Wintershall Dea AG
Q3 2021 Report

WINTERSHALL DEA

Group Management Report

Introduction

The reporting period of the condensed Group Management Report for Q3 2021 comprises the months of July through September 2021 and the comparison period comprises accordingly the months of July through September 2020. In addition, the results of operations for the first nine months of 2021 (1 January –30 September 2021) were compared with the results of operations for the first nine months of 2020 (1 January–30 September 2020).

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.

Description of KPIs and how we steer the company

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

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

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

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

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

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

[1] For further details, see the chapter EBITDAX and the corresponding tables.

allows any deviations from the budget to be detected promptly, analysed and, in the event of negative developments, balanced to the greatest extent possible by taking suitable countermeasures.

Major Business Activities in the Reporting Period

General

In July, Wintershall Dea GmbH converted its legal form from a limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) to a joint-stock company (Aktiengesellschaft – AG), under the company name Wintershall Dea AG. This happens as another long-planned step agreed by our shareholders at the time of the merger.

In September, Fitch reaffirmed our credit rating at BBB stable recognising that our leverage will return to levels commensurate with a BBB rating from 2021 onwards driven by higher gas and oil prices and gradual ramp up of new projects, the impact of Norwegian tax changes and the impact from issuing the subordinated notes in January 2021. This follows Moody's reaffirming Baa2 stable rating in June.

Northern Europe – Norway

In Norway, production increased compared to the previous quarter as the maintenance season finished. Development activities continued on track.

In September, our partner operated field Solveig came onstream, contributing modest volumes to our Norwegian production. Drilling of the remaining wells of Ærfugl phase 2 continued well ahead of time, having been accelerated from the original 2023 target and are expected to come onstream during Q4.

Our major development projects Njord, Nova and Dvalin are progressing according to plan with the start up of all three developments expected in the second half of 2022.

In September, appraisal of the Bergknapp discovery was completed. Following the successful appraisal well, total estimated resources for the discovery increased to 40-84 mmboe. Further maturation and development options are to be considered before taking the final investment decision.

Northern Europe – Germany

In Germany, we continued with our streamlining efforts and planned divestments of additional non-core assets in the country in Q3.

In July, Emlichheim oil export pipeline came into operation, further reducing our environmental impact of our German operations in line with our Net Zero 2030 Scope 1 and 2 commitment.

Russia

In August, a fire at one of the third-party gas and condensate processing facilities in Novy Urengoy damaged the facilities requiring us to stop all of our production in our Achimov 1A, 4A and 5A fields having significantly impacted our Russian and overall group production in Q3. Interim solution was put in place and full production resumed in September.

Yuzhno-Russkoye Turonian layer development is ongoing ahead of plan and below budget, with all remaining wells drilled (out of total of 88) and are being prepared for production by mid-2022. The 2nd compressor station achieved start-up in September.

Latin America – Argentina

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

Midstream

In September, JSC Gazprom announced the completion of construction of Nord Stream 2 pipeline, where we act as a financial investor. The pipeline currently awaits the relevant certification and regulatory transport license approvals before the commencement of transportation of gas.

Carbon Management and Hydrogen

In line with our sustainability strategy, several steps were taken during the quarter to expedite the activities in the field of hydrogen production and carbon capture.

In August, project Greensand CCS consortium announced its intention to go ahead with the pilot injection phase in order to demonstrate that CO_2 can be safely injected and stored in the offshore Nini West reservoir. The project could potentially store up to 8 million tons of CO_2 per year – an amount equivalent to a quarter of all emissions in Denmark.

In August, we announced a cooperation agreement with VNG to collaborate closely in the field of hydrogen production in Germany and to build a facility to produce "turquoise" hydrogen. The pilot facility is planned to go into operation in 2023.

1. Business environment

1.1 MACRO FUNDAMENTALS

OIL PRICES

$/barrel	Q3 2021	Q3 2020	9M 2021	9M 2020
Average Brent price for the period	73.6	42.9	67.9	41.1

[1] Source: Platts.

