wintershall dea

Q2 2022 Report

WINTERSHALL DEA

Wintershall Dea

GROUP MANAGEMENT REPORT

Q2 2022

1. CORPORATE PROFILE

1.1 BUSINESS MODEL AND STRUCTURE

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

The Group's business is conducted in six segments:

› Northern Europe

› Russia

› Latin America

› Middle East/North Africa

› Midstream

› Other

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

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

› **Russia**: Russia

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

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

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

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

[1] Following the decision to terminate all activities in Brazil, the Brazilian subsidiary was deconsolidated as of 1 June 2022.

1.2 MANAGEMENT SYSTEM

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

› **Adjusted EBITDAX (EBITDAX)**

› **Free cash flow**

› **Capex**

› **Production**

The **'adjusted EBITDAX' (EBITDAX)** is a non-GAAP financial measure used for internal management control within Wintershall Dea. It is the primary key indicator derived from the consolidated statement of income and is defined as revenues and other income less production and operating expenses, less production and similar taxes and less general and administrative expenses, adjusted for special items. Further information on the EBITDAX reconciliation is provided in the chapter *Earnings performance*.

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

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

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

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

2. BUSINESS REPORT

2.1 INTRODUCTION

The reporting period for the group management report comprises the period from 1 April 2022 through 30 June 2022 and the comparison period comprises accordingly the period from 1 April 2021 through 30 June 2021. In addition, the results of operations for the first half year 2022 (1 January 2022 – 30 June 2022) were compared with the results of operations for the first half year 2021 (1 January 2021 – 30 June 2021).

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

2.2 BUSINESS ENVIRONMENT

Macro fundamentals

Gas prices

Average TTF prices increased from $8.76/mscf in Q2 2021 to $29.84/mscf during the reporting period.

$/mscf	Q2 2022	Q2 2021	H1 2022	H1 2021
Average Gas price for the period[1]	29.84	8.76	30.67	7.65

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

Oil prices

Average Brent crude oil prices increased from $68.7/bbl in Q2 2021 to $113.8/bbl during the reporting period.

$/bbl	Q2 2022	Q2 2021	H1 2022	H1 2021
Average Brent price for the period[1]	113.8	68.7	107.6	64.8

[1] Source: Platts

Foreign currencies

Closing rates €1 =	30 Jun 2022	31 Dec 2021
Argentinian peso (ARS)	130.56	116.49
Russian rouble (RUB)	56.41	85.30
Norwegian krone (NOK)	10.35	9.99
US dollar (USD)	1.04	1.13
Average rates €1 =	Q2 2022	Q2 2021
Argentinian peso (ARS)	125.68	113.52
Russian rouble (RUB)	71.00	89.43
Norwegian krone (NOK)	10.04	10.09
US dollar (USD)	1.06	1.21

Realised prices

	Q2 2022	Q2 2021	H1 2022	H1 2021
Average realised gas price[1] (in $/mscf)	**6.48**	**2.37**	**6.54**	**2.27**
Northern Europe	13.32	5.59	14.76	5.59
Russia[2]	4.17	0.74	3.99	0.62
Latin America	4.54	3.44	3.26	2.78
Middle East/North Africa[3]	3.89	3.29	4.27	3.15
Average realised liquids price[1] (in $/bbl)	**61.8**	**43.9**	**63.0**	**39.7**
Northern Europe	78.3	57.5	83.0	54.1
Russia[2]	25.2	15.2	20.5	12.5
Latin America	76.3	53.6	71.7	50.6
Middle East/North Africa	116.3	60.6	109.6	60.4

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

In Q2 2022, our realised gas price increased by 173% from $2.37/mscf to $6.48/mscf. This increase is lower than the increase in TTF prices, mainly due to the existence of domestic gas prices in certain of our jurisdictions, formula price contracts and hedges. During Q2 2022 gas hedges with a total volume of 298 mmscf/d were realised at an average price of $5.59/mscf. Our realised liquids price increased by 41% from $43.9/bbl to $61.8/bbl, 25 percentage points lower than the increase in Brent prices mainly due to the existence of hedges with lower hedge prices compared to market prices. During Q2/22 crude oil hedges with a total volume of 21 mboe/d were realised at an average price of $58.20/bbl.

2.3 MAJOR BUSINESS ACTIVITIES IN THE REPORTING PERIOD

General

On 1 May 2022, the preference shares held by BASF converted according to contractual agreement into ordinary shares. The common ownership of the company since 1 May 2022 is BASF 72.7% and LetterOne Energy 27.3%.

On 3 June 2022, Moody's completed their review of the Company's credit ratings. In early March 2022, Moody's placed Wintershall Dea AG's ratings on review. Subsequent to this review, Moody's confirmed the Company's current Baa2 rating with a stable outlook. The confirmation of the rating reflects Wintershall Dea's commitment to a conservative financial policy, very strong balance sheet, attractive and growing production and reserves portfolio outside of Russia.

Wintershall Dea repurchased €99.4 million in aggregate principal amount of its 0.452 per cent notes due in 2023 (ISIN: XS2054209320) through its fully owned subsidiary Wintershall Dea Finance B.V. (the "Issuer"). The redemption was executed between 12 May 2022 and 20 June 2022 pursuant to an open market repurchase program. The 2023 Notes repurchased in this transaction have been cancelled by the Issuer. Following this repurchase, the aggregate outstanding amount of the 2023 Notes is €900.6 million.

Wintershall Dea further refined its carbon management and hydrogen (CMH) strategy. Following our Energy Transition Pathway towards a low-carbon economy and the announced target to reduce Scope 1 & Scope 2 greenhouse gas emissions of our upstream activities to net zero[2] by 2030, we strive to abate 20-30 million tons of CO_2 per annum by 2040. The company intends to increase its investments in CMH in a phased manner, with near term funding directed at maturing a wide range of early stage CMH opportunities.

Additionally Wintershall Dea reinforces the "Aiming for Zero Methane Emissions Initiative" to further reduce the methane emissions of the industry as quickly as possible. To achieve this, Wintershall Dea has, amongst others, launched a global leak detection and repair (LDAR) campaign in 2021 in Germany, which will now be advanced on a global level.

Northern Europe – Norway

During the quarter, maintenance activities have been performed in a number of our fields. We ended the quarter with high production volumes of 164 mboe/d despite the planned turnarounds, 24% higher than in Q2 2021. All turnarounds have been safely and successfully completed on time.

We continue to streamline our portfolio and signed a sale and purchase agreement for the sale of the operated Brage oil field, the entire participating interest in the Ivar Aasen oil field as well as a 6% share of the Nova development. The sale is subject to customary approval by the authorities and is expected to be completed in Q4 2022.

[2] operated and non-operated at equity share basis, with an intermediary target of -25% net reduction by 2025 (based on 2020)

The Snøhvit field came back on stream in June 2022. After a fire in September 2020 and 18 months of extensive repairs and improvement work at the Melkøya LNG plant, where the well stream from Snøhvit is processed, the facilities restarted production.

Our major development projects Njord, Nova and Dvalin are progressing according to plan. Our own-operated Nova development has been granted consent for start-up by the Norwegian authorities and is expected to come on-stream in early Q3 2022. The remaining two major developments Njord and Dvalin are expected to start-up during the 4th quarter this year.

The development of the Snorre expansion project is progressing well and ahead of schedule. The Snorre field is expected to be partially supplied with carbon-neutral electric power from the Hywind Tampen offshore floating wind project. The latter has been granted start-up approval by the authorities and four floating wind turbines out of eleven have been installed.

In late April 2022, Wintershall Dea signed an SPA with Aker BP to farm-down a 15% share in PL211 containing the Adriana and Sabina discoveries, and to farm-in to the Alve North discovery in PL127C (20%) and PL941 exploration license (10%). This transaction strengthens Wintershall Dea's position in the Skarv area. The deal is contingent on approval of the authorities, with completion expected in Q3 2022.

In early May 2022, Wintershall Dea as one of the partners in the Neptune Energy operated block, made an oil and gas discovery in the Hamlet prospect in the Norwegian North Sea, where Wintershall Dea holds a 28% interest. The discovery is estimated to contain between 30 – 50 million barrels of oil equivalents in place and will be evaluated as a possible tie-back to the nearby Gjøa platform.

In July 2022, Aker BP, with Wintershall Dea as partner, made a gas discovery in the Storjo prospect in the Norwegian Sea, where Wintershall Dea holds a 30% interest. The operator's provisional estimate for the size of the discovery is 25 – 80 million barrels of recoverable oil equivalent. The discovery will be evaluated as a possible tie-back to the nearby Skarv field.

Russia

Our three, self-financed joint ventures Achimgaz, Severneftegazprom and Achim Development continued to produce uninterruptedly at planned levels throughout the second quarter.

Due to the current limitations imposed by the Central Bank of Russia, which restrict the movement of capital, it is at present unclear when further dividend payments from our Russian joint ventures will materialize. Wintershall Dea is constantly monitoring the current restrictions on foreign currency transfer and is working on receiving the required approvals for expatriation.

