northern Europe – Germany

In Germany, we continued our portfolio streamlining efforts with the divestment of additional licenses in the country in Q2.

Russia

The further development and commissioning of Achimov Area 4A/5A is progressing according to plan with a cumulated 1 bcm of gas gross produced since commissioning commenced earlier this year. In Yuzhno Russkoye the continued Turonian development and production ramp-up is ongoing and on track.

In May, we divested our shares in the Wolgodeminoil joint venture to our JV partner RITEK, a subsidiary of LUKOIL. The transfer of assets is part of Wintershall Dea's strategy to focus on cost-optimised gas and gas condensate production in Russia.

Latin America – Argentina

The step-wise development of the fields Aguada Federal and Bandurria Norte in the Neuquén province in central Argentina commenced and is progressing to plan. In addition to the already existing production from previous pilot phases, new production from the current drilling and completion campaign is expected in 2022.

Latin America – Mexico

In Mexico, impairments of €64 million were recognised in Q2 2021 primarily triggered by a reduction in the company's working interest in Block 7 following the working interest determination by an independent expert as part of the unitisation process.

Middle East/North Africa – Egypt

The Raven field, the last one of five fields that came on steam earlier this year in the West Nile Delta concession, reached a production level of about 650 mmscf/day and is expected to ramp up further to a peak production of 900 mmscf/d and approximately 30,000 barrels of condensate per day (gross production) marking the completion of the initial development phase of the West Nile Delta fields.

1. Business environment

1.1 MACRO FUNDAMENTALS

OIL PRICES

$/barrel	Q2 2021	Q2 2020	H1 2021	H1 2020
Average Brent price for the period[1]	68.7	29.5	64.8	40.0

[1] Source: Platts.

GAS PRICES

$/mscf	Q2 2021	Q2 2020	H1 2021	H1 2020
Average TTF price (day-ahead) for the period[1]	8.76	1.72	7.65	2.43

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

FOREIGN CURRENCY

CLOSING RATES €1 =	30 Jun 2021	31 Dec 2020
Argentinian peso (ARS)	113.63	103.16
Russian rouble (RUB)	86.77	91.47
Norwegian krone (NOK)	10.17	10.47
US dollar (USD)	1.19	1.23

AVERAGE €1 =	Q2 2021	Q2 2020	H1 2021	H1 2020
Argentinian peso (ARS)	113.52	74.63	110.13	71.18
Russian rouble (RUB)	89.43	79.61	89.55	76.67
Norwegian krone (NOK)	10.09	11.01	10.18	10.73
US dollar (USD)	1.21	1.10	1.21	1.10

1.2 REALISED PRICES

	Q2 2021	Q2 2020	H1 2021	H1 2020
Average realised liquids price[1] (in $/bbl)	**43.9**	**18.8**	**39.7**	**26.2**
Northern Europe	57.5	27.5[3]	54.1	36.9[3]
Russia[2]	15.2	6.4	12.5	8.1
Middle East/North Africa	60.6	17.4	60.4	26.6
Latin America	53.6	22.4	50.6	33.7
Average realised gas price[1] (in $/mscf)	**2.37**	**1.16**	**2.27**	**1.48**
Northern Europe	5.59	2.12	5.59	3.14
Russia[2]	0.74	0.30	0.62	0.41
Middle East/North Africa	3.29	2.86	3.15	2.93
Latin America	3.44	2.03	2.78	2.08

[1] Including commodity price hedge result.
[2] Includes the deduction of production costs and applicable taxes.
[3] The calculation for the realised liquids prices for segments includes the hedge results since Q4 2020. Consequently, the presented prior-year figures are amended.

In Q2 2021, our realised liquids price increased by 25.1 $/bbl from 18.8 $/bbl to 43.9 $/bbl (134%), compared to an increase in Brent prices of 133% compared to Q2 2020. Our realised gas price increased by 1.21 $/mscf from 1.16 $/mscf to 2.37 $/mscf (104%). This increase is lower than the increase in TTF prices (409%), mainly due to the existence of hedges with lower hedge prices compared to market prices.

2. Operational performance

2.1 PRODUCTION

NATURAL GAS (mboe/d)[1]	Q2 2021	Q2 2020	H1 2021	H1 2020
Northern Europe	94	110	104	111
Russia	244	231	248	237
Middle East/North Africa	43	38	39	39
Latin America	64	65	63	63
	445	**444**	**454**	**450**

LIQUIDS (mboe/d)[1]	Q2 2021	Q2 2020	H1 2021	H1 2020
Northern Europe	86	89	97	91
Russia	64	56	67	57
Middle East/North Africa[2]	11	8	10	10
Latin America	7	9	8	9
	168	**162**	**182**	**167**

TOTAL PRODUCTION (mboe/d)[1]	Q2 2021	Q2 2020	H1 2021	H1 2020
Northern Europe	180	199	201	202
Russia	308	287	315	294
Middle East/North Africa[2]	54	46	49	49
Latin America	71	74	71	72
	613	**606**	**636**	**617**

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

In Q2 2021, the Group's daily production averaged 613 mboe/d, of which gas was 445 mboe/d and liquids 168 mboe/d, representing an increase of 7 mboe/d compared to Q2 2020. Gas production remained stable. The production of liquids increased by 6 mboe/d (4%). Lower production in Northern Europe due to earlier maintenance compared to last year was more than offset by the commencement of production in Achimov 4A and 5A, as well as Yuzhno-Russkoye Turonian layer. In addition, the commissioning of the Raven field in Egypt contributed to the strong production of liquids and gas in North Africa/Middle East.

2.2 CAPEX[5]

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Northern Europe	-184	-308	-387	-576
Russia	-2	-2	-3	-7
Middle East/North Africa	-23	-30	-52	-85
Latin America	-13	-15	-18	-20
Other	-1	-1	-2	-1
Total	**-223**	**-356**	**-462**	**-689**

Capital expenditures amounted to €223 million in Q2 2021 compared with €356 million in Q2 2020. The majority of the capital expenditures were directed towards our major projects in Norway such as Njord and Nova. The decrease is mainly due to lower expenditures into our ongoing Norwegian development projects.

[5] Voluntary disclosure

2.3 NET EXPLORATION EXPENDITURES

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Exploration CAPEX	-34	-11	-61	-35
Northern Europe	-31	-5	-53	-22
Russia	-	-	-	-
Middle East/North Africa	-	-	-	-
Latin America	-3	-6	-8	-13
Other	-	-	-	-
Exploration expenses	-14	-19	-84	-65
Northern Europe	-4	-3	-61	-24
Russia	-	-	-	-
Middle East/North Africa	-1	-	4	-2
Latin America	-7	-15	-20	-33
Other	-2	-1	-7	-6
Adjusted for dry well costs from prior years	0	2	4	2
Adjusted for gains/losses from disposal of exploration assets	0	3	31	-4
Proceeds from disposal of exploration assets and acquisitions	2	-4	13	-3
Adjusted for changes in provisions	-1	-	-1	0
Total	**-47**	**-29**	**-98**	**-105**

In Q2 2021 exploration activities in total of €34 million were capitalised. These expenditures relate mainly to four wells drilled in Northern Europe and one well in Latin America. One well in Northern Europe was successful, the remaining four wells were not yet completed as at the balance sheet date.