GAS PRICES

$/mscf	Q3 2021	Q3 2020	9M 2021	9M 2020
Average Gas price for the period	16.33	2.63	10.58	2.50

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

FOREIGN CURRENCY

Closing rates €1 =	30 Sep 2021	31 Dec 2020
Argentinian peso (ARS)	114.41	103.16
Russian rouble (RUB)	84.34	91.47
Norwegian krone (NOK)	10.17	10.47
US dollar (USD)	1.16	1.23

Average rates €1 =	Q3 2021	Q3 2020	9M 2021	9M 2020
Argentinian peso (ARS)	114.62	85.68	111.68	76.16
Russian rouble (RUB)	86.59	86.24	88.53	79.96
Norwegian krone (NOK)	10.33	10.67	10.23	10.71
US dollar (USD)	1.18	1.17	1.20	1.13

1.2 REALISED PRICES

	Q3 2021	Q3 2020	9M 2021	9M 2020
Average realised liquids[1] price[2] (in $/bbl)	**51.5**	**25.6**	**43.4**	**26.1**
Northern Europe	62.3	34.9[4]	56.9	34.0[4]
Russia[3]	14.0	1.0	12.9	5.7
Middle East/North Africa	65.0	45.4	62.5	39.1
Latin America	57.8	35.0	53.0	34.2
Average realised gas price[2] (in $/mscf)	**3.39**	**1.44**	**2.63**	**1.47**
Northern Europe	7.23	3.24	6.14	3.17
Russia[3]	1.13	0.24	0.77	0.38
Middle East/North Africa	3.70	2.65	3.37	2.84
Latin America	3.91	2.21	3.16	2.13

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

In Q3 2021, our realised liquids price increased by 25.9 $/bbl from 25.6 $/bbl to 51.5 $/bbl (101%), compared to an increase in Brent prices of 72%. Our realised gas price increased by 1.95 $/mscf from 1.44 $/mscf to 3.39 $/mscf (135%). This increase is lower than the increase in TTF prices, due to the existence of domestic gas prices, formula price contracts and hedges. Gas hedges with a total volume of 367.3 mmscf/d were realised at an average of 4.20 $/mscf during the third quarter of 2021.

2. Operational performance

2.1 PRODUCTION

Natural gas (mboe/d)[1]	Q3 2021	Q3 2020	9M 2021	9M 2020
Northern Europe	110	100	106	108
Russia	197	221	231	230
Middle East/North Africa	48	38	42	39
Latin America	61	68	63	65
	416	**427**	**442**	**442**

Liquids[2] **(mboe/d)**[1]	Q3 2021	Q3 2020	9M 2021	9M 2020
Northern Europe	106	96	100	93
Russia	41	57	58	57
Middle East/North Africa[3]	17	17	12	12
Latin America	8	9	8	9
	172	**179**	**178**	**171**

Total production (mboe/d)[1]	Q3 2021	Q3 2020	9M 2021	9M 2020
Northern Europe	216	196	206	201
Russia	238	278	289	287
Middle East/North Africa[3]	65	55	54	51
Latin America	69	77	71	74
	588	**606**	**620**	**613**

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

In Q3 2021, the Group's daily production averaged 588 mboe/d, of which gas was 416 mboe/d and liquids 172 mboe/d, representing a decrease of 18 mboe/d compared to Q3 2020. Gas production decreased by 11 mboe/d (3%) and the production of liquids decreased by 7 mboe/d (4%). The lower production was due to the temporary stop of all our production in Achimov 1A, 4A and 5A fields in Q3 caused by a fire at a third party gas and condensate treatment plant. This was partially compensated by higher production in Northern Europe due to the production start of Ærfugl and strong production of gas and liquids in our Norwegian fields like Maria and Gjøa. In addition, the start-up of the Raven field in Egypt contributed to the strong production of liquids and gas in Middle East/North Africa.

2.2 CAPEX[2]

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Northern Europe	-174	-212	-561	-788
Russia	-1	-2	-3	-9
Middle East/North Africa	-24	-29	-76	-114
Latin America	-11	-8	-29	-28
Other	—	-1	-3	-2
Total	**-210**	**-252**	**-672**	**-941**

Capital expenditures amounted to €210 million in Q3 2021 compared with €252 million in Q3 2020. The decrease is 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 our major projects in Norway - Nova, Njord and Dvalin.