Latin America – Mexico

Our own-operated producing Ogarrio field benefited from several optimisation measures and produced at higher and stable level throughout Q2 2022.

In late May 2022, Mexican authorities approved the amended exploration plan for the shallow water Block 30, where Wintershall Dea plans its first own-operated offshore exploration wells in the Sureste Basin of the Gulf of Mexico. The wells are expected to be drilled in the second half of 2022.

Latin America – Argentina

The production performance of our operating fields Cuenca Marina Austral 1 (CMA-1), Aguada Pichana Este and San Roque remains at a high level with overall produced volumes of 64 mboe/d during the reporting period.

In April 2022, Argentina's government extended the lifetime of the CMA-1 concession in the Cuenca Marina Austral Basin in Tierra del Fuego until 2041, where Wintershall Dea holds a 37.5% interest. This marks a cornerstone for future investments related to the CMA-1 license, like the envisaged Fenix Phase I gas development, which is expected to reach a final investment decision during H2 2022. When on-stream, Fenix Phase 1 will extend the CMA-1 production plateau and account for circa 15% of Argentina's domestic gas production.

Middle East/North Africa – Algeria

In Q2 2022, the volumes produced from the Reggane gas field were stable at plateau production.

Wintershall Dea continues to strengthen its presence in Algeria. In May 2022, the company entered into a sale and purchase agreement to acquire Edison's 11.25% participating interest in the Reggane Nord concession.

In June 2022, Repsol exercised its pre-emption rights under the Reggane joint operating agreement. As a result and subject to customary authority approvals, Wintershall Dea expects to acquire 4.5% interest in the Production Sharing Agreement, with the remaining 6.75% interest to be acquired by Repsol. Upon closing of the transaction, the Groupement Reggane Nord consortium, operator of the project, would comprise Sonatrach (40%), Repsol (36%) and Wintershall Dea (24%).

Midstream

On 4 April 2022, by order of the Federal Ministry for Economic Affairs and Climate Action (BMWK), Gazprom Germania GmbH (49.98% shareholder of WIGA Group) was put under trusteeship by the German Federal Network Agency as a result of PJSC Gazprom's failure to obtain the relevant approvals to transfer its ownership in Gazprom Germania GmbH to a third party based abroad. Due to its critical nature to the German and European gas supply, the German government appointed a trustee in order to stabilize Gazprom Germania's operational and financial situation. Following the trusteeship, Gazprom Germania GmbH has been renamed to Securing Energy for Europe GmbH (SEFE). Additionally, a credit facility of

€9.8 billion has been granted by KfW Bank to secure its continuous operations. The WIGA Group and its subsidiaries have been able to operate without material interruptions.

Since June 2022, the transport capacity of the Nord Stream pipeline system has been reduced as announced by Gazprom due to technical issues in the upstream system. Wintershall Dea expects stable earnings independent of the physical volumes transported by the pipeline owing to the contractual terms.

CCS / Hydrogen

We have initiated and already execute several projects in the fields of carbon capture and storage (CCS) and low-carbon hydrogen production in North-Western Europe.

In May 2022, Wintershall Dea announced that it conducts a feasibility study for a major new project to produce clean hydrogen in Germany and store carbon dioxide underground in the North Sea. With the project named BlueHyNow, located in Wilhelmshaven on the coast of the German North Sea, Wintershall Dea aims to produce 5.6 TWh hydrogen per year using green electricity and Norwegian natural gas. It is planned to feed the produced hydrogen via a pipeline network to industrial customers in north west Germany. Carbon dioxide separated off during the production of hydrogen is expected to be shipped to offshore locations in Norway or Denmark and stored safely under the seabed in underground reservoirs. The final investment decision is expected in 2025 followed by the operational start-up envisaged in late 2028.

Furthermore, Wintershall Dea aims to replace the conventional combustion engines of its supply vessels for the own-operated offshore Mittelplate field in Germany by hydrogen propulsion. Therefore the project named H2move progressed and kicked off the network building phase in early May 2022 in Cuxhaven, which comprises the construction of a 2 MW electrolyser facility to produce CO_2 neutral, green hydrogen for the Mittelplate supply fleet.

2.4 OPERATIONAL PERFORMANCE

Production

Natural gas (mboe/d)[1]	Q2 2022	Q2 2021	H1 2022	H1 2021
Northern Europe	109	94	109	104
Russia	249	244	265	248
Latin America	59	64	57	63
Middle East/North Africa	39	43	40	39
	456	**445**	**471**	**454**

Liquids (mboe/d)[1]	Q2 2022	Q2 2021	H1 2022	H1 2021
Northern Europe	93	86	96	97
Russia	60	64	65	67
Latin America	9	7	8	8
Middle East/North Africa[2]	5	11	6	10
	167	**168**	**175**	**182**

Total production (mboe/d)[1]	Q2 2022	Q2 2021	H1 2022	H1 2021
Northern Europe	202	180	205	201
Russia	309	308	330	315
Latin America	68	71	65	71
Middle East/North Africa[2]	44	54	46	49
	623	**613**	**646**	**636**

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

In Q2 2022, the Group's daily production averaged 623 mboe/d consisting of 456 mboe/d of gas and 167 mboe/d of liquids, representing an increase of 10 mboe/d compared to Q2 2021. The higher production in Northern Europe was primarily a result of the optimised production efficiency as well as new projects which came on stream in Norway. The production in Russia remained stable, whereas the overall production in Latin America and in the Middle East/North Africa region was lower mainly due to maintenance in Argentina and the assignment of the entire interest in the Gulf of Suez to the Egyptian General Petroleum Corporation (EGPC).

Capex

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Northern Europe	-162	-184	-333	-387
Russia	-3	-2	-4	-3
Latin America	-16	-13	-25	-18
Middle East/North Africa	-32	-23	-58	-52
Other	-1	-1	-2	-2
Total	**-214**	**-223**	**-422**	**-462**

In Q2 2022, capital expenditures amounted to €-214 million compared with €-223 million in Q2 2021. The decrease was a result of lower investment activity following the commencement of production in several of our development projects. The majority of capex is currently directed towards the completion of our major projects in Norway - Nova, Njord and Dvalin.

Net exploration expenditures

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Exploration capex	-21	-34	-35	-61
Northern Europe	-16	-31	-29	-53
Russia	—	—	—	—
Latin America	-5	-3	-6	-8
Middle East/North Africa	—	—	—	—
Other	—	—	—	—
Exploration expenses	-15	-14	-32	-84
Northern Europe	-6	-4	-15	-61
Russia	—	—	—	—
Latin America	-6	-7	-12	-20
Middle East/North Africa	—	-1	-1	4
Other	-2	-2	-4	-7
Adjusted for dry well costs from prior years	—	—	—	4
Adjusted for gains/losses from disposal of exploration assets	—	—	—	31
Proceeds from disposal of exploration assets and acquisitions	—	2	—	13
Adjusted for changes in provisions	—	-1	—	-1
Total	**-37**	**-47**	**-67**	**-98**

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

In Q2 2022, exploration expenditures totalling €-21 million were capitalised. These expenditures related to one successful well and one not yet completed well drilled in Northern Europe. A total of four wells have been drilled so far, of which two were dry and are included in exploration expenses (Q2 2022: €- million; Q1 2022: €4 million).

Exploration expenses include expenses for the acquisition of seismic data, licence fees and expenses for dry well costs. In Q2 2022, exploration expenses increased by 7% to €15 million compared to €14 million in Q2 2021.

2.5 FINANCIAL PERFORMANCE

Earnings performance

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenues gas and oil	4,027	1,368	7,846	2,531
Revenues other	26	34	39	78
Net income from equity-accounted investments: gas and oil	37	6	71	25
Net income from equity-accounted investments: midstream	66	52	100	105
Other operating income	16	42	23	54
	4,173	**1,502**	**8,078**	**2,793**
Production and operating expenses	-2,040	-726	-4,161	-1,222
Production and similar taxes	-60	-33	-109	-46
Depreciation and amortisation	-351	-338	-677	-661
Net impairment on assets	-11	-66	-556	-67
Exploration expenses	-15	-14	-32	-84
General and administrative expenses	-128	-179	-246	-265
	1,567	**146**	**2,297**	**448**
Financial income	329	54	363	117
Financial expenses	-351	-45	-1,443	-154
	-22	**9**	**-1,080**	**-37**
Income/loss (-) before taxes	**1,545**	**155**	**1,217**	**411**
Income taxes	-877	-93	-1,552	-188
Net income/loss (-)	**668**	**62**	**-335**	**223**
Net income/loss (-) attributable to shareholders	658	52	-355	205
Net income/loss (-) attributable to subordinated notes investors	10	10	21	18

EBITDAX

Revenues and other operating income

Revenues gas and oil increased by €2,659 million, or 194%, to €4,027 million, compared with €1,368 million in Q2 2021. Excluding revenues from trading activities managed by the headquarters, revenues gas and oil increased by 122% to €2,157 million, primarily due to significantly higher commodity prices. The realised gas price increased by 173% and the realised price for liquids increased by 41%.