Exploration expenses included expenses for the acquisition of seismic data, licence fees and expenses for dry well costs. In Q2 2021 exploration expenses decreased by 26% to €14 million compared to €19 million in Q2 2020, mainly due to lower dry hole costs in Northern Europe and lower seismic costs in Latin America.

3. Financial performance

CONSOLIDATED STATEMENT OF INCOME

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenues gas and oil	1,368	542	2,531	1,535
Revenues other	34	83	78	145
Net income from equity-accounted investments: gas and oil	6	-7	25	-6
Net income from equity-accounted investments:midstream	52	59	105	103
Other operating income	42	8	54	16
	1,502	**685**	**2,793**	**1,793**
Production and operating expenses	-726	-333	-1,222	-829
Production and similar taxes	-33	-15	-46	-47
Depreciation and amortisation	-338	-348	-661	-712
Net impairment on assets	-66	-952	-67	-952
Exploration expenses	-14	-19	-84	-65
General and administrative expenses	-179	-97	-265	-202
	146	**-1,079**	**448**	**-1,014**
Financial income	54	52	117	64
Financial expenses	-45	-132	-154	-192
	9	**-80**	**-37**	**-128**
Net income/loss (–) before taxes	**155**	**-1,159**	**411**	**-1,142**
Income taxes	-93	456	-188	349
Net income/loss (–)	**62**	**-703**	**223**	**-793**
Net income/loss (–) attributable to shareholders	**52**	**-703**	**205**	**-793**
Net income/loss (-) attributable to subordinated notes investors	10	-	18	-

3.1 COMPARISON OF Q2 2021 TO Q2 2020

EBITDAX

Revenues and other operating income

Revenues gas and oil increased by €826 million, or 152 %, to €1,368 million, compared with €542 million in the comparison period. This was mainly due to significantly higher commodity prices: the realised price for liquids increased by 134%, and the realised gas price increased by 104%.

Of the €1.368 million revenues gas and oil, gas trading revenues amounted to €431 million compared to €105 million in Q2 2020. The increase is mainly price-driven, but sales volumes increased as well slightly. The result of trading revenues is mainly offset by the trading costs.

Commodity hedges for oil and gas accounted for €-154million compared to a positive hedge effect of €33 million in the prior-year period.

The other revenues decreased by €49 million to €34 million mainly due to the decrease of construction services related to the General Contracting Agreement with Achim Development for Achimov 4A and 5A.

Other operating income, which comprises mainly income from divestments and a government grant in Argentina increased by €34 million mainly due to gains from the sale and lease back of the Hamburg headquarter building.

Production and operating expenses

Production and operating expenses increased by €393 million and accounted for €726 million compared to €333 million in Q2 2020 mainly due to an increase in cost of trade goods. The cost of trade goods increased in line with the revenues from trading from €94 million in the comparison period to €396 million in the reporting period.

Production cost, changes in over-/underlift as well as development cost increased in total by €138 million compared to Q2 2020. This was partially compensated by a decrease in other cost of sale by €48 million, mainly due to a reduction of the scope of work in Achimov 4A and 5A as the main construction work has already been done in 2020.

Overall, specific production cost increased by 21% to 3.9 €/boe compared to 3.2 €/boe in Q2 2020 mainly driven by lower production volumes due to earlier maintenance activities in Northern Europe.

PRODUCTION COSTS PER boe (€/boe)	Q2 2021	Q2 2020	H1 2021	H1 2020
Northern Europe	7.1	5.2	6.1	5.5
Russia	0.4	0.5	0.4	0.4
Middle East/North Africa	3.3	2.6	3.6	5.2
Latin America	3.7	3.6	3.3	3.4
Total	**3.9**	**3.2**	**3.5**	**3.6**

Production and similar taxes

The production and similar taxes increased by €18 million from €15 million in the comparison period to €33 million in the reporting period. The increase in royalties is mainly due to higher prices in Germany, Argentina and Mexico. In addition, the royalties in Germany were impacted by refunds in the comparison period.

General and administrative expenses

General and administrative expenses amounted to €179 million. This is an increase of €82 million compared to €97 million in the comparison period, mainly due to an increase in restructuring costs and losses from the sale of our interest in the Wolgodeminoil joint venture (€34 million).

RECONCILIATION OF EBITDAX

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenues gas and oil	1,368	542	2,531	1,535
adjusted for unrealised changes in fair value of commodity derivatives Sales	8	7	6	1
Revenues other	34	83	78	145
Net income from equity-accounted investments: gas and oil	6	-7	25	-6
Net income from equity-accounted investments: midstream	52	59	105	103
Other operating income	42	8	54	16
adjusted for gains from sale of assets/changes in consolidation scope	-25	1	-32	-
Production and operating expenses	-726	-333	-1,222	-829
adjusted for impairments/write-offs and reversal of impairment on operating receivables	-1	-1	-1	-1
adjusted for losses from sales of assets	0	-1	8	-1
adjusted for non-recurring items (merger related cost, acquisition cost, etc.)[1]	8	1	8	1
Production and similar taxes	-33	-15	-46	-47
General and administrative expenses	-179	-97	-265	-202
adjusted for losses from sale of assets	34	1	34	1
adjusted for non-recurring items (merger-related costs, acquisition costs, etc.)[2]	48	17	57	28
EBITDAX	**636**	**265**	**1,340**	**744**

[1] Q2 2021: includes restructuring cost of €8 million; Q2 2020: includes integration cost of €1 million; H1 2021: includes restructuring cost of €8 million; H1 2020: includes integration cost of €1 million

[2] Q2 2021: includes integration costs of €11 million and restructuring cost of €37 million; Q2 2020: includes integration cost of €17 million; H1 2021: includes integration cost of €20 million and restructuring cost of €37 million; H1 2020: includes integration cost of €28 million

EBITDAX increased by €371 million from €265 million in Q2 2020 to €636 million in the reporting period. The increase of the revenues gas and oil (€+827 million after adjustments, mainly caused by significantly higher commodity prices) has partly been offset by an increase after adjustments of production and operating expenses in the amount of €385 million and of general and administrative expenses of €18 million compared to Q2 2020.