[2] Voluntary disclosure

2.3 NET EXPLORATION EXPENDITURES

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Exploration CAPEX	-27	5	-88	-30
Northern Europe	-14	-3	-67	-25
Russia	—	—	—	—
Middle East/North Africa	—	—	—	—
Latin America	-12	8	-20	-5
Other	—	—	—	—
Exploration expenses	-25	-8	-109	-73
Northern Europe	-3	-5	-64	-29
Russia	—	—	—	—
Middle East/North Africa	-1	-1	3	-3
Latin America	-19	—	-40	-33
Other	-1	-2	-8	-8
Adjusted for dry well costs from prior years	6	—	10	2
Adjusted for gains/losses from disposal of exploration assets	—	-2	31	-6
Proceeds from disposal of exploration assets and acquisitions	—	12	13	9
Adjusted for changes in provisions	-1	-13	-2	-13
Total	**-46**	**-6**	**-144**	**-111**

In Q3 2021 exploration activities in total of €27 million were capitalised. These expenditures relate mainly to four wells drilled in Northern Europe and one well in Latin America. All four wells in Northern Europe were successful, the remaining one well in Latin America was not yet completed as at the balance sheet date.

Exploration expenses included expenses for the acquisition of seismic data, licence fees and expenses for dry well costs. In Q3 2021 exploration expenses increased by 213% to €25 million compared to €8 million in Q3 2020, mainly due to higher seismic and dry hole costs in Latin America.

3. Financial performance

3.1 Earnings performance

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenues gas and oil	1,837	703	4,368	2,238
Revenues other	35	102	113	247
Net income from equity-accounted investments: gas and oil	34	-11	59	-17
Net income from equity-accounted investments: midstream	56	49	161	152
Other operating income	18	39	73	55
	1,981	**882**	**4,774**	**2,675**
Production and operating expenses	-892	-366	-2,114	-1,195
Production and similar taxes	-37	-29	-84	-76
Depreciation and amortisation	-382	-335	-1,043	-1,047
Net impairment on assets	-3	8	-70	-944
Exploration expenses	-25	-8	-109	-73
General and administrative expenses	-91	-101	-356	-303
	550	**51**	**998**	**-963**
Financial income	52	128	169	150
Financial expenses	-92	-155	-246	-305
	-40	**-27**	**-77**	**-155**
Income / loss (-) before taxes	**510**	**24**	**921**	**-1,118**
Income taxes	-295	21	-483	370
Net income / loss (-)	**215**	**45**	**438**	**-748**
Net income/loss (-) attributable to shareholders	204	45	409	-748
Net income/loss (-) attributable to subordinated notes investors	11	—	29	—

COMPARISON OF Q3 2021 TO Q3 2020

EBITDAX

Revenues and other operating income

Revenues gas and oil increased by €1,134 million, or 161%, to €1,837 million, compared with €703 million in the comparison period. Excluding revenues from trading activities managed by the headquarters, revenues gas and oil increased by nearly €600 million. This was mainly due to significantly higher commodity prices: the realised price for liquids increased by 101%, and the realised gas price increased by 135%. Primarily due to hedge effects, realised gas prices are lower than the development of TTF.

In addition, revenues from the headquarters trading activities increased as well due to higher commodity prices as well as slightly higher volumes, but were offset by the respective increase in cost of trade goods.

Other revenues decreased by €67 million to €35 million mainly due to the decrease of construction services related to the General Contracting Agreement with Achim Development for Achimov 4A and 5A as the main construction work was completed in 2020.

Other operating income, which comprises primarily income from divestitures and a government grant in Argentina decreased by €21 million compared to Q3 2020.

Production and operating expenses

Excluding cost of trade goods, production and operating expenses decreased by €28 million and accounted for €230 million compared to €258 million in Q3 2020.

Production cost increased by €16 million compared to Q3 2020. This was completely offset by a decrease in other cost of sale by €41 million, mainly due to a reduction of the scope of work arising from the General Contracting Agreement with Achim Development for Achimov 4A and 5A.

Overall, specific production cost increased by 23% to 3.8 €/boe compared to 3.1 €/boe in Q3 2020 mainly driven by lower production volumes in Russia.

PRODUCTION COSTS PER boe (€/boe)	Q3 2021	Q3 2020	9M 2021	9M 2020
Northern Europe	5.5	5.3	5.3	5.4
Russia	0.7	0.4	0.4	0.4
Middle East/North Africa	4.1	4.0	4.0	4.7
Latin America	2.4	2.4	2.4	3.1
Total	**3.8**	**3.1**	**3.6**	**3.4**

Production and similar taxes

Production and similar taxes increased by €8 million from €29 million in the comparison period to €37 million in the reporting period. The increase in royalties is mainly due to higher prices in Germany and Argentina.