Unrealised changes in market values of commodity derivatives measured through profit or loss led to a gain of €131 million compared to a loss of €8 million in Q2 2021, reversing out a large portion of the €209 million loss recorded in Q1 2022.

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

Production and operating expenses

Production costs amounted to €162 million compared with €156 million in Q2 2021. The increase of €6 million is primarily due to higher electricity prices as well as CO_2 costs, both in Northern Europe. The production costs in Latin America decreased due to cost reimbursement from operators in Argentina. The production costs in the region Middle East/North Africa decreased in general due to the relinquishment of Gulf of Suez, which was compensated by the effect of a reversal of a provision in the comparison period.

Overall, the specific production costs increased in total by €0.2/boe to €4.1/boe compared to €3.9/boe in Q2 2021.

	Production costs in € million		Production costs in €/boe	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021
Northern Europe	129	112	7.5	7.1
Russia	5	5	0.4	0.4
Latin America	15	24	2.4	3.7
Middle East/North Africa	14	15	3.4	3.3
Total	**162**	**156**	**4.1**	**3.9**

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

The change in over-/underlift related to the relatively high production volumes in Northern Europe compared to our sales volumes resulted in an increase in gains of €123 million. Other costs decreased by €10 million due to the net reversal of impairments on operating receivables, partially compensated by higher losses from disposal of fixed assets. In addition, other cost of sales from the provision of services decreased in parallel to the respective revenues from those services.

Cost of trade goods increased in parallel to the revenues from trading from €396 million in the comparison period to €1,861 million in the reporting period.

Production and similar taxes

Production and similar taxes increased by €27 million from €33 million in the comparison period to €60 million in the reporting period. The increase in production and similar taxes was primarily due to higher commodity prices in Germany and Latin America.

General and administrative expenses

General and administrative expenses amounted to €128 million compared to €179 million in Q2 2021, a decrease of €51 million mainly due to an addition to the restructuring provision as well as a one-off effect resulting from the loss from the sale of our interest in a joint venture, both in the comparison period. This was partly compensated by losses from the deconsolidation of Wintershall Dea do Brasil Exploração e Produção Ltda in the reporting period.

RECONCILIATION OF EBITDAX

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenues gas and oil	4,027	1,368	7,846	2,531
adjusted for unrealised changes in fair value of commodity derivatives	-131	8	78	6
Revenues other	26	34	39	78
Net income from equity-accounted investments: gas and oil	37	6	71	25
Net income from equity-accounted investments: midstream	66	52	100	105
Other operating income	16	42	23	54
adjusted for gains from sale of assets/changes in consolidation scope	—	-25	-1	-32
Production and operating expenses	-2,040	-726	-4,161	-1,222
adjusted for net impairments and write-offs on/from operating receivables	-8	-1	1	-1
adjusted for losses from sale of assets	4	—	5	8
adjusted for non-recurring items (merger related costs, acquisition costs, etc.)[1]	—	8	—	8
Production and similar taxes	-60	-33	-109	-46
General and administrative expenses	-128	-179	-246	-265
adjusted for losses from sale of assets/changes in consolidation scope	14	34	14	34
adjusted for non-recurring items (merger related costs, acquisition costs, etc.)[2]	5	48	8	57
EBITDAX	**1,828**	**636**	**3,667**	**1,340**

[1] Q2 2021: included restructuring costs of €8 million; H1 2021: included restructuring costs of €8 million
[2] Q2 2022: included integration costs of €5 million; Q2 2021: includes integration costs of €11 million and restructuring cost of €37 million; H1 2022: includes integration cost of €8 million; H1 2021: includes integration cost of €20 million and restructuring cost of €37 million

EBITDAX increased by €1,192 million from €636 million in Q2 2021 to €1,828 million in the reporting period, primarily due to higher commodity prices.

EBITDAX PER SEGMENT

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Northern Europe	1,035	374	2,255	870
Russia	547	118	1,054	215
Latin America	113	84	177	137
Middle East/North Africa	107	60	197	115
Midstream	65	51	99	105
Other	-38	-51	-114	-102
Total	**1,828**	**636**	**3,667**	**1,340**

RECONCILIATION OF ADJUSTED NET INCOME

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
EBITDAX	**1,828**	**636**	**3,667**	**1,340**
Depreciation and amortisation	-351	-338	-677	-661
Exploration expenses	-15	-14	-32	-84
adjusted for gains and losses from sale of assets	—	—	—	31
Financial income	329	54	363	117
Financial expenses	-351	-45	-1,443	-154
adjusted for net impairments on financial receivables, bank balances and other financial assets	7	—	1,011	—
Income taxes	-877	-93	-1,552	-188
adjusted for taxes on adjusted and disregarded items	38	-32	-61	-62
Adjusted net income	**608**	**168**	**1,277**	**339**

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 €1 million or 7%, to €15 million compared to €14 million in the period Q2 2021 (see Net exploration expenditures).

Financial result

The financial result amounted to €-22 million in the reporting period, a decrease compared to €9 million in Q2 2021. This decrease is primarily due to net losses from financial derivatives of €322 million in the reporting period compared to net gains in the comparison period

(€21 million). This was partially compensated by net foreign currency exchange gains of €286 million (comparison period: net losses of €29 million).

Income taxes

The income before taxes amounted to €1,545 million in the reporting period compared to €155 million in Q2 2021. In the reporting period, Wintershall Dea incurred a total tax expense of €877 million (comparison period: €93 million). The increase in tax expenses was mainly driven by the strong increase in the Norwegian income before taxes in Q2 2022 compared to Q2 2021.

The effective tax rate in the reporting period amounted to 57% (comparison period: 60%).

Adjusted net income

Adjusted net income amounted to €608 million in Q2 2022, compared to €168 million in Q2 2021. The increase in EBITDAX has been partly offset by increased income taxes.

Financial Position

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Net income/loss (-)	**668**	**62**	**-335**	**223**
Amortisation/depreciation/impairment losses/reversal of impairment losses	361	412	1,257	747
Changes in provisions	-55	22	-59	-33
Changes in deferred taxes	262	20	107	57
Gains (-)/losses from disposal of non-current assets	5	9	18	45
Gains (-)/losses from deconsolidation	13	—	13	—
Other non-cash income/expenses and finance costs	-176	-58	856	-164
Changes in working capital	296	-35	20	-4
Changes in other balance sheet items	-117	233	624	487
Cash flow from operating activities	**1,257**	**665**	**2,502**	**1,358**
Payments for intangible assets, property, plant and equipment and investment property	-235	-257	-457	-523
Payments for/proceeds from acquisitions	-10	25	-10	25
Proceeds from the disposal of non-current assets/ divestitures	25	12	92	65
Payments for financial receivables	-2	-10	-2	-37
Changes in financial receivables from cash pooling	-1	—	-2	—
Cash flow from investing activities	**-224**	**-230**	**-379**	**-470**
Capital contribution from subordinated notes investors	—	—	—	1,491
Dividend payments to shareholders	-90	-100	-90	-686
Distributions paid to subordinated notes investors	—	—	-26	—
Proceeds from debt to banks	—	1	11	28
Repayments of debt to banks	-3	-343	-14	-1,859
Buybacks of bonds	-98	—	-98	—
Changes in financial liabilities to related parties (cash pooling)	—	-37	-183	50
Repayment of lease liabilities	-12	-15	-21	-31
Cash flow from financing activities	**-202**	**-494**	**-420**	**-1,007**
Change in cash and cash equivalents	**831**	**-59**	**1,703**	**-119**
Effects of foreign exchange rate changes, changes in the consolidation scope and other changes in value	545	-5	646	36
Cash and cash equivalents at the beginning of the reporting period	**3,077**	**802**	**2,106**	**821**
Cash and cash equivalents at the end of the reporting period	**4,454**	**738**	**4,454**	**738**

Cash flow from operating activities

Cash flow from operating activities increased by €592 million from €665 million in Q2 2021 to €1,257 million in Q2 2022. The increase was mainly due to higher commodity prices as well as higher received interests, partially offset by income taxes paid in the reporting period compared to income tax refunds in Q2 2021 and lower received dividends. The decrease of trade receivables in Q2 2022 added as well to the positive development of the cash flow from operating activities.

Cash flow from investing activities

Cash flow from investing activities, which includes capital expenditures, acquisitions, payments for and proceeds from financial receivables and proceeds from divestitures and disposals, amounted to €-224 million in Q2 2022 compared to €-230 million in Q2 2021. The reporting period included lower capital expenditures (€22 million) due to lower investment activity following the commencement of production in several of our development projects. In addition, the proceeds from divestitures increased due to received prepayments for our agreed divestments in Argentina and Norway. This was partly compensated by a capital injection for Brazil (€6 million) and a prepayment (€4 million) for the planned increase in the Reggane Nord concession (see Major Business Activities - Middle East/North Africa) whereas the comparison period included proceeds from acquisitions (€25 million).