EBITDAX per segment

million	Q2 2021	Q2 2020	H1 2021	H1 2020
Northern Europe	374	129	870	463
Russia	118	37	215	141
Middle East/North Africa	60	26	115	34
Latin America	84	44	137	106
Midstream	51	59	105	103
Other	-51	-30	-102	-103
Total	**636**	**265**	**1,340**	**744**

ADJUSTED NET INCOME

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
EBITDAX	636	265	1,340	744
Depreciation and amortisation	-338	-348	-661	-712
Exploration expenses	-14	-19	-84	-65
adjusted for gains/losses from sale of assets	0	-2	31	-6
Financial income	54	52	117	64
Financial expense	-45	-132	-154	-192
adjusted for impairment and reversal of impairment on financial receivables	0	75	0	75
Income taxes	-93	456	-188	349
adjusted for taxes on adjusted and disregarded items	-32	-260	-62	-258
Total	**168**	**87**	**339**	**-1**

Adjusted net income is a non-GAAP financial measure and derived from EBITDAX less depreciation and amortisation, less exploration expenses, plus financial income, less financial expenses and less income taxes, adjusted for special items as well as tax effects on adjusted special items or disregarded items (e. g. impairments on assets).

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

Exploration expenses

In the reporting period exploration expenses decreased by €5 million or 26 %, to €14 million compared to €19 million in the period Q2 2020, mainly due to lower dry hole costs in Northern Europe and lower seismic costs in Latin America.

Financial result

The financial result amounted to €9 million in the reporting period, compared to €-80 million in Q2 2020. This development was mainly due to the net impairment on financial receivables (€75 million) in the comparison period. In addition, net currency losses decreased by €8 million.

Income taxes

The income before taxes amounted to €155 million in the reporting period compared to a loss before taxes of €1,159 million in Q2 2020. In the reporting period, the Wintershall Dea Group incurred total tax expense of €93 million (comparison period: income of €456 million). The effective tax rate in Q2 2021 amounted to 60 % (Q2 2020: 39 %).

Adjusted net income

Compared to Q2 2020, adjusted net income increased by €81 million to €168 million. The positive effect of the significantly higher commodity prices has been partly offset by the increase of production and operating expenses and the increased tax expense. The net income amounted to €62 million in the reporting period compared to a loss of €703 million in the comparison period. This was mainly due to significantly lower net impairments on assets and financial receivables. For the reporting period net impairment losses on assets amount to €66 million. The impairment losses mainly relate to acquisition costs of concessions in Mexico and are primarily triggered by a reduction in the company's working interest in Block 7 following the working interest determination by an independent expert as part of the unitisation process. In the comparison period Q2 2020 Wintershall Dea performed an impairment test triggered by revised commodity price assumptions as well as a reserve update in one field resulting in an impairment on assets of €952 million. Moreover, a shareholder loan granted to an investment valued at equity was fully impaired (€75 million) in the previous year. Net of tax, the impairment losses had an impact on Q2 2020 result of €776 million.

[6] More information on exploration expenses can be found on page 9.

3.2 FINANCIAL POSITION

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Net income/loss (–)	**62**	**-703**	**223**	**-793**
Amortisation/depreciation/impairment losses/ reversal of impairment losses	412	1,309	747	1,684
Changes in provisions	22	-30	-33	-65
Changes in deferred taxes	20	-49	57	60
Gains (–)/losses from disposal of non-current assets	9	1	45	-4
Other non-cash income/expenses and finance cost	-58	4	-164	-45
Changes in working capital	-35	-105	-4	27
Changes in other balance sheet items	233	-328	487	-263
Cash flow from operating activities	**665**	**99**	**1,358**	**601**
Payments for intangible assets, property, plant and equipment and investment property	-257	-367	-523	-724
Payments for/Proceeds from acquisitions	25	–	25	-11
Proceeds from the disposal of non-current assets/divestitures	12	-3	65	50
Payments for financial receivables	-10	-23	-37	-84
Cash flow from investing activities	**-230**	**-393**	**-470**	**-769**
Dividend payment to shareholders	-100	-57	-686	-57
Capital contribution from subordinated notes investors	–	–	1,491	–
Proceeds from debt to banks	1	16	28	16
Repayments of debt to banks	-343	-4	-1,859	-4
Change in financial liabilities (related parties)	-37	-321	50	-100
Repayment of lease liabilities	-15	-17	-31	-32
Cash flow from financing activities	**-494**	**-383**	**-1,007**	**-177**
Change in cash and cash equivalents	**-59**	**-677**	**-119**	**-345**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	-5	33	36	-22
Cash and cash equivalents at beginning of reporting period	**802**	**1,091**	**821**	**814**
Cash and cash equivalents at end of reporting period	**738**	**447**	**738**	**447**

COMPARISON OF Q2 2021 TO Q2 2020

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash flow from operating activities	665	99	1,358	601
Cash flow from investing activities	-230	-393	-470	-769
Cash flow from financing activities	-494	-383	-1,007	-177
Change in cash and cash equivalents	**-59**	**-677**	**-119**	**-345**

Cash flow from operating activities

Cash flow from operating activities increased by €566 million from €99 million in Q2 2020 to €665 million in Q2 2021. This increase is mainly due to the higher commodity prices as well as changes in working capital, partially compensated by lower received dividends (€-54 million). Additionally, Q2 2021 comprises a cash inflow of €97 million tax refund from Norwegian tax authorities.

Cash flow from investing activities

Cash flow from investing activities, which includes capital expenditures, acquisitions, payments for financial receivables and proceeds from divestitures and disposals, amounted to €-230 million in Q2 2021 compared to €-393 million in Q2 2020. The change was mainly due to a decrease in capital expenditures (€-110 million) and lower payments for financial receivables (€-13 million). In Q2 2021, the proceeds from divestitures mainly reflect the sale of our interest in the Wolgodeminoil joint venture (€11 million) and the proceeds from the outstanding purchase price adjustment of our Sierra Acquisition in 2018 (€28 million).

Cash flow from financing activities

Cash flow from financing activities amounted to €-494 million in the reporting period, compared with €-383 million in Q2 2020. The change compared to the previous year was due to higher repayments of debt to banks (€-339 million) and the increase of dividend payments by €-43 million (€-100 million common dividend in Q2 2021, €-57 million preferred dividend in Q2 2020). This was partially offset by a lower decrease of liabilities from cash pooling with related parties (€284 million) - mostly impacted by the lower cash pooling of WIGA because of the change in the cash pooling contract in May 2020.

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash flow from operating activities	665	99	1,358	601
Cash flow from investing activities	-230	-393	-470	-769
less payments for/proceeds from acquisitions	-25	0	-25	11
less proceeds from the disposal of non-current assets/divestitures	-12	3	-65	-50
Free cash flow	**398**	**-291**	**798**	**-207**

3.3 NET ASSETS

BALANCE SHEET OF THE WINTERSHALL DEA GROUP

€ million	30 Jun 2021	31 Dec 2020
Intangible assets	5,633	5,629
Tangible assets	8,829	8,776
Equity-accounted investments	2,752	2,671
Financial receivables	1,169	1,127
Other assets/receivables	501	315
Non-current assets	**18,884**	**18,518**
Financial receivables	198	141
Trade and other receivables	1,004	908
Other current assets	1,038	1,410
Current assets	**2,240**	**2,459**
Assets	**21,124**	**20,977**

Non-current assets amounted to €18,884 million as at 30 June 2021, 89% of total assets. Compared to €18,518 million as at 31 December 2020, non-current assets increased by €366 million or 2%.