RECONCILIATION OF EBITDAX

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenues gas and oil	1,837	703	4,368	2,238
adjusted for unrealised changes in fair value of commodity derivatives	9	1	15	2
Revenues other	35	102	113	247
Net income from equity-accounted investments: gas and oil	34	-11	59	-17
Net income from equity-accounted investments: midstream	56	49	161	152
Other operating income	18	39	73	55
adjusted for gains from sale of assets/ changes in consolidation scope	1	—	-31	—
Production and operating expenses	-892	-366	-2,114	-1,195
adjusted for impairments/write-offs and reversal of impairment on operating receivables	—	—	-2	-1
adjusted for losses from sales of assets	1	—	9	-1
adjusted for non-recurring items (merger related cost, acquisition cost, etc.)[1]	—	—	8	1
Production and similar taxes	-37	-29	-84	-76
General and administrative expenses	-91	-101	-356	-303
adjusted for losses from sale of assets/ changes in consolidation scope	—	—	34	1
adjusted for non-recurring items (merger related cost, acquisition cost, etc)[2]	12	12	70	40
EBITDAX	**983**	**399**	**2,323**	**1,143**

[1] 9M 2021: includes restructuring cost of €8 million; 9M 2020: includes integration cost of €1 million
[2] Q3 2021: includes integration costs of €12 million; Q3 2020: includes integration cost of €12 million; 9M 2021: includes integration cost of €32 million and restructuring cost of €37 million; 9M 2020: includes integration cost of €38 million and restructuring cost of €2 million.

EBITDAX increased by €584 million from €399 million in Q3 2020 to €983 million in the reporting period, primarily due to higher revenues gas and oil -excluding revenues from the headquarters trading activities- since the increase in the trading revenues is offset by the respective increase in trading costs.

EBITDAX per segment

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Northern Europe	634	262	1,503	725
Russia	131	10	347	151
Middle East/North Africa	95	64	210	98
Latin America	103	64	241	170
Midstream	56	49	161	152
Other	-36	-50	-139	-153
Total	**983**	**399**	**2,323**	**1,143**

ADJUSTED NET INCOME

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
EBITDAX	983	399	2,323	1,143
Depreciation and amortization	-382	-335	-1,043	-1,047
Exploration expenses	-25	-8	-109	-73
adjusted for gains and losses from sales of assets	—	—	31	-6
Financial income	52	128	169	150
Financial expenses	-92	-155	-246	-305
adjusted for impairment and reversal of impairment on financial receivables	—	16	—	91
Income taxes	-295	21	-483	370
adjusted for taxes on adjusted and disregarded items	-7	2	-70	-256
Total	**234**	**68**	**573**	**67**

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

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

Exploration expenses

In the reporting period exploration expenses increased by €17 million or 213% %, to €25 million compared to €8 million in the period Q3 2020, mainly due to higher seismic and dry hole costs in Latin America.

Financial result

Financial result amounted to €-40 million in the reporting period, an increase of 48% compared to €-27 million in Q3 2020. This was mainly due to higher losses from financial derivatives (€-172 million), partly compensated by the positive development of the currency result (€133 million) while the comparison period was affected by an impairment of financial receivables (€16 million).

Income taxes

Income before taxes amounted to €510 million in the reporting period compared to €24 million in Q3 2020. In the reporting period, the Wintershall Dea Group incurred total tax expense of €295 million (comparison period: income of €21 million). The effective tax rate in Q3 2021 amounted to 58%. The effective tax rate of the comparison period was affected by a higher impact of the tax relief from the temporarily changed uplift allowance for investments in Norway on the taxes of the Norwegian group company in Q3 2020. The increase of the total tax expense in Q3 2021 of €316 million compared to the income of €21 million in Q3 2020 was mainly impacted by a higher income of the Norwegian group company in Q3 2021 and by an increase of the corporate income tax rate in Argentina in 2021.

Adjusted net income

The increase in EBITDAX has been partly offset by the increased tax expense and lead to an adjusted net income of €234 million in Q3 2021 compared to €68 million in Q3 2020.