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Cash flow from operating activities	1,257	665	2,502	1,358
Cash flow from investing activities	-224	-230	-379	-470
less payments for/proceeds from acquisitions	10	-25	10	-25
less proceeds from the disposal of non-current assets/ divestitures	-25	-12	-92	-65
Free cash flow	**1,019**	**398**	**2,041**	**798**

Free cash flow increased by €621 million or 156% from €398 million in Q2 2021 to €1,019 million in the reporting period, primarily due to higher commodity prices.

Cash flow from financing activities

Cash flow from financing activities amounted to €-202 million in the reporting period, primarily influenced by dividends distributed (€90 million) and bonds repurchased in the open market (€98 million). In Q2 2021., the cash flow from financing activities amounted to €-494 million, mainly influenced by the repayment of debt to banks (€-343 million).

Wintershall Dea believes the Group has sufficient funds available to meet its liquidity needs, including working capital, based on its current liquidity reserves, including €4,454 million in cash and cash equivalents at the end of the reporting period (up from €2,106 million as at 31 December 2021), and an undrawn committed revolving credit facility of €900 million. Cash and cash equivalents at our Russian subsidiaries amounted to €1,593 million as at 30 June 2022.

Net assets

€ million	30 Jun 2022	31 Dec 2021
Intangible assets	5,852	5,292
Tangible assets	9,610	9,170
Equity-accounted investments	2,774	2,856
Financial receivables	213	1,159
Other assets/receivables	766	308
Non-current assets	**19,215**	**18,785**
Financial receivables	40	65
Trade and other receivables	1,984	1,745
Other current assets	5,274	2,728
Assets held for sale	388	129
Current assets	**7,686**	**4,666**
Assets	**26,901**	**23,452**

Non-current assets equalled €19,215 million as at 30 June 2022, amounting to 71% of total assets. Compared to €18,785 million as at 31 December 2021, non-current assets increased by €430 million or 2%.

Intangible assets increased by €560 million compared to 31 December 2021 and amounted to €5,852 million as at 30 June 2022. Goodwill, Exploration assets and other intangible assets mainly increased by foreign currency translation effects (€721 million), partly offset by the reclassification of the divestment in Norway to assets held for sale (€52 million) (see Major Business Activities - Northern Europe/Norway) and amortization (€105 million).

Tangible assets increased by 5% compared to 31 December 2021 and amounted to €9,610 million as at 30 June 2022. The increase resulted primarily from foreign currency translation effects (€803 million) and additions (€431 million), mainly for our Norwegian development projects. This was partially offset by depreciation (€590 million) and the reclassification to assets held for sale (€237 million) (see Major Business Activities - Northern Europe/Norway).

Equity-accounted investments amounted to €2,774 million, a decrease of €82 million compared to 31 December 2021, primarily due to impairments (€545 million) and received dividends (€92 million). This was partially compensated by foreign currency translation effects (€352 million), the underlying proportionate net income of the participations (€171 million) and changes in the OCI (€32 million).

Non-current financial receivables decreased by €946 million to €213 million due to the impairment on financial receivables related to the financing of the Nord Stream 2 pipeline project.

Current assets increased by 65% compared to 31 December 2021 and amounted to €7,686 million as at 30 June 2022.

Current financial receivables decreased by €25 million to €40 million, including the effect from the impairment described under non-current financial receivables (€56 million).

Trade and other receivables amounted to €1,984 million compared with €1,745 million as at 31 December 2021. The increase of €239 million was attributable to foreign currency translation effects as well as higher revenues.

The increase in cash and cash equivalents (included in other current assets) of €2,348 million (€2,106 million as at 31 December 2021) was mainly attributable to the strong free cash flow. Current derivative instruments amounted to €584 million, an increase of €143 million compared to 31 December 2021 (€441 million), attributable primarily to commodity derivatives measured at fair value through profit and loss.

Assets held for sale amounted to €388 million as at 30 June 2022, an increase of €259 million compared to 31 December 2021, relating to the agreed divestment in Norway (€310 million) (see Major Business Activities - Northern Europe/Norway) resulting in a reclassification of these assets. The decrease in assets held for the sale of Aguada Federal/Bandurria Norte in Argentina was due to settled carry receivables (€-67 million) and foreign currency translation effects.

€ million	30 Jun 2022	31 Dec 2021
Equity	**8,208**	**7,852**
Provisions	3,039	3,169
Financial debt	3,970	4,055
Other non-current liabilities	3,043	3,241
Non-current liabilities	**10,052**	**10,464**
Provisions	406	483
Financial debt	410	575
Trade and other payables	1,587	1,277
Other current liabilities	6,154	2,795
Liabilities directly associated with assets classified as held for sale	84	5
Current liabilities	**8,641**	**5,136**
Equity and liabilities	**26,901**	**23,452**

Equity increased by €356 million to €8,208 million compared with 31 December 2021. This increase was driven by positive effects from foreign currency translation (€1,802 million), partly offset by significant adverse fair value changes of cash flow hedges (€-1,158 million), the net result (€-355 million) and declared dividends to shareholders (€-92 million) and subordinated notes investors (€-26 million).

Compared with 31 December 2021, non-current liabilities decreased by €412 million to €10,052 million as at 30 June 2022.

Pension provisions decreased by €231 million to €327 million, primarily due to an increase in discount rates.

Non-current financial debt decreased by €85 million to €3,970 million, mainly due to the buybacks of bonds by the issuer.

Deferred tax liabilities decreased by €1,802 million to €396 million, driven by higher losses from hedging of the Norwegian gas production reported under other comprehensive income (OCI). This decrease was partially offset by foreign currency translation effects on deferred taxes mainly in Norway, as well as changes in other taxable temporary differences.

The increase in derivative instruments (included in other non-current liabilities: €1,603 million and other current liabilities: €2,851 million) was attributable primarily to commodity derivates in hedge relationships measured at fair value through other comprehensive income as well as commodity derivatives measured at fair value through profit and loss.

Current financial debt decreased by €165 million, primarily due to a decline in cash pool liabilities.

Income tax liabilities increased to €1,169 million (31 December 2021: €661 million). This increase was primarily attributable to the strong result before taxes of our Norwegian subsidiary.

Liabilities directly associated with assets classified as held for sale amounted to €84 million as at 30 June 2022. The increase by €79 million related to the agreed divestment in Norway.

Net debt/EBITDAX ratio

€ million	30 Jun 2022	31 Dec 2021
Bonds	3,923	3,999
Debt to banks	—	3
Financial liabilities from cash pooling	358	536
Lease liabilities	78	90
Total debt	**4,360**	**4,628**
Financial receivables from cash pooling	-15	-13
Cash and cash equivalents	-4,454	-2,106
Net debt	**-110**	**2,510**
EBITDAX (LTM)[1]	**6,159**	**3,832**
Net debt/EBITDAX ratio	**0.0**	**0.7**

[1] LTM = Last 12 months

Net debt as at 30 June 2022 amounted to €-110 million compared to €2,510 million as at 31 December 2021. Total debt has decreased by 6% to €4,360 million. In addition, cash and cash equivalents increased by 112% to €4,454 million, resulting in a net debt of €-110 million and a reduction in the net debt to EBITDAX (LTM) ratio from 0.7x to 0.0x.

The net debt/EBITDAX ratio without the segment Russia is 0.3x.

Wintershall Dea

CONSOLIDATED INTERIM FINANCIAL STATEMENTS Q2 and H1 2022

CONSOLIDATED STATEMENT OF INCOME

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenues gas and oil	4,027	1,368	7,846	2,531
Revenues other	26	34	39	78
Net income from equity-accounted investments: gas and oil	37	6	71	25
Net income from equity-accounted investments: midstream	66	52	100	105
Other operating income	16	42	23	54
	4,173	**1,502**	**8,078**	**2,793**
Production and operating expenses	-2,040	-726	-4,161	-1,222
Production and similar taxes	-60	-33	-109	-46
Depreciation and amortisation	-351	-338	-677	-661
Net impairment on assets	-11	-66	-556	-67
Exploration expenses	-15	-14	-32	-84
General and administrative expenses	-128	-179	-246	-265
	1,567	**146**	**2,297**	**448**
Financial income	329	54	363	117
Financial expenses	-351	-45	-1,443	-154
	-22	**9**	**-1,080**	**-37**
Income/loss (-) before taxes	**1,545**	**155**	**1,217**	**411**
Income taxes	-877	-93	-1,552	-188
Net income/loss (-)	**668**	**62**	**-335**	**223**
Net income/loss (-) attributable to shareholders	658	52	-355	205
Net income/loss (-) attributable to subordinated notes investors	10	10	21	18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Net income/loss (-)	**668**	**62**	**-335**	**223**
Actuarial gains/losses	108	5	163	62
Actuarial gains/losses from equity-accounted investments	2	—	2	—
Income and expenses that will not be reclassified to the statement of income at a later date, recognised directly in equity	**110**	**5**	**164**	**62**
Unrealised gains/losses on currency translation	1,434	-23	1,450	191
Unrealised gains/losses on currency translation from equity-accounted investments	428	53	352	80
Fair value changes in derivatives designated in cash flow hedges	-294	-515	-1,189	-603
Fair value changes in derivatives designated in cash flow hedges from equity-accounted investments	13	2	31	8
Income and expenses that will be reclassified to the statement of income at a later date, recognised directly in equity	**1,581**	**-483**	**644**	**-324**
Other comprehensive income (net of tax)	**1,691**	**-478**	**808**	**-262**
Total comprehensive income	**2,360**	**-416**	**474**	**-39**
Total comprehensive income attributable to shareholders	2,349	-426	453	-57
Total comprehensive income attributable to subordinated notes investors	10	10	21	18