Intangible assets amounted to €5,633 million (31 December 2020: €5,629 million). Goodwill increased by €72 million to €2,370 million as at 30 June 2021 as a result of foreign currency translation effects. Exploration assets amounted to €653 million, a slight increase of €11 million compared to the prior year. Other intangible assets amounted to €2,610 million as at 30 June 2021, an decrease of €79 million compared to 31 December 2020, mainly due to amortisation and an impairment, partially compensated by foreign currency translation effects.

Tangible assets increased by €53 million and amounted to €8,829 million. Depreciation and disposals exceeded additions and transfers for the reporting period by €169 million; this was overcompensated by the foreign currency translation effect in the amount of €222 million.

Equity-accounted investments amounted to €2,752 million, an increase of €81 million compared to 31 December 2020, mainly due to increases in the underlying proportionate net income of the participations, dividends and foreign currency translation effects.

Additionally, other assets and receivables increased by €186 million to €501 million, mainly driven by higher deferred taxes (€231 million), partially offset by decreased derivative instruments (€52 million).

Current assets decreased by 9% compared to 31 December 2020 and amounted to €2,240 million as at 30 June 2021.

Current financial receivables increased by €57 million to €198 million, mainly due to higher loans to one of our Russian joint ventures.

Trade and other receivables amounted to €1,004 million compared with €908 million as at 31 December 2020. The increase of €96 million was due among other factors to higher revenues and currency translation.

Other current assets decreased by €372 million to €1,038 million. Income tax assets decreased in the first half of 2021 mainly as a result of the received refunds for tax value of losses for the fiscal year 2020 from Norwegian tax authorities. The decrease in cash and cash equivalents by €83 million (€821 million as at 31 December 2020) is mainly attributable to the repayment of debt to banks.

€ million	30 Jun 2021	31 Dec 2020
Equity	**7,203**	**6,435**
Provisions	3,227	3,327
Financial debt	4,060	5,886
Other non-current liabilities	3,770	3,361
Non-current liabilities	**11,057**	**12,574**
Provisions	427	437
Financial debt	528	471
Trade and other payables	925	766
Other current liabilities	984	294
Current liabilities	**2,864**	**1,968**
Equity and liabilities	**21,124**	**20,977**

Equity increased by €768 million to €7,203 million, mainly due to capital raised through the issuance of Subordinated notes (€1,491 million). The increase was partly compensated by paid dividends of €686 million.

Compared with 31 December 2020, non-current liabilities decreased by €1,517 million to €11,057 million as at 30 June 2021.

Overall, non-current provisions declined by €100 million to €3,227 million as at 30 June 2021. Provisions for pensions decreased by €81 million to €550 million due to a change in the discount rate. Decommissioning provisions amounted to €2,576 million (31 December 2020: €2,607 million), the decrease is mainly stemming from the disposal of assets in Germany partially offset by additions in Norway and the effects from foreign currency translation. Other provisions increased by €12 million mainly due to additions to restructuring provisions (€23 million), partially compensated by a reclassification from long to short term provisions (€-11 million) and amounted to €101 million.

Non-current financial debt amounted to €4,060 million (31 December 2020: €5,886 million). The decline of €1,826 million was due to the complete repayment of bank facilities.

Other non-current liabilities include derivative instruments, other liabilities, income tax liabilities and deferred tax liabilities. The increase in derivative instruments (€235 million) was only attributable to commodity derivatives. Deferred taxes increased by €176 million to €3,426 million.

Current liabilities increased by €896 million to €2,864 million as of 30 June 2021. This was mainly driven by the increase of derivative instruments (€647 million, resulting from commodity derivatives) and trade and other payables (€159 million).

Overall, current provisions decreased by €10 million to €427 million. Decommissioning provisions increased by €6 million to €173 million and other provisions decreased by €16 million to €255 million, mainly due to the utilisation of personnel provisions (€41 million) and restructuring provisions (€35 million). This was partly compensated by the additions to personnel provisions (€19 million) and restructuring provisions (€15 million), reclassification of provisions from long to short term (€11 million) and the increase of miscellaneous other provisions by €22 million.

Current financial debt increased by €57 million, mainly due to higher cash pool liabilities (€60 million).

Trade and other payables increased by €159 million to €925 million compared with €766 million as at 31 December 2020.

Other current liabilities include derivative instruments and income tax liabilities (30 June 2021: €984 million). The increase by €647 million in derivative instruments (€258 million as at 31 December 2020) was mainly attributable to commodity derivatives.

NET DEBT/EBITDAX RATIO

€ million	30 Jun 2021	31 Dec 2020
Debt to banks	0	1,828
Bonds	4,020	3,997
Financial liabilities from cash pooling	454	394
Lease liabilities	108	133
Total debt	**4,582**	**6,352**
Financial receivables from cash pooling	-18	-12
Cash and cash equivalents	-738	-821
Net debt	**3,826**	**5,519**
EBITDAX (LTM)[1]	**2,239**	**1,643**
Net debt/EBITDAX ratio	**1.7**	**3.4**

[1] LTM = Last twelve months

Net debt as at 30 June 2021 amounted to €3,826 million, resulting in a net debt to EBITDAX ratio of 1.7x (31 December 2020: 3.4x).

Kassel/Hamburg, 23 July 2021

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

WINTERSHALL DEA CONSOLIDATED INTERIM FINANCIAL STATEMENTS Q2 AND H1 2021

CONSOLIDATED STATEMENT OF INCOME

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenues gas and oil	1,368	542	2,531	1,535
Revenues other	34	83	78	145
Net income from equity-accounted investments:gas and oil	6	-7	25	-6
Net income from equity-accounted investments:midstream	52	59	105	103
Other operating income	42	8	54	16
	1,502	**685**	**2,793**	**1,793**
Production and operating expenses	-726	-333	-1,222	-829
Production and similar taxes	-33	-15	-46	-47
Depreciation and amortisation	-338	-348	-661	-712
Net impairment on assets	-66	-952	-67	-952
Exploration expenses	-14	-19	-84	-65
General and administrative expenses	-179	-97	-265	-202
	146	**-1,079**	**448**	**-1,014**
Financial income	54	52	117	64
Financial expenses	-45	-132	-154	-192
	9	**-80**	**-37**	**-128**
Income/loss (–) before taxes	**155**	**-1,159**	**411**	**-1,142**
Income taxes	-93	456	-188	349
Net income/loss (–)	**62**	**-703**	**223**	**-793**
Net income/loss (–) attributable to shareholders	**52**	**-703**	**205**	**-793**
Net income/loss (-) attributable to subordinated notes investors	10	–	18	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Net income/loss (–)	**62**	**-703**	**223**	**-793**
Actuarial gains/losses	5	-2	62	-20
Income and expenses that will not be reclassified to the statement of income at a later date, recognised directly in equity	**5**	**-2**	**62**	**-20**
Unrealised gains/losses on currency translation	-23	-7	191	-128
Unrealised gains/losses on currency translation from equity-accounted investments	53	-44	80	-44
Fair value changes in derivatives designated in cash flow hedges	-515	-40	-603	-7
Fair value changes in derivatives designated in cash flow hedges from equity-accounted investments	2	6	8	4
Income and expenses that will be reclassified to the statement of income at a later date, recognised directly in equity	**-483**	**-85**	**-324**	**-175**
Other comprehensive income (net of tax)	**-478**	**-87**	**-262**	**-195**
Total comprehensive income	**-416**	**-790**	**-39**	**-988**
Total comprehensive income attributable to shareholders	-426	-790	-57	-988
Total comprehensive income attributable to subordinated notes investors	10	–	18	–