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

3.2 FINANCIAL POSITION

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Net income/loss (-)	**215**	**45**	**438**	**-748**
Amortisation/depreciation/impairment losses/ reversal of impairment losses	393	336	1,140	2,020
Changes in provisions	-8	-27	-41	-92
Changes in deferred taxes	27	28	83	88
Gains (-)/losses from disposal of non-current assets	8	—	53	-4
Other non-cash income/expenses and finance cost	-96	-48	-260	-93
Changes in working capital	-157	-90	-159	-63
Changes in other balance sheet items	236	157	722	-106
Cash flow from operating activities	**619**	**401**	**1,977**	**1,002**
Payments for intangible assets, property, plant and equipment and investment property	-237	-247	-760	-971
Payments for/proceeds from acquisitions	—	—	25	-11
Proceeds from the disposal of non-current assets/ divestitures	2	—	67	50
Payments for financial receivables	—	-63	-32	-147
Proceeds from financial receivables	20	—	20	1
Changes in financial receivables from cash pooling	4	-2	-1	-3
Cash flow from investing activities	**-212**	**-312**	**-682**	**-1,081**
Capital contribution from subordinated notes investors	—	—	1,491	—
Dividend payment to shareholders	—	—	-686	-57
Distributions paid to subordinated notes investors	-8	—	-8	—
Proceeds from debt to banks	—	—	28	16
Repayments of debt to banks	-5	-12	-1,864	-16
Change in financial liabilities (related parties)	74	49	124	-51
Repayment of lease liabilities	-14	-23	-45	-55
Cash flow from financing activities	**47**	**14**	**-960**	**-163**
Change in cash and cash equivalents	**454**	**103**	**335**	**-242**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	17	-13	54	-35
Cash and cash equivalents at beginning of reporting period	**738**	**447**	**821**	**814**
Cash and cash equivalents at end of reporting period	**1,210**	**537**	**1,210**	**537**

COMPARISON OF Q3 2021 TO Q3 2020

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Cash flow from operating activities	619	401	1,977	1,002
Cash flow from investing activities	-212	-312	-682	-1,081
Cash flow from financing activities	47	14	-960	-163
Change in cash and cash equivalents	**454**	**103**	**335**	**-242**

Cash flow from operating activities

Cash flow from operating activities increased by €218 million from €401 million in Q3 2020 to €619 million in Q3 2021. This increase was primarily due to higher commodity prices. This was partly compensated by tax payments: in the reporting period we were in a tax paying position whereas in the comparison period we received cash refunds for the tax value of losses from Norwegian tax authorities (€287 million).

Cash flow from investing activities

Cash flow from investing activities, which includes capital expenditures, acquisitions, payments for financial receivables and proceeds from divestitures and disposals, amounted to €-212 million in Q3 2021 compared to €-312 million in Q3 2020. The change was mainly due to lower financing of investment activities in our equity-accounted investments.

Cash flow from financing activities

Cash flow from financing activities amounted to €47 million in the reporting period, compared to €14 million in Q3 2020, primarily due to lower increase from cash pooling liabilities with related parties by €25 million, lower repayment of lease liabilities (€9 million) and a distribution payment to subordinated notes investors in Q3 2021 (€-8 million).

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Cash flow from operating activities	619	401	1,977	1,002
Cash flow from investing activities	-212	-312	-682	-1,081
less payments for/proceeds from acquisitions	—	—	-25	11
less proceeds from the disposal of non-current assets/divestitures	-2	—	-67	-50
Free cash flow	**405**	**89**	**1,203**	**-118**

3.3 NET ASSETS

€ million	30 Sep 2021	31 Dec 2020
Intangible assets	5,424	5,629
Tangible assets	9,189	8,776
Equity-accounted investments	2,794	2,671
Financial receivables	1,148	1,127
Other assets/receivables	1,069	315
Non-current assets	**19,624**	**18,518**
Financial receivables	221	141
Trade and other receivables	1,313	908
Other current assets	1,699	1,410
Current assets	**3,233**	**2,459**
Assets	**22,857**	**20,977**

Non-current assets amounted to €19,624 million as at 30 September 2021, 86% of total assets. Compared to €18,518 million as at 31 December 2020, non-current assets increased by €1,106 million or 6%.

Intangible assets amounted to €5,424 million (31 December 2020: €5,629 million). Goodwill increased by €127 million to €2,425 million as at 30 September 2021 as a result of foreign currency translation effects. Exploration assets amounted to €381 million, a decrease of €261 million compared to the prior year, mainly due to reclassifications of exploration assets to tangible assets. Other intangible assets amounted to €2,618 million as at 30 September 2021, a decrease of €71 million compared to 31 December 2020, mainly due to amortisation and impairment, partially compensated by foreign currency translation effects.

Tangible assets increased by €413 million and amounted to €9,189 million. This is mainly due to foreign currency translation effect (€409 million), while additions and transfers were slightly higher than depreciation and disposals for the reporting period.