CONSOLIDATED BALANCE SHEET

€ million	30 Jun 2022	31 Dec 2021
Assets		
Non-current assets		
Goodwill	2,722	2,435
Exploration assets	243	226
Other intangible assets	2,886	2,631
Property, plant and equipment and investment property	9,610	9,170
Equity-accounted investments	2,774	2,856
Other financial assets	10	13
Financial receivables	213	1,159
Derivative instruments	72	50
Other receivables	15	11
Deferred tax assets	670	234
	19,215	**18,785**
Current assets		
Inventories	195	177
Financial receivables	40	65
Trade and other receivables	1,984	1,745
Derivative instruments	584	441
Income tax assets	41	4
Cash and cash equivalents	4,454	2,106
Assets held for sale	388	129
	7,686	**4,666**
Total assets	**26,901**	**23,452**

€ million	30 Jun 2022	31 Dec 2021
Equity and liabilities		
Equity attributable to shareholders and subordinated notes investors		
Subscribed capital	189	189
Capital reserve	1,161	1,161
Retained earnings and other comprehensive income	5,337	4,976
Equity attributable to subordinated notes investors	1,520	1,525
	8,208	**7,852**
Non-current liabilities		
Pension provisions	327	558
Decommissioning provisions	2,556	2,467
Other provisions	156	143
Financial debt	3,970	4,055
Derivative instruments	2,591	988
Income tax liabilities	28	27
Other liabilities	28	27
Deferred tax liabilities	396	2,198
	10,052	**10,464**
Current liabilities		
Decommissioning provisions	167	193
Other provisions	239	291
Financial debt	410	575
Trade and other payables	1,587	1,277
Derivative instruments	4,985	2,134
Income tax liabilities	1,169	661
Liabilities directly associated with assets classified as held for sale	84	5
	8,641	**5,136**
Total equity and liabilities	**26,901**	**23,452**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[1]

€ million	Subscribed capital of Wintershall Dea AG	Capital reserves of Wintershall Dea AG	Retained earnings and net retained profit	Other comprehensive income: Actuarial gains and losses	Other comprehensive income: Foreign currency translation	Other comprehensive income: Cash flow hedges	Share-holder`s equity	Equity attribu-table to subordi-nated notes investors	**Total**
As at 1 Jan 2022	189	1,161	6,910	-172	-989	-773	6,327	1,525	**7,852**
Other comprehen-sive income	—	—	—	164	1,802	-1,158	808	—	**808**
Net income/ loss (-)	—	—	-355	—	—	—	-355	21	**-335**
Total comprehen-sive income	—	—	-355	164	1,802	-1,158	453	21	**474**
Capital increase/ decrease (–)	—	—	—	—	—	—	—	—	**—**
Dividends/ distributions	—	—	-92	—	—	—	-92	-26	**-117**
Other changes	—	—	—	—	—	—	—	—	**—**
As at 30 Jun 2022	**189**	**1,161**	**6,463**	**-8**	**813**	**-1,931**	**6,688**	**1,520**	**8,208**
As at 1 Jan 2021	189	1,161	7,047	-225	-1,496	-241	6,435	—	**6,435**
Other comprehen-sive income	—	—	—	62	271	-595	-262	—	**-262**
Net income/ loss (-)	—	—	205	—	—	—	205	18	**223**
Total comprehen-sive income	—	—	205	62	271	-595	-57	18	**-39**
Capital increase/ decrease	—	—	—	—	—	—	—	1,491	**1,491**
Dividends/ distributions	—	—	-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**

[1] For further information, please refer to Note 7

CONSOLIDATED STATEMENT OF CASH FLOW

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Net income/loss (-)	**668**	**62**	**-335**	**223**
Amortisation/depreciation/impairment losses/reversal of impairment losses	361	412	1,257	747
Changes in provisions	-55	22	-59	-33
Changes in deferred taxes	262	20	107	57
Gains (-)/losses from disposal of non-current assets	5	9	18	45
Gains (-)/losses from deconsolidation	13	—	13	—
Other non-cash income/expenses and finance costs	-176	-58	856	-164
Changes in working capital	296	-35	20	-4
Changes in other balance sheet items	-117	233	624	487
Cash flow from operating activities	**1,257**	**665**	**2,502**	**1,358**
Payments for intangible assets, property, plant and equipment and investment property	-235	-257	-457	-523
Payments for/proceeds from acquisitions	-10	25	-10	25
Proceeds from the disposal of non-current assets/ divestitures	25	12	92	65
Payments for financial receivables	-2	-10	-2	-37
Changes in financial receivables from cash pooling	-1	—	-2	—
Cash flow from investing activities	**-224**	**-230**	**-379**	**-470**
Capital contribution from subordinated notes investors	—	—	—	1,491
Dividend payments to shareholders	-90	-100	-90	-686
Distributions paid to subordinated notes investors	—	—	-26	—
Proceeds from debt to banks	—	1	11	28
Repayments of debt to banks	-3	-343	-14	-1,859
Buybacks of bonds	-98	—	-98	—
Changes in financial liabilities to related parties (cash pooling)	—	-37	-183	50
Repayment of lease liabilities	-12	-15	-21	-31
Cash flow from financing activities	**-202**	**-494**	**-420**	**-1,007**

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Change in cash and cash equivalents	**831**	**-59**	**1,703**	**-119**
Effects of foreign exchange rate changes, changes in the consolidation scope and other changes in value	545	-5	646	36
Cash and cash equivalents at the beginning of the reporting period	**3,077**	**802**	**2,106**	**821**
Cash and cash equivalents at the end of the reporting period	**4,454**	**738**	**4,454**	**738**

Supplementary information on cash flow from operating activities				
Income tax paid (less refunds)	-636	59	-896	215
Interest paid	-3	-4	-5[1]	-10
Interest received	40	6	53	9
Dividends received gas and oil	1	2	1	4
Dividends received midstream	—	93	92	103

[1] Includes capitalised borrowing cost €-5 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 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 second quarter (Q2) as well as the six months period ended 30 June 2022 (H1). In line with IAS 34, the scope of the presentation is condensed compared to the scope applied to the annual consolidated financial statements as at 31 December 2021. The consolidated interim financial statements apply the same accounting policies and practices as those used in the 2021 annual consolidated financial statements, except where financial reporting standards have been applied for the first time in 2022 (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 =	
	30 Jun 2022	31 Dec 2021	H1 2022	H1 2021
Argentinian peso (ARS)	130.56	116.49	122.62	110.13
Brazilian real (BRL)	5.42	6.31	5.56	6.49
British pound (GBP)	0.86	0.84	0.84	0.87
Norwegian krone (NOK)	10.35	9.99	9.98	10.18
Russian rouble (RUB)	56.41	85.30	85.40	89.55
US dollar (USD)	1.04	1.13	1.09	1.21
Mexican peso (MXN)	20.96	23.14	22.17	24.33

Discount rates

The discount rates applied for decommissioning provisions remain unchanged between 0.0% and 8.69%. Pension provisions are discounted at an interest rate of 3.33% in Germany (31 December 2021: 1.15%) and at an interest rate of 1.50% in Norway (31 December 2021: 1.50%).

NOTE 2 – SCOPE OF CONSOLIDATION

The consolidated interim financial statements include 42 fully consolidated companies and one proportionally consolidated company (31 December 2021: 48 fully consolidated companies and one proportionally consolidated company) as well as 7 legal entities (joint ventures and associated companies) that are accounted for using the equity method (31 December 2021: 7).

Number of fully and proportionally consolidated companies

As at 1 Jan 2022	**49**
First-time consolidation	1
Deconsolidation	-1
Merged subsidiaries	-6
As at 30 Jun 2022	**43**

Wintershall Dea Technology Ventures GmbH, previously shown under other financial assets, was consolidated for the first time as of 1 January 2022.

Following the decision to terminate all activities in Brazil, Wintershall Dea do Brasil Exploração e Produção Ltda was deconsolidated due to materiality reasons as of 1 June 2022. The deconsolidation resulted in a loss of €13 million. This was primarily related to foreign currency translation losses that had to be reclassified from other comprehensive income to profit or loss (€12 million). Additionally, in the end of June Wintershall Dea merged five Mexican holding companies into Sierra Oil & Gas S. de R.L. de C.V. and merged one holding company into DEM Mexico Erdoel S.A.P.I. de C.V.