CONSOLIDATED BALANCE SHEET

€ million	30 Jun 2021	31 Dec 2020
Assets		
Non-current assets		
Goodwill	2,370	2,298
Exploration assets	653	642
Other intangible assets	2,610	2,689
Property, plant and equipment and investment property	8,829	8,776
Equity-accounted investments	2,752	2,671
Other financial assets	20	16
Financial receivables	1,169	1,127
Derivative instruments	69	121
Other receivables	41	38
Deferred tax assets	371	140
	18,884	**18,518**
Current assets		
Inventories	193	201
Financial receivables	198	141
Trade and other receivables	1,004	908
Derivative instruments	103	92
Income tax assets	4	296
Cash and cash equivalents	738	821
	2,240	**2,459**
Total assets	**21,124**	**20,977**

€ million	30 Jun 2021	31 Dec 2020
Equity and liabilities		
Equity attributable to shareholders and subordinated notes investors		
Subscribed capital	189	189
Capital reserve	1,161	1,161
Retained earnings and other comprehensive income	4,342	5,085
Equity attributable to subordinated notes investors	1,511	–
	7,203	**6,435**
Non-current liabilities		
Pension provisions	550	631
Decommissioning provisions	2,576	2,607
Other provisions	101	89
Financial debt	4,060	5,886
Derivative instruments	297	62
Income tax liabilities	26	18
Other liabilities	21	31
Deferred tax liabilities	3,426	3,250
	11,057	**12,574**
Current liabilities		
Decommissioning provisions	173	167
Other provisions	254	270
Financial debt	528	471
Trade and other payables	925	766
Derivative instruments	905	258
Income tax liabilities	79	36
	2,864	**1,968**
Total equity and liabilities	**21,124**	**20,977**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other comprehensive income					
€ million	Subscribed capital of Wintershall Dea GmbH	Capital reserves of Wintershall Dea GmbH	Retained earnings and net retained profit	Remeasure-ment of defined benefit plans	Foreign currency translation	Cash flow hedges	Share-holders' equity	Equity attributable to subordinated notes investors	Total
As at 1 Jan 2021	**189**	**1,161**	**7,047**	**-225**	**-1,496**	**-241**	**6,435**	**–**	**6,435**
Other comprehensive income	–	–	–	62	271	-595	-262	–	-262
Net income/loss (–)	–	–	205	–	–	–	205	18	223
Total comprehensive income	–	–	205	62	271	–595	-57	18	-39
Capital increase/ decrease (–)	–	–	–	–	–	–	–	1,491	1,491
Dividend distribution	–	–	-686	–	–	–	–686	–	-686
Other changes	–	–	–	–	–	–	–	2	2
As at 30 Jun 2021	**189**	**1,161**	**6,566**	**-163**	**-1,225**	**-836**	**5,692**	**1,511**	**7,203**
As at 1 Jan 2020	**189**	**6,152**	**2,943**	**-190**	**-786**	**-19**	**8,289**	**–**	**8,289**
Other comprehensive income	–	–	–	-20	-172	-3	-195	–	-195
Net income/loss (–)	–	–	-793	–	–	–	-793	–	-793
Total comprehensive income	–	–	-793	-20	-172	-3	-988	–	-988
Capital increase/ decrease (–)	–	9	–	–	–	–	9	–	9
Dividend distribution	–	–	-57	–	–	–	-57	–	-57
Other changes	–	-5,000	5,000	–	–	–	–	–	–
As at 30 Jun 2020	**189**	**1,161**	**7,093**	**-210**	**-958**	**-22**	**7,253**	**–**	**7,253**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Net income/loss (–)	**62**	**-703**	**223**	**-793**
Amortisation/depreciation/impairment losses/reversal of impairment losses	412	1,309	747	1,684
Changes in provisions	22	-30	-33	-65
Changes in deferred taxes	20	-49	57	60
Gains (–)/losses from disposals of non-current assets	9	1	45	-4
Other non-cash income/expenses and finance cost	-58	4	-164	-45
Changes in working capital	-35	-105	-4	27
Changes in other balance sheet items	233	-328	487	-263
Cash flow from operating activities	**665**	**99**	**1,358**	**601**
Payments for intangible assets, property, plant and equipment and investment property	-257	-367	-523	-724
Payments for/proceeds from acquisitions	25	–	25	-11
Proceeds from the disposal of non-current assets/divestitures	12	-3	65	50
Payments for financial receivables	-10	-23	-37	-84
Cash flow from investing activities	**-230**	**-393**	**-470**	**-769**
Dividend payment to shareholders	-100	-57	-686	-57
Capital contribution from subordinated notes investors	–	–	1,491	–
Proceeds from debt to banks	1	16	28	16
Repayments of debt to banks	-343	-4	-1,859	-4
Change in financial liabilities (related parties)	-37	-321	50	-100
Repayment of lease liabilities	-15	-17	-31	-32
Cash flow from financing activities	**-494**	**-383**	**-1,007**	**-177**

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Change in cash and cash equivalents	**-59**	**-677**	**-119**	**-345**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	-5	33	36	-22
Cash and cash equivalents at beginning of reporting period	**802**	**1,091**	**821**	**814**
Cash and cash equivalents at end of reporting period	**738**	**447**	**738**	**447**
Supplementary information on cash flows from operating activities				
Income tax paid (less refunds)	59	-12	215	-61
Interest paid	-4	-9	-10[1]	-17
Interest received	6	8	9	15
Dividends received gas and oil	2	35	4	35
Dividends received midstream	93	114	103	114

[1] Includes capitalised borrowing cost of €-9 million shown as part of the payments for intangible assets, property plant and equipment and investment property in the cash flow from investing activities.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 – Basis of presentation

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

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

The presented consolidated interim financial statements comprise the second quarter (Q2) as well as the six months period ended 30 June 2021 (H1). 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 2020. The consolidated interim financial statements apply the same accounting policies and practices as those used in the 2020 annual financial statements, except where financial reporting standards have been applied for the first time in 2021 (see Note 4).