Equity-accounted investments amounted to €2,794 million, an increase of €123 million compared to 31 December 2020, mainly due to increases in the underlying proportionate net income of the participations, foreign currency translation effects, partly compensated by received dividends.

Additionally, other assets and receivables increased by €754 million to €1,069 million, mainly driven by higher deferred tax assets (€817 million), partially offset by the decrease of derivative instruments (€67 million).

Current assets decreased by 31% compared to 31 December 2020 and amounted to €3,233 million as at 30 September 2021.

Current financial receivables increased by €80 million to €221 million, mainly due to higher loans to one of our Russian joint ventures.

Trade and other receivables amounted to €1,313 million compared with €908 million as at 31 December 2020. The increase of €405 million was due among other factors to higher commodity prices and currency translation.

Additionally, other current assets increased by €289 million to €1,699 million. Income tax assets decreased in the first nine months of 2021 mainly as a result of the received refunds for tax value of losses for the fiscal year 2020 from Norwegian tax authorities. The increase in cash and cash equivalents by €389 million (€821 million as at 31 December 2020) is mainly attributable to the strong free cash flow. Derivative instruments amounted to €278 million, an increase of €186 million compared to 31 December 2020 (€92 million).

€ million	30 Sep 2021	31 Dec 2020
Equity	**6,306**	**6,435**
Provisions	3,261	3,327
Financial debt	4,052	5,886
Other non-current liabilities	4,479	3,361
Non-current liabilities	**11,792**	**12,574**
Provisions	415	437
Financial debt	563	471
Trade and other payables	1,069	766
Other current liabilities	2,713	294
Current liabilities	**4,759**	**1,968**
Equity and liabilities	**22,857**	**20,977**

Equity decreased by €129 million to €6,306 million compared with 31 December 2020. Adverse fair value changes in derivatives recognised in other comprehensive income and paid dividends were partly compensated by capital raised through the issuance of Subordinated notes (€1,491 million).

Compared with 31 December 2020, non-current liabilities decreased by €782 million to €11,792 million as at 30 September 2021.

Overall, non-current provisions declined by €66 million to €3,261 million as at 30 September 2021. Provisions for pensions decreased by €101 million to €530 million due to changes in the discount rates. Decommissioning provisions amounted to €2,629 million (31 December 2020: €2,607 million), the increase mainly stemming from additions in Norway and Germany and the effects from foreign currency translation partially offset by the disposal of assets in Germany. Other provisions increased slightly and amounted to €101 million.

Non-current financial debt amounted to €4,052 million (31 December 2020: €5,886 million). The decline of €1,834 million was due to the complete repayment of bank facilities.

Other non-current liabilities include derivative instruments, other liabilities, income tax liabilities and deferred tax liabilities. The increase in derivative instruments (€785 million) was only attributable to commodity derivatives. Deferred taxes increased by €334 million to €3,584 million and the income tax liabilities amounted to €27 million as at 30 September 2021.

Current liabilities increased by €2,791 million to €4,759 million as of 30 September 2021. This was mainly driven by the increase of derivative instruments (€2,170 million, resulting from commodity derivatives), trade and other payables (€303 million) and income tax liabilities (€248 million).

Overall current provisions remained stable amounting to €415 million.

Current financial debt increased by €92 million, mainly due to higher cash pool liabilities (€138 million), partly compensated by the decrease of lease liabilities (€28 million) and the interest for bonds (€11 million).

Trade and other payables increased by €303 million to €1,069 million compared with €766 million as at 31 December 2020.

Other current liabilities include derivative instruments and income tax liabilities (30 September 2021: €2,713 million). The increase by €2,170 million in derivative instruments (€258 million as at 31 December 2020) was mainly attributable to commodity derivatives. Income tax liabilities amounted to €284 million, above the prior-year level (31 December 2020: €36 million). The increase was primarily due to our Norwegian subsidiary being in a tax paying position (€212 million) and the change in the tax rate in Argentina (€44 million).