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

A large part of the activities in the Exploration & Production business area is carried out in the context of joint operations, some of which are managed through separate companies. The

Group's shares in joint operations are accounted for by recognising its respective share in assets and liabilities as well as its income and expenses. The joint operation AO Achimgaz, Novy Urengoy/Russia is operated jointly with Gazprom to produce natural gas and condensate. Wintershall Dea holds a 50% interest in the company and controls the company jointly with Gazprom. The company was classified as a joint operation within the meaning of IFRS 11 and is proportionally consolidated.

With regard to our Russian subsidiaries, joint operations as well as associated companies accounted for using the equity method, the contractually stipulated corporate governance mechanisms continue to be rigorously applied and followed by shareholders.

Current facts and circumstances have not changed our initial assessment regarding control, joint control or significant influence.

NOTE 3 - DIVESTMENTS / ASSETS HELD FOR SALE

Wintershall Dea has signed a sale and purchase agreement for the sale of the operated Brage oil field, the entire participating interest in the Ivar Aasen oil field as well as a 6% share of the Nova development. The sale is subject to customary approval by the authorities and is expected to be completed in Q4 2022. The concerned assets and associated liabilities are shown as held for sale as at 30 June 2022. A proportional part of the goodwill related to Norway was allocated to the disposal group and triggered an impairment. The impairment loss of €11 million is shown under net impairments on assets.

€ million	30 June 2022
Assets held for sale	
Goodwill	43
Other intangible assets	4
Property, plant and equipment	249
Inventories	11
Other receivables (current)	11
	319
Liabilities directly associated with assets held for sale	
Decommissioning provision (non-current)	78
	78

The position assets held for sales includes besides the mentioned Norwegian divestment the divestment of our 50% interest in Aquada Federal and Bandurria Norte in Argentina. The Argentinian assets were transferred to assets held for sale at the end of 2021.

€ million	Norwegian divestment	Argentinian divestment	**Total**
Assets held for sale	319	70	**388**
Liabilities directly associated with assets held for sale	78	6	**84**

NOTE 4 – CHANGES IN ACCOUNTING POLICIES

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

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

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

NOTE 5 – SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF INCOME

Revenues and other income

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenues gas				
Gas sales own production	988	371	2,037	767
Gas sales trading	2,187	431	4,245	760
Unrealised gains/losses from gas derivatives	131	-8	-78	-6
	3,305	**794**	**6,204**	**1,521**
Revenues oil				
Oil sales own production	720	573	1,638	1,008
Oil sales trading	2	1	4	2
	722	**574**	**1,642**	**1,010**
Total revenues gas and oil	**4,027**	**1,368**	**7,846**	**2,531**
Revenues other	26	34	39	78
Total	**4,053**	**1,402**	**7,885**	**2,609**

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

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

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

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

In the reporting period, realised gains from gas sales and purchase contracts measured at fair value through profit or loss according to IFRS 9 are recognised as revenues gas and cost of trade goods in the amount of €27 million. In addition, revenues gas include realised losses of €1,384 million for fixed-price contracts for which hedge accounting is applied. Revenues oil include realised losses from oil swaps amounting to €170 million. These gains and losses are not within the scope of IFRS 15.

Production and operating expenses

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Production costs	162	156	344	298
Change over-/underlift	-56	67	8	9
Transport fees and leases	55	56	121	111
Development costs	10	14	30	3
Cost of trade goods	1,861	396	3,617	715
Other cost of sales	12	30	23	71
Other costs	-3	7	18	15
Total	**2,040**	**726**	**4,161**	**1,222**

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

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

Net impairments on assets

In Q1 2022, following the Russian war against Ukraine, a trigger-based impairment test had been carried out for our Russian and Midstream assets as well as equity-accounted investments. Impairment losses in the amount of €545 million were recognised.

The impairment calculations are based on a weighted scenario analysis or revised cash flow assumptions. The applied macroeconomic assumptions (gas and oil prices and discounts rates) are unchanged compared to the impairment test for year-end 2021. Geopolitical risks are reflected in the cash flows and not in the discount rate.

The scenarios and assumptions used for the impairment test in Q1 2022 are in line with the current risk assessment of the management. In Q2 2022, Wintershall Dea has reviewed again the current situation and the latest available information, in particular regarding the considered scenarios and assumptions which did not lead to any changes in the assumptions applied in Q1. However, the future outcome of these scenarios is highly uncertain and may lead to adjustments in the considered scenarios and assumptions in the future which, in turn, may result in further material impairment losses or reversal of impairments especially for assets in the segment Russia, although with different likelihoods and impacts.

Impairments in Q2 2022 (€ 11 million) relate to impairment losses on the Norwegian goodwill (allocated to assets held for sale; refer to Note 3).

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

Financial result

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Interest income from third parties	40	29	68	59
Interest income from related parties	—	2	1	3
Foreign currency exchange gains, net	286	—	293	53
Gains from financial derivatives, net	—	21	—	—
Income from investments	1	2	1	2
Other financial income	1	—	—	—
Financial income	**329**	**54**	**363**	**117**
Interest expenses to third parties	15	14	29	30
Less capitalised borrowing costs	-6	-5	-12	-9
Foreign currency exchange losses, net	—	29	—	—
Losses from financial derivatives, net	322	—	380	120
Interest from addition to provisions	11	6	21	12
Net impairments on other financial assets	6	—	6	—
Net impairment on financial receivables and bank balances	1	—	1,005	—
Other financial expenses	3	1	15	1
Financial expenses	**351**	**45**	**1,443**	**154**
Total financial result	**-22**	**9**	**-1,080**	**-37**

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

Subsequent to the sanctions imposed on the Nord Stream 2 operator, Wintershall Dea fully impaired its financial receivables (including accrued interest until February) related to the financing of the Nord Stream 2 pipeline project (€1,003 million) in Q1 2022 as repayments are currently no longer expected to occur.

Income taxes

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Current income tax expenses	615	73	1,445	132
Deferred taxes	262	20	107	56
Income taxes	**877**	**93**	**1,552**	**188**

The full impairment of the financial receivable related to the financing of the Nord Stream 2 pipeline project increases the tax loss carry forwards in Germany. However, Wintershall Dea has not recorded a deferred tax asset of €324 million in the first half year 2022 as it is not probable that sufficient taxable profit will be available to utilize the entire German tax loss carry forwards within the business plan period.

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

NOTE 6 – SEGMENT REPORT

The Group's business is conducted in six segments:

› Northern Europe

› Russia

› Latin America

› Middle East/North Africa

› Midstream

› Other

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

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

› **Russia:** Russia

› **Latin America:** Argentina, Mexico and Brazil[3]

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

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

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

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

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

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

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

[3] Following the decision to terminate all activities in Brazil, the Brazilian subsidiary was deconsolidated as of 1 June 2022.

	Q2 2022							
€ million/mboe/d	Northern Europe	Russia	Latin America	Middle East/North Africa	Midstream	Other	Consolidation	**Total**
External revenues	688	553	151	131	—	2,530	—	**4,053**
Inter-segment revenues	538	—	—	—	—	29	-567	**—**
Segment revenues	1,225	553	151	131	—	2,559	-567	**4,053**
Depreciation and amortisation	-251	-10	-51	-37	—	-2	—	**-351**
Net impairment on assets	-11	—	—	—	—	—	—	**-11**
Exploration expenses	-6	—	-6	—	—	-2	—	**-15**
Income tax	-677	-111	-24	-17	—	-47	—	**-877**
Adjusted net income	89	452	29	23	65	-50	—	**608**
EBITDAX	1,035	547	113	107	65	-38	—	**1,828**
of which net income from equity-accounted investments	16	24	—	-2	66	—	—	**103**
Non-current assets[1]	11,362	2,788	2,075	1,068	1,536	2,982	-2,596	**19,215**
Total capex[2]	-179	-3	-20	-32	—	-1	—	**-235**
of which production and development capex	-162	-3	-16	-32	—	-1	—	**-214**
of which exploration capex	-16	—	-5	—	—	—	—	**-21**
Free cash flow	520	542	-12	13	6	-50	—	**1,019**
Production[3]	202	309	68	44[4]	—	—	—	**623**
of which gas	109	249	59	39	—	—	—	**456**
of which liquids	93	60	9	5	—	—	—	**167**

[1] As of 30 June 2022
[2] Cash outflows for intangible assets, property, plant and equipment and investment property
[3] On a working-interest basis, including proportional production from at equity-accounted companies
[4] Excluding Libya onshore