SELECTED EXCHANGE RATES

	BALANCE SHEET DATE		AVERAGE	
€1 =	30 Jun 2021	31 Dec 2020	H1 2021	H1 2020
Argentinian peso (ARS)	113.63	103.16	110.13	71.18
Brazilian real (BRL)	5.91	6.37	6.49	5.41
British pound (GBP)	0.86	0.90	0.87	0.87
Norwegian krone (NOK)	10.17	10.47	10.18	10.73
Russian rouble (RUB)	86.77	91.47	89.55	76.67
US dollar (USD)	1.19	1.23	1.21	1.10
Mexican peso (MXN)	23.58	24.42	24.33	23.84

Discount rates

The discount rates applied for decommissioning provisions remain unchanged between 0% and 6.25%. Pension provisions are discounted at an interest rate of 1.11% in Germany (31 December 2020: 0.70%) and at an interest rate of 1.50% in Norway (31 December 2020: 1.50%).

Note 2 – Scope of consolidation

The consolidated interim financial statements include 48 fully consolidated companies and one proportionally consolidated company (31 December 2020: 49 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 2020: 8). Following the sale of its direct interest in the Wolgodeminoil joint venture, Wintershall Dea Wolga Petroleum GmbH was reclassified from equity-accounted investments to other financial assets due to materiality reasons. Moreover, one fully consolidated company was deconsolidated due to liquidation.

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

Note 3 – Major asset sales

In May 2021, Wintershall Dea Wolga Petroleum GmbH sold its interest in Wolgodeminoil LLC. The sale led to a loss of €34 million predominately due to the recycling of currency translation effects from equity (OCI) to profit and loss (€35 million), reported under general and administrative expenses.

The recent sale of the Hamburg Headquarter building (change of control as of 1 April 2021), which was incorporated into a sale-and-leaseback transaction and therefore recognised in accordance with the regulations stated in IFRS 16, led to a gain of €22 million, included in the other operating income.

Note 4 - Changes in accounting standards

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

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

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

Note 5 – Supplementary information on consolidated statement of income

REVENUES

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenues gas				
Gas sales own production	371	220	767	554
Gas sales trading	431	105	760	311
Unrealised gains/losses from gas derivatives	-8	-1	-6	-1
	794	**324**	**1,521**	**864**
Revenues oil				
Oil sales own production[1]	573	215	1,008	662
Oil sales trading	1	3	2	9
	574	**218**	**1,010**	**671**
Total revenues gas and oil	**1,368**	**542**	**2,531**	**1,535**
Revenues other	34	83	78	145
Total	**1,402**	**625**	**2,609**	**1,680**

[1] Including realised gains and losses from oil swaps that had been disclosed in separate line in the interim financial statements for the period ended 30 June 2020

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

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

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

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

In the first half of 2021, realised gains from gas sales and purchase contracts measured at fair value through profit or loss according to IFRS 9 are recognised as gas sales revenues and cost of trade goods in the amount of €7 million. In addition, gas sales revenues include realised losses of €167 million for fixed price contracts for which hedge accounting is applied. Oil sales revenues include realised losses from oil swaps amounting to €47 million. These gains and losses are not within the scope of IFRS 15.

PRODUCTION AND OPERATING EXPENSES

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Production costs	156	132	298	298
Change over-/underlift	67	-40	9	-35
Transport fees and leases	56	62	111	125
Development costs	14	7	3	12
Cost of trade goods	396	94	715	287
Other cost of sales	30	78	71	142
Other costs	7	0	15	0
Total	**726**	**333**	**1,222**	**829**

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

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

GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses include € 37 million restructuring costs which are partly related to prior periods.

FINANCIAL RESULT

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Interest income from third parties	29	26	59	56
Interest income from related parties	2	5	3	5
Foreign currency exchange gains, net	–	–	53	–
Gains from financial derivatives, net	21	18	–	–
Income from investments	2	3	2	3
Financial income	**54**	**52**	**117**	**64**
Interest expenses to third parties	14	20	30	39
Less capitalised borrowing costs	-5	-11	-9	-21
Foreign currency exchange losses, net	29	37	–	35
Losses from financial derivatives, net	–	–	120	42
Interest from addition to provisions	6	10	12	21
Net impairment on financial receivables	0	75	0	75
Other financial expenses	1	1	1	1
Financial expenses	**45**	**132**	**154**	**192**
Total financial result	**9**	**-80**	**-37**	**-128**

INCOME TAXES

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Current income tax expense	73	-405	132	-409
Deferred tax expenses	20	-51	56	60
Total	**93**	**-456**	**188**	**-349**

Note 6 – Segment reporting

The Group's business is conducted in six segments:

› Northern Europe

› Russia

› Middle East/North Africa (MENA)

› Latin America (LATAM)

› Midstream

› Other

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

› **Northern Europe:** Germany, Norway and Denmark/The Netherlands/UK

› **Russia:** Russia

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

› **Latin America:** Argentina, Mexico and Brazil

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

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

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

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

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

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

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

Q2 2021

€ million / mboe/d	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	523	166	85	120	1	507	–	1,402
Inter-segment revenues	120	–	–	–	–	2	-122	–
Segment revenues	643	166	85	120	1	509	-122	1,402
Depreciation and amortisation	-245	-10	-34	-47	0	-2	–	-338
Net impairment on assets	0	–	-2	-64	–	–	–	-66
Exploration expenses	-4	–	-1	-7	–	-2	–	-14
Income tax	-71	-35	0	7	0	6	–	-93
Adjusted net income	32	75	28	14	52	-33	–	168
EBITDAX	374	118	60	84	51	-51	–	636
of which net income from equity-accounted investments	3	8	-4	–	51	–	–	58
Total CAPEX[1]	-215	-2	-23	-16	–	-1	–	-257
of which production and development CAPEX	-184	-2	-23	-13	–	-1	–	-223
of which exploration CAPEX	-31	–	–	-3	–	–	–	-34
Free cash flow	263	63	23	47	50	-48	–	398
Production[2] [3]	180	308	54[4]	71	–	–	–	613
of which gas	94	244	43	64	–	–	–	445
of which liquids	86	64	11	7	–	–	–	168

[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 Production (mboe/d) is not an IFRS measure.
[4] Excluding Libya onshore

Q2 2020

€ million / mboe/d	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	242	136	46	76	1	124	–	625
Inter-segment revenues	33	–	–	0	–	1	-34	–
Segment revenues	275	136	46	76	1	125	-34	625
Depreciation and amortisation	-263	-6	-27	-51	0	-1	–	-348
Net impairment on assets	-287	-17	-484	-164	–	–	–	-952
Exploration expenses	-3	–	0	-15	–	-1	–	-19
Income tax	416	-10	0	33	1	16	–	456
Adjusted net income	57	23	3	-61	58	7	–	87
EBITDAX	129	37	26	44	59	-30	–	265
of which net income from equity-accounted investments	-9	5	-3	–	59	–	–	52
Total CAPEX[1]	-313	-2	-30	-21	–	-1	–	-367
of which production and development CAPEX	-308	-2	-30	-15	–	-1	–	-356
of which exploration CAPEX	-5	–	–	-6	–	–	–	-11
Production[2 3]	199	287	46[4]	74	–	–	–	606
of which gas	110	231	38	65	–	–	–	444
of which liquids	89	56	8	9	–	–	–	162

[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] Production (mboe/d) is not an IFRS measure.
[4] Excluding Libya onshore