NET DEBT/EBITDAX RATIO

€ million	30 Sep 2021	31 Dec 2020
Debt to banks	—	1,828
Bonds	3,987	3,997
Financial liabilities from cash pooling	532	394
Lease liabilities	94	133
Total debt	**4,613**	**6,352**
Financial receivables from cash pooling	-14	-12
Cash and cash equivalents	-1,210	-821
Net debt	**3,390**	**5,519**
EBITDAX (LTM)[1]	**2,823**	**1,643**
Net debt/EBITDAX ratio	**1.2**	**3.4**

[1] LTM = Last twelve months

Net debt as at 30 September 2021 amounted to €3,390 million compared to €5,519 million as at 31 December 2020. Temporary banking facilities were repaid earlier this year, primarily through the issuance of €1,500 million Subordinated notes. Total debt has decreased by 27% to €4,613 million. In addition, cash and cash equivalents increased by 47% to €1,210 resulting in a net debt of €3,390 million and a reduction of net debt to EBITDAX ratio from 3.4x to 1.2x.

Kassel/Hamburg, 25 October 2021

Mehren Smith Summers Dijkgraaf Wieland

WINTERSHALL DEA CONSOLIDATED INTERIM FINANCIAL STATEMENTS Q3 AND 9M 2021

CONSOLIDATED STATEMENT OF INCOME

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenues gas and oil	1,837	703	4,368	2,238
Revenues other	35	102	113	247
Net income from equity-accounted investments: gas and oil	34	-11	59	-17
Net income from equity-accounted investments: midstream	56	49	161	152
Other operating income	18	39	73	55
	1,981	**882**	**4,774**	**2,675**
Production and operating expenses	-892	-366	-2,114	-1,195
Production and similar taxes	-37	-29	-84	-76
Depreciation and amortisation	-382	-335	-1,043	-1,047
Net impairment on assets	-3	8	-70	-944
Exploration expenses	-25	-8	-109	-73
General and administrative expenses	-91	-101	-356	-303
	550	**51**	**998**	**-963**
Financial income	52	128	169	150
Financial expenses	-92	-155	-246	-305
	-40	**-27**	**-77**	**-155**
Income/loss (-) before taxes	**510**	**24**	**921**	**-1,118**
Income taxes	-295	21	-483	370
Net income/loss (-)	**215**	**45**	**438**	**-748**
Net income/loss (-) attributable to shareholders	204	45	409	-748
Net income/loss (-) attributable to subordinated notes investors	11	—	29	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Net income/loss (-)	**215**	**45**	**438**	**-748**
Actuarial gains/losses	15	10	77	-3
Actuarial gains/losses from equity-accounted investments	-1	—	-1	-7
Income and expenses that will not be reclassified to the statement of income at a later date, recognised directly in equity	**14**	**10**	**76**	**-10**
Unrealised gains/losses on currency translation	136	-283	326	-411
Unrealised gains/losses on currency translation from equity-accounted investments	30	-43	110	-87
Fair value changes in derivatives designated in cash flow hedges	-1,287	-52	-1,889	-59
Fair value changes in derivatives designated in cash flow hedges from equity-accounted investments	2	2	10	5
Income and expenses that will be reclassified to the statement of income at a later date, recognised directly in equity	**-1,118**	**-377**	**-1,443**	**-552**
Other comprehensive income (net of tax)	**-1,104**	**-367**	**-1,367**	**-562**
Total comprehensive income	**-890**	**-322**	**-929**	**-1,310**
Total comprehensive income attributable to shareholders	-900	-322	-958	-1,310
Total comprehensive income attributable to subordinated notes investors	11	—	29	—

CONSOLIDATED BALANCE SHEET

€ million	30 Sep 2021	31 Dec 2020
Assets		
Non-current assets		
Goodwill	2,425	2,298
Exploration assets	381	642
Other intangible assets	2,618	2,689
Property, plant and equipment and investment property	9,189	8,776
Equity-accounted investments	2,794	2,671
Other financial assets	16	16
Financial receivables	1,148	1,127
Derivative instruments	54	121
Other receivables	42	38
Deferred tax assets	957	140
	19,624	**18,518**
Current assets		
Inventories	203	201
Financial receivables	221	141
Trade and other receivables	1,313	908
Derivative instruments	278	92
Income tax assets	8	296
Cash and cash equivalents	1,210	821
	3,233	**2,459**
Total assets	**22,857**	**20,977**