	Q2 2021							
€ million/mboe/d	Northern Europe	Russia	Latin America	Middle East/North Africa	Midstream	Other	Consolidation	**Total**
External revenues	523	166	120	85	1	507	—	**1,402**
Inter-segment revenues	120	—	—	—	—	2	-122	**—**
Segment revenues	643	166	120	85	1	509	-122	**1,402**
Depreciation and amortisation	-245	-10	-47	-34	—	-2	—	**-338**
Net impairment on assets	—	—	-64	-2	—	—	—	**-66**
Exploration expenses	-4	—	-7	-1	—	-2	—	**-14**
Income tax	-71	-35	7	—	—	6	—	**-93**
Adjusted net income	32	75	14	28	52	-33	—	**168**
EBITDAX	374	118	84	60	51	-51	—	**636**
of which net income from equity-accounted investments	3	8	—	-4	51	—	—	**58**
Non-current assets[1]	10,157	2,203	2,055	1,228	2,570	1,438	-768	**18,884**
Total capex[2]	-215	-2	-16	-23	—	-1	—	**-257**
of which production and development capex	-184	-2	-13	-23	—	-1	—	**-223**
of which exploration capex	-31	—	-3	—	—	—	—	**-34**
Free cash flow	263	63	47	23	50	-48	—	**398**
Production[3]	180	308	71	54[4]	—	—	—	**613**
of which gas	94	244	64	43	—	—	—	**445**
of which liquids	86	64	7	11	—	—	—	**168**

[1] As of 30 June 2021
[2] Cash outflows for intangible assets, property, plant and equipment and investment property
[3] On a working-interest basis, including proportional production from at equity-accounted companies
[4] Excluding Libya onshore

	H1 2022							
€ million/mboe/d	Northern Europe	Russia	Latin America	Middle East/North Africa	Midstream	Other	Consolidation	**Total**
External revenues	1,660	1,078	261	232	1	4,653	—	**7,885**
Inter-segment revenues	1,125	—	—	—	—	40	-1,165	**—**
Segment revenues	2,785	1,078	261	232	1	4,692	-1,165	**7,885**
Depreciation and amortisation	-492	-19	-88	-75	—	-3	—	**-677**
Net impairment on assets	-11	-348	—	—	-197	—	—	**-556**
Exploration expenses	-15	—	-12	-1	—	-4	—	**-32**
Income tax	-1,341	-217	-28	-17	33	19	—	**-1,552**
Adjusted net income	376	850	-12	78	99	-115	—	**1,277**
EBITDAX	2,255	1,054	177	197	99	-114	—	**3,667**
of which net income from equity-accounted investments	39	33	—	-1	100	—	—	**171**
Non-current assets[1]	11,362	2,788	2,075	1,068	1,536	2,982	-2,596	**19,215**
Total capex[2]	-362	-4	-31	-59	—	-2	—	**-457**
of which production and development capex	-333	-4	-25	-58	—	-2	—	**-422**
of which exploration capex	-29	—	-6	—	—	—	—	**-35**
Free cash flow	1,114	876	-37	100	98	-110	—	**2,041**
Production[3]	205	330	65	46[4]	—	—	—	**646**
of which gas	109	265	57	40	—	—	—	**471**
of which liquids	96	65	8	6	—	—	—	**175**

[1] As of 30 June 2022
[2] Cash outflows for intangible assets, property, plant and equipment and investment property
[3] On a working-interest basis, including proportional production from at equity-accounted companies
[4] Excluding Libya onshore

	H1 2021							
€ million/mboe/d	Northern Europe	Russia	Latin America	Middle East/North Africa	Midstream	Other	Consolidation	**Total**
External revenues	940	305	203	134	1	1,026	—	**2,609**
Inter-segment revenues	331	—	—	—	—	17	-348	**—**
Segment revenues	1,271	305	203	134	1	1,043	-348	**2,609**
Depreciation and amortisation	-503	-22	-85	-48	—	-3	—	**-661**
Net impairment on assets	—	—	-64	-3	—	—	—	**-67**
Exploration expenses	-61	—	-20	4	—	-7	—	**-84**
Income tax	-127	-44	5	1	—	-23	—	**-188**
Adjusted net income	147	153	-23	50	105	-93	—	**339**
EBITDAX	870	215	137	115	105	-102	—	**1,340**
of which net income from equity-accounted investments	3	15	—	7	105	—	—	**130**
Non-current assets[1]	10,157	2,203	2,055	1,228	2,570	1,438	-768	**18,884**
Total capex[2]	-440	-3	-26	-52	—	-2	—	**-523**
of which production and development capex	-387	-3	-18	-52	—	-2	—	**-462**
of which exploration capex	-53	—	-8	—	—	—	—	**-61**
Free cash flow	710	186	32	-21	59	-168	—	**798**
Production[3]	201	315	71	49[4]	—	—	—	**636**
of which gas	104	248	63	39	—	—	—	**454**
of which liquids	97	67	8	10	—	—	—	**182**

[1] As of 30 June 2021
[2] Cash outflows for intangible assets, property, plant and equipment and investment property
[3] On a working-interest basis, including proportional production from at equity-accounted companies
[4] Excluding Libya onshore

External revenues are allocated to the following divisions:

External revenues

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Norway	586	422	1,425	738
Germany	102	88	216	189
The Netherlands/UK/Denmark	—	13	20	13
Northern Europe	**688**	**523**	**1,660**	**940**
Russia	**553**	**166**	**1,078**	**305**
Argentina	122	107	209	177
Mexico	29	13	52	26
Latin America	**151**	**120**	**261**	**203**
Egypt	83	77	167	115
Libya	28	—	28	—
Algeria	20	8	37	19
Middle East/North Africa	**131**	**85**	**232**	**134**
Midstream	**—**	**1**	**1**	**1**
Other	**2,530**	**507**	**4,653**	**1,026**
Total	**4,053**	**1,402**	**7,885**	**2,609**

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	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenues gas and oil	4,027	1,368	7,846	2,531
adjusted for unrealised changes in fair value of commodity derivatives	-131	8	78	6
Revenues other	26	34	39	78
Net income from equity-accounted investments: gas and oil	37	6	71	25
Net income from equity-accounted investments: midstream	66	52	100	105
Other operating income	16	42	23	54
adjusted for gains from sale of assets/changes in consolidation scope	—	-25	-1	-32
Production and operating expenses	-2,040	-726	-4,161	-1,222
adjusted for net impairments and write-offs on/from operating receivables	-8	-1	1	-1
adjusted for losses from sale of assets	4	—	5	8
adjusted for non-recurring items (merger-related costs, acquisition costs, etc.)	—	8	—	8
Production and similar taxes	-60	-33	-109	-46
General and administrative expenses	-128	-179	-246	-265
adjusted for losses from sale of assets/changes in consolidation scope	14	34	14	34
adjusted for non-recurring items (merger-related costs, acquisition costs, etc.)	5	48	8	57
EBITDAX	**1,828**	**636**	**3,667**	**1,340**

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
EBITDAX	**1,828**	**636**	**3,667**	**1,340**
Depreciation and amortisation	-351	-338	-677	-661
Exploration expenses	-15	-14	-32	-84
adjusted for gains and losses from sale of assets	—	—	—	31
Financial income	329	54	363	117
Financial expenses	-351	-45	-1,443	-154
adjusted for net impairments on financial receivables, bank balances and other financial assets	7	—	1,011	—
Income taxes	-877	-93	-1,552	-188
adjusted for taxes on adjusted and disregarded items	38	-32	-61	-62
Adjusted net income	**608**	**168**	**1,277**	**339**

NOTE 7 – SUPPLEMENTARY INFORMATION ON BALANCE SHEET

Intangible assets

€ million	Goodwill	Exploration assets	Other intangible assets	**Total**
Cost of acquisition and production				
As at 1 Jan 2022	2,435	511	4,049	**6,995**
Change in scope of consolidation	—	-27	—	**-27**
Additions	—	35	2	**37**
Disposals	—	—	-16	**-16**
Transfers	-52	-38	-4	**-95**
Currency translation effect	340	38	635	**1,013**
As at 30 Jun 2022	**2,722**	**519**	**4,666**	**7,908**
Accumulated amortisation				
As at 1 Jan 2022	—	284	1,418	**1,703**
Change in scope of consolidation	—	-27	—	**-27**
Amortisation/depreciation	—	—	105	**105**
Disposals	—	—	-16	**-16**
Currency translation effect	—	18	273	**291**
As at 30 Jun 2022	**—**	**276**	**1,780**	**2,056**
Net carrying amount as at 30 Jun 2022	**2,722**	**243**	**2,886**	**5,852**

Intangible assets

€ million	Goodwill	Exploration assets	Other intangible assets	**Total**
Cost of acquisition and production				
As at 1 Jan 2021	2,298	827	3,839	**6,964**
Additions	—	61	4	**65**
Disposals	—	-53	-5	**-58**
Transfers	—	-12	—	**-12**
Currency translation effect	72	24	118	**214**
As at 30 Jun 2021	**2,370**	**847**	**3,956**	**7,173**
Accumulated amortisation				
As at 1 Jan 2021	—	185	1,150	**1,335**
Amortisation/depreciation	—	5	100	**105**
Impairments	—	—	66	**66**
Disposals	—	—	-5	**-5**
Currency translation effect	—	4	35	**39**
As at 30 Jun 2021	**—**	**194**	**1,346**	**1,540**
Net carrying amount as at 30 Jun 2021	**2,370**	**653**	**2,610**	**5,633**