€ million / mboe/d	H1 2021							
	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	940	305	134	203	1	1,026	–	2,609
Inter-segment revenues	331	–	–	–	–	17	-348	–
Segment revenues	1,271	305	134	203	1	1,043	-348	2,609
Depreciation and amortisation	-503	-22	-48	-85	0	-3	–	-661
Net impairment on assets	0	–	-3	-64	–	–	–	-67
Exploration expenses	-61	–	4	-20	–	-7	–	-84
Income tax	-127	-44	1	5	0	-23	–	-188
Adjusted net income	147	153	50	-23	105	-93	–	339
EBITDAX	870	215	115	137	105	-102	–	1,340
of which net income from equity-accounted investments	3	15	7	–	105	–	–	130
Total CAPEX[1]	-440	-3	-52	-26	–	-2	–	-523
of which production and development CAPEX	-387	-3	-52	-18	–	-2	–	-462
of which exploration CAPEX	-53	–	–	-8	–	–	–	-61
Free cash flow	710	186	-21	32	59	-168	–	798
Production[2 3]	201	315	49[4]	71	–	–	–	636
of which gas	104	248	39	63	–	–	–	454
of which liquids	97	67	10	8	–	–	–	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] Production (mboe/d) is not an IFRS measure.
[4] Excluding Libya onshore

€ million / mboe/d	H1 2020							
	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	786	302	93	173	1	325	–	1,680
Inter-segment revenues	61	–	–	0	–	3	-64	–
Segment revenues	847	302	93	173	1	328	-64	1,680
Depreciation and amortisation	-538	-13	-54	-104	0	-3	–	-712
Net impairment on assets	-287	-17	-484	-164	–	–	–	-952
Exploration expenses	-24	–	-2	-33	–	-6	–	-65
Income tax	318	-28	6	26	1	26	–	349
Adjusted net income	23	105	-9	-87	100	-133	–	-1
EBITDAX	463	141	34	106	103	-103	–	744
of which net income from equity-accounted investments	-15	14	-5	–	103	–	–	97
Total CAPEX[1]	-598	-7	-85	-33	–	-1	–	-724
of which production and development CAPEX	-576	-7	-85	-20	–	-1	–	-689
of which exploration CAPEX	-22	–	–	-13	–	–	–	-35
Production[2 3]	202	294	49[4]	72	–	–	–	617
of which gas	111	237	39	63	–	–	–	450
of which liquids	91	57	10	9	–	–	–	167

[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] Production (mboe/d) is not an IFRS measure.
[4] Excluding Libya onshore

External revenues are allocated to the following divisions:

EXTERNAL REVENUES

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Norway	422	151	738	535
Germany	88	91	189	251
UK/ Denmark/ Netherlands	13	–	13	–
Northern Europe	**523**	**242**	**940**	**786**
Russia	**166**	**136**	**305**	**302**
Egypt	77	36	115	71
Algeria	8	10	19	22
Middle East/North Africa	**85**	**46**	**134**	**93**
Argentina	107	68	177	150
Mexico	13	8	26	23
Latin America	**120**	**76**	**203**	**173**
Midstream	**1**	**1**	**1**	**1**
Other	**507**	**124**	**1,026**	**325**
Total	**1,402**	**625**	**2,609**	**1,680**

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. impairments on assets).

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
Sales revenues gas and oil	1,368	542	2,531	1,535
adjusted for unrealised changes in fair value commodity derivatives	8	7	6	1
Sales revenues other	34	83	78	145
Net income from equity-accounted investments: gas and oil	6	-7	25	-6
Net income from equity-accounted investments: midstream	52	59	105	103
Other operating income	42	8	54	16
adjusted for gains from sale of assets/changes in consolidation scope	-25	1	-32	0
Production and operating expenses	-726	-333	-1,222	-829
adjusted for impairments/write-offs and reversal of impairment on operating receivables	-1	-1	-1	-1
adjusted for losses from sale of assets	0	-1	8	-1
adjusted for non-recurring items (merger-related cost, acquisition cost, etc.)	8	1	8	1
Production and similar taxes	-33	-15	-46	-47
General and administrative expenses	-179	-97	-265	-202
adjusted for losses from sale of assets/changes in consolidation scope	34	1	34	1
adjusted for non-recurring items (merger-related cost, acquisition cost etc.)	48	17	57	28
EBITDAX	**636**	**265**	**1,340**	**744**

€ million	Q2 2021	Q2 2020	H1 2021	H1 2020
EBITDAX	**636**	**265**	**1,340**	**744**
Depreciation and amortisation	-338	-348	-661	-712
Exploration expenses	-14	-19	-84	-65
adjusted for gains/losses from sale of assets	0	-2	31	-6
Financial income	54	52	117	64
Financial expenses	-45	-132	-154	-192
adjusted for impairment/write-offs and reversal of impairment on financial receivables	0	75	0	75
Income tax	-93	456	-188	349
adjusted for taxes on adjusted and disregarded items	-32	-260	-62	-258
Adjusted net income	**168**	**87**	**339**	**-1**

Note 7 – Supplementary information on Balance Sheet

INTANGIBLE ASSETS

€ million	30 Jun 2021	31 Dec 2020
Goodwill	2,370	2,298
Exploration	653	642
Other intangible assets	2,610	2,689
Total	**5,633**	**5,629**

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

€ million	30 Jun 2021	31 Dec 2020
Land and buildings[1]	108	124
Gas and oil assets	8,687	8,618
Other plant machinery and equipment	8	8
Fixtures and fittings and office equipment	26	26
Total	**8,829**	**8,776**

[1] Land and buildings include investment property.

Impairment testing

Impairment tests of individual cash-generating units are performed when triggering events point to a potential impairment.

An impairment is recognised when the book value of an asset or a cash-generating unit, including goodwill, exceeds the recoverable amount. The recoverable amount corresponds to the fair value less cost of disposal (level 3 in fair value hierarchy). For producing licences and licences in the development phase the recoverable amount is estimated based on discounted future after tax cash flows.

In the first half of 2021, impairment losses of €67 million are recognised as net impairments on assets. The impairment losses mainly relate to acquisition costs of concessions in Mexico, and are primarily triggered by a reduction in the company's working interest in Block 7 following the working interest determination by an independent expert as part of the unitisation process.

The macroeconomic assumptions such as the oil and gas price scenario and discounts rates remain unchanged to the impairment test for year-end 2020.

Subordinated Notes (Equity)

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

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

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

Financial Debt/Net Debt

	30 Jun 2021		31 Dec 2020	
€ million	Non-current	Current	Non-current	Current
Bonds	4,000	34	4,000	12
less transaction cost	-14	-	-15	-
	3,986	34	3,985	12
Debt to banks	–	–	1,819	3
less/plus transaction cost and embedded derivatives	–	–	6	–
	–	–	1,825	3
Financial liabilities to related parties	–	460	–	399
Lease liabilities	74	34	76	57
Total	**4,060**	**528**	**5,886**	**471**

Bonds

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

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

BONDS	%	Maturity	Currency	Nominal value (€ million)	Fair value 30 Jun 2021 (€ million)	Carrying amount 30 Jun 2021 (€ million)
Bond ISIN XS2054209320	0.452	2023	EUR	1,000	1,013	997
Bond ISIN XS2054209833	0.840	2025	EUR	1,000	1,026	997
Bond ISIN XS2054210252	1.332	2028	EUR	1,000	1,037	996
Bond ISIN XS2055079904	1.823	2031	EUR	1,000	1,052	996
Total				**4,000**	**4,128**	**3,986**

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

Debt to banks

Debt to banks comprised an external financing arrangement via a consortium of banks (Syndicated Credit Facilities Agreement). Facility B was fully and Facility C was partially repaid using the net proceeds from the Subordinated Notes in January 2021. The remaining outstanding amount of €335 million for Facility C was fully repaid in May, resulting in no term debt obligations as at 30 June 2021.

Transaction cost were capitalised as a reduction of the loan amount. In addition, the financing facility comprised embedded derivatives which were required to be separated. The positive fair value of the embedded derivatives was initially recognised as an increase in the loan amount. Both amounts were being amortised over the term of the loans with corresponding impact on the financial result. Following the repayments in January and May an amount of €6 million was immediately amortised in profit or loss.

BREAKDOWN OF DEBT TO BANKS (incl. accrued interest)	Maturity	Interest rate	Currency	Nominal value (contract currency million)	30 Jun 2021 (€ million)	31 Dec 2020 (€ million
Facility B	04/2022	0.6 %	EUR	–	–	586
	04/2022	0.85–2.61 %	USD	–	–	328
Facility C	04/2024	0.75 %	EUR	–	–	586
	04/2024	1.01–2.76 %	USD	–	–	328
Total					–	**1,828**

Credit facilities

A revolving credit facility (RCF) in the total amount of €900million, with an initial tenor of five-years and additional extension options of up to two years was agreed with the bank consortium and can be utilised if necessary. The first one-year extension as well as the second one-year extension was confirmed for a total extension amount of €886 million. This facility is currently undrawn.

NET DEBT

€ million	30 Jun 2021	31 Dec 2020
Cash and cash equivalents	-738	-821
Financial receivables from cash pooling	-18	-12
Bonds	4,020	3,997
Debt to banks	0	1,828
Financial liabilities from cash pooling	454	394
Lease liabilities	108	133
Total	**3,826**	**5,519**

Note 8 – Contractual commitments

As at 30 June 2021, the Group has obligations based on firm orders for property, plant and equipment, as well as from field development projects, in the amount of €312 million (31 December 2020: €373 million).

Furthermore, the Wintershall Dea Group is committed to a certain number of exploration wells and seismic surveys within the context of exploration licences. The estimated expenditures amount to €104 million (31 December 2020: €110 million).

Further obligations from purchase contracts resulted primarily from long-term purchase commitments for naturalgas ('own use contracts'). The firm purchase commitment from own use contracts amount to €183 million as at 30 June 2021 (31 December 2020: €150 million).

OBLIGATIONS ARISING FROM COMMODITY PURCHASE CONTRACTS

€ million	30 Jun 2021	31 Dec 2020
2021	55	51
2022	60	39
2023	38	30
2024	21	18
2025	9	9
2026	-	1
2027 and maturities extending beyond this	-	2
Total	**183**	**150**

Note 9 – Related-party disclosures

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

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

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

REVENUES WITH RELATED PARTIES

€ million	H1 2021	H1 2020
Non-consolidated subsidiaries	–	–
Joint ventures/associated companies	99	142
Shareholders and their affiliates	171	131
Total	**270**	**273**

TRADE ACCOUNT RECEIVABLES FROM/TRADE ACCOUNTS PAYABLES TO RELATED PARTIES

	Trade accounts receivables		Trade accounts payables	
€ million	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Non-consolidated subsidiaries	5	9	3	3
Joint ventures/associated companies	36	32	20	8
Shareholders and their affiliates	48	36	5	6
Total	**89**	**77**	**28**	**17**

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

	Financial and other receivables		Financial and other liabilities	
€ million	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Non-consolidated subsidiaries	44	26	26	12
Joint ventures/associated companies	323	288	434	387
Shareholders and their affiliates	–	–	–	–
Total	**367**	**314**	**460**	**399**

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

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

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

Note 10 – Reporting on financial instruments

Derivative financial instruments and hedge accounting

Commodity derivatives

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

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

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

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

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

Foreign currency derivatives

In the context of the Group's ordinary net foreign currency exposure derivatives are 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.

Embedded derivatives

In the context of financing activities, embedded derivatives had been identified, which were required to be separated and accounted for at fair value. Following the complete repayment of the credit facilities, the embedded derivatives have been derecognised accordingly.

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

	30 Jun 2021/H1 2021		
€ million	Commodity derivatives (fixed-price gas sales)	Commodity derivatives (oil swaps)	Foreign currency derivatives
Carrying amount			
Derivative assets	–	–	49
Derivative liabilities	878	171	19
Nominal amount	1,328	993	1,325
Maturity date	07/2021-12/2024	07/2021-12/2024	09/2023-09/2028
Quantity	296,229 mmscf	17,539 mbbl	
Average price or rate	15.30 EUR/MWh	56.64 USD/bbl	1.10 USD/€
Amounts recognised in profit or loss or other comprehensive income			
Change in fair value of hedging instrument recognised in OCI	-825	-255	-55
Reclassified from OCI to profit or loss	167	47	73

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, 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

	30 Jun 2021			
€ million	Total	Level 1[1]	Level 2[2]	Level 3[3]
Other receivables	–	–	–	–
Derivative financial assets	172	–	172	–
of which commodity derivatives	95	–	95	–
of which currency derivatives	77	–	77	–
of which embedded derivatives	–	–	–	–
Derivative financial liabilities	1,202	–	1,202	–
of which commodity derivatives	1,156	–	1,156	–
of which currency derivatives	46	–	46	–

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

FAIR VALUE HIERARCHY

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

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

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

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

The other receivables comprised the fair value of a contingent consideration resulting from a purchase agreement. Following a settlement agreement with the seller the claim was settled and Wintershall Dea Group received €28 million in the second quarter of 2021.

Note 11 – Impact of the COVID-19 pandemic

In June 2020, the Norwegian government enacted temporary changes in the petroleum tax system, in effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 situation. The changes include an increase of the uplift allowance to 24% for investments and the direct tax expense of both uplift allowance and capital expenditures in the special petroleum tax regime in 2020 and 2021. These changes result in a positive tax effect of €18 million in the tax result of the first half of 2021. In addition, cash refunds for the tax value of losses from Norwegian tax authorities have been received in the first half of 2021 totalled NOK 2,929 million (€286 million), whereof NOK 976 million (€97 million) have been received in the second quarter.

Note 12 – Events after the balance sheet date

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

Kassel/Hamburg, 23 July 2021

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