Property, plant and equipment and investment property

€ million	Land and buildings[1]	Gas and oil assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	**Total**
Cost of acquisition and production					
As at 1 Jan 2022	185	19,393	26	92	**19,696**
Change in scope of consolidation	—	—	—	-2	**-2**
Additions	1	430	—	1	**431**
Disposals	-1	-664	—	-3	**-667**
Transfers	-1	-985	—	—	**-986**
Currency translation effect	11	1,513	6	4	**1,534**
As at 30 Jun 2022	**195**	**19,687**	**32**	**92**	**20,007**
Accumulated amortisation					
As at 1 Jan 2022	81	10,366	18	61	**10,526**
Change in scope of consolidation	—	—	—	-2	**-2**
Amortisation/depreciation	6	580	—	4	**590**
Disposals	—	-660	—	-2	**-662**
Transfers	—	-787	—	—	**-787**
Currency translation effect	2	724	2	3	**731**
As at 30 Jun 2022	**89**	**10,224**	**20**	**64**	**10,397**
Net carrying amount as at 30 Jun 2022	**106**	**9,464**	**12**	**28**	**9,610**

[1] Land and buildings include investment property.

Property, plant and equipment and investment property

€ million	Land and buildings[1]	Gas and oil assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	**Total**
Cost of acquisition and production					
As at 1 Jan 2021	186	17,671	25	95	**17,977**
Additions	3	508	—	2	**513**
Disposals	-13	-401	—	-8	**-422**
Transfers	—	9	—	3	**12**
Currency translation effect	2	443	1	1	**447**
As at 30 Jun 2021	**178**	**18,230**	**26**	**93**	**18,527**
Accumulated amortisation					
As at 1 Jan 2021	62	9,053	17	69	**9,201**
Amortisation/depreciation	12	560	—	4	**576**
Disposals	-4	-291	—	-8	**-303**
Currency translation effect	—	223	—	—	**223**
As at 30 Jun 2021	**70**	**9,544**	**17**	**66**	**9,697**
Net carrying amount as at 30 Jun 2021	**108**	**8,687**	**8**	**26**	**8,829**

[1] Land and buildings include investment property.

Equity

Shareholder's equity

Following the conversion of the preference shares held by BASF Handels- und Exportgesellschaft mbH (32,721,027) into ordinary shares on 1 May 2022, the common ownership of the company is BASF 72.7% and L1 Engery Capital Management Services S.à r.l. (LetterOne) 27.3 %.

As at 30 June 2022, 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 classified entirely as equity. The capital raised through subordinated notes issues is recognised in equity, less discounts and transaction costs. Deferred taxes on discounts and transaction costs are also recognised in equity. Accrued interest payable to the subordinated notes investors increase equity, whereas the distribution of interest payments reduces equity.

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

Financial Debt

	30 Jun 2022		31 Dec 2021	
€ million	Non-current	Current	Non-current	Current
Bonds	3,901	34	4,000	12
less transaction cost	-11	—	-13	—
	3,889	**34**	**3,987**	**12**
Debt to banks	—	—	—	3
	—	—	**—**	**3**
Financial liabilities to related parties	—	360	—	538
Lease liabilities	62	16	67	23
Other financial liabilities	19	—	—	—
Total	**3,970**	**410**	**4,055**	**575**

Bonds

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

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

In Q2 2022, Wintershall Dea Finance B.V. repurchased €99 million in aggregate principal amount of its bonds due in 2023. The redemption was executed between 12 May 2022 and 20 June 2022 pursuant to an open market repurchase program. The 2023 bonds repurchased in this transaction have been cancelled by the issuer. The weighted average price for the transactions was 98.18%, resulting in a gain of €2 million.

Bonds	%	Maturity	Currency	Nominal value (€ million)	Fair value 30 Jun 2022 (€ million)	**Carrying amount 30 Jun 2022 (€ million)**
Bond ISIN XS2054209320	0.452	2023	EUR	901	983	**899**
Bond ISIN XS2054209833	0.840	2025	EUR	1,000	921	**997**
Bond ISIN XS2054210252	1.332	2028	EUR	1,000	838	**997**
Bond ISIN XS2055079904	1.823	2031	EUR	1,000	799	**996**
Total				**3,901**	**3,541**	**3,889**

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	30 Jun 2022	31 Dec 2021
Bonds	3,923	3,999
Debt to banks	—	3
Financial liabilities from cash pooling	358	536
Lease liabilities	78	90
Total debt	**4,360**	**4,628**
Financial receivables from cash pooling	-15	-13
Cash and cash equivalents	-4,454	-2,106
Total	**-110**	**2,510**

The cash and cash equivalents from our Russian subsidiaries amount to €1,593 million. The Group is constantly monitoring the current restrictions on foreign currency transfer.

NOTE 8 – CONTRACTUAL COMMITMENTS

As at 30 June 2022, the Group has obligations based on firm orders for property, plant and equipment, as well as from field development projects in the amount of €508 million (31 December 2021: €313 million).

Furthermore, Wintershall Dea is committed to a certain number of exploration wells and seismic surveys within the context of exploration licences. The estimated expenditures amount to €134 million (31 December 2021: €121 million).

Further obligations from purchase contracts result primarily from long-term purchase commitments for natural gas ('own use contracts'). Any commodity purchase agreements that are enforceable and specify all significant terms are included, except those for which an offsetting agreement (sales contract) has already been contracted. The firm purchase commitments from own use contracts amount to €525 million as at 30 June 2022 (31 December 2021: €291 million).

Obligations arising from commodity purchase contracts

€ million	30 Jun 2022	31 Dec 2021
2022	189	160
2023	217	80
2024	84	33
2025	29	13
2026	2	1
2027	1	1
2028 and subsequent maturities	3	2
Total	**525**	**291**

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

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

Revenues with related parties

€ million	H1 2022	H1 2021
Joint ventures/associated companies	50	99
Shareholders and their affiliates	814	171
Total	**864**	**270**

Trade accounts receivable from/trade accounts payable to related parties

	Trade accounts receivable		Trade accounts payable	
€ million	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Non-consolidated subsidiaries	8	8	1	—
Joint ventures/associated companies	33	15	15	24
Shareholders and their affiliates	164	169	—	—
Total	**204**	**192**	**17**	**25**

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

	Financial and other receivables		Financial and other liabilities	
€ million	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Non-consolidated subsidiaries	38	36	11	15
Joint ventures/associated companies	200	200	347	523
Shareholders and their affiliates	2	2	5	5
Total	**241**	**239**	**363**	**542**

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

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

NOTE 10 – REPORTING ON FINANCIAL INSTRUMENTS

Derivatives financial instruments and hedge accounting

Commodity derivatives

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

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

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

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

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

Foreign currency derivatives

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

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

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

	30 Jun 2022/H1 2022		
€ million	Commodity derivatives (fixed-price gas sales)	Commodity derivatives (oil swaps)	Foreign currency derivatives
Carrying amount			
Derivative assets	1	—	—
Derivative liabilities	6,194	416	197
Nominal amount	1,884	965	2,247
Maturity date	07/2022-12/2025	07/2022-12/2025	07/2022-09/2028
Quantity	264,909 mmscf	14,874 mbbl	
Average price or rate	€24.26/MWh	$64.86/bbl	$1.11/€
Amounts recognised in profit or loss and other comprehensive income (net)			
Changes in fair value of hedging instruments recognised in OCI (gross)	-5,210	-384	-164
Deferred taxes on change in fair value of hedging instruments recognised in OCI	3,793	79	-1
Reclassified from OCI to profit or loss (gross)	1,384	170	200
Deferred taxes on reclassification from OCI to profit or loss	-1,021	-34	—
	-1,054	**-169**	**34**

Measurement of financial instruments

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

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

Fair value hierarchy

	30 Jun 2022			
€ million	**Total**	Level 1[1]	Level 2[2]	Level 3[3]
Derivative financial assets	**656**	—	656	—
of which commodity derivatives	**652**	—	652	—
of which currency derivatives	**4**	—	4	—
Derivative financial liabilities	**7,575**	—	7,575	—
of which commodity derivatives	**7,352**	—	7,352	—
of which currency derivatives	**223**	—	223	—
Other financial liabilities	**19**	—	—	19

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

Fair value hierarchy

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

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

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

Other financial liabilities measured at fair value comprise a financial guarantee that was issued in Q1 2022. The determination of the fair value is based on a weighted scenario analysis. The probability of being claimed under the financial guarantee is considered to be very low. As at 30 June 2022 the negative fair value of the financial guarantee amounts to €19 million. The underlying assumptions are unchanged compared to the initial recognition. The increase of €7 million is related to foreign currency translation only.

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

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 July 2022

The Management Board

Mehren Smith Dijkgraaf Summers Wieland