€ million	30 Sep 2021	31 Dec 2020
Equity and liabilities		
Equity attributable to shareholders and subordinated notes investors		
Subscribed capital	189	189
Capital reserve	1,161	1,161
Retained earnings and other comprehensive income	3,441	5,085
Equity attributable to subordinated notes investors	1,514	—
	6,306	**6,435**
Non-current liabilities		
Pension provisions	530	631
Decommissioning provisions	2,629	2,607
Other provisions	101	89
Financial debt	4,052	5,886
Derivative instruments	847	62
Income tax liabilities	27	18
Other liabilities	21	31
Deferred tax liabilities	3,584	3,250
	11,792	**12,574**
Current liabilities		
Decommissioning provisions	162	167
Other provisions	253	270
Financial debt	563	471
Trade and other payables	1,069	766
Derivative instruments	2,428	258
Income tax liabilities	284	36
	4,759	**1,968**
Total equity and liabilities	**22,857**	**20,977**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other comprehensive income					
€ million	Subscribed capital of Wintershall Dea AG	Capital reserves of Wintershall Dea AG	Retained earnings and net retained profit	Remeasurement of defined benefit plans	Foreign currency translation	Cash flow hedges	Shareholder`s equity	Equity attributable to hybrid capital investors - net of tax	Total
As at 1 Jan 2021	**189**	**1,161**	**7,047**	**-225**	**-1,496**	**-241**	**6,435**	**—**	**6,435**
Other comprehensive income	—	—	—	76	436	-1,879	-1,367	—	-1,367
Net income/ loss (-)	—	—	409	—	—	—	409	29	438
Total comprehensive income	—	—	409	76	436	-1,879	-958	29	-929
Capital increase/ decrease (–)	—	—	—	—	—	—	—	1,491	1,491
Dividends/ distributions	—	—	-686	—	—	—	-686	-8	-694
Other changes	—	—	—	—	—	—	—	2	2
As at 30 Sep 2021	**189**	**1,161**	**6,770**	**-149**	**-1,060**	**-2,120**	**4,791**	**1,514**	**6,306**
As at 1 Jan 2020	**189**	**6,152**	**2,943**	**-190**	**-786**	**-19**	**8,289**	**—**	**8,289**
Other comprehensive income	—	—	—	-10	-498	-54	-562	—	-562
Net income/ loss (-)	—	—	-748	—	—	—	-748	—	-748
Total comprehensive income	—	—	-748	-10	-498	-54	-1,310	—	-1,310
Capital increase/ decrease	—	9	—	—	—	—	9	—	9
Dividends/ distributions	—	—	-57	—	—	—	-57	—	-57
Other changes	—	-5,000	5,001	—	—	—	1	—	1
As at 30 Sep 2020	**189**	**1,161**	**7,139**	**-200**	**-1,284**	**-73**	**6,932**	**—**	**6,932**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Net income/loss (-)	**215**	**45**	**438**	**-748**
Amortisation/depreciation/impairment losses/reversal of impairment losses	393	336	1,140	2,020
Changes in provisions	-8	-27	-41	-92
Changes in deferred taxes	27	28	83	88
Gains (-)/losses from disposal of non-current assets	8	—	53	-4
Other non-cash income/expenses and finance cost	-96	-48	-260	-93
Changes in working capital	-157	-90	-159	-63
Changes in other balance sheet items	236	157	722	-106
Cash flow from operating activities	**619**	**401**	**1,977**	**1,002**
Payments for intangible assets, property, plant and equipment and investment property	-237	-247	-760	-971
Payments for/proceeds from acquisitions	—	—	25	-11
Proceeds from the disposal of non-current assets/ divestitures	2	—	67	50
Payments for financial receivables	—	-63	-32	-147
Proceeds from financial receivables	20	—	20	1
Changes in financial receivables from cash pooling	4	-2	-1	-3
Cash flow from investing activities	**-212**	**-312**	**-682**	**-1,081**
Capital contribution from subordinated notes investors	—	—	1,491	—
Dividend payment to shareholders	—	—	-686	-57
Distributions paid to subordinated notes investors	-8	—	-8	—
Proceeds from debt to banks	—	—	28	16
Repayments of debt to banks	-5	-12	-1,864	-16
Change in financial liabilities (related parties)	74	49	124	-51
Repayment of lease liabilities	-14	-23	-45	-55
Cash flow from financing activities	**47**	**14**	**-960**	**-163**

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Change in cash and cash equivalents	**454**	**103**	**335**	**-242**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	17	-13	54	-35
Cash and cash equivalents at beginning of reporting period	**738**	**447**	**821**	**814**
Cash and cash equivalents at end of reporting period	**1,210**	**537**	**1,210**	**537**
Supplementary information on cash flows from operating activities				
Income tax paid (less refunds)	-69	268	146	182
Interest paid	-45	-52	-54[1]	-69
Interest received	11	3	20	18
Dividends received gas and oil	20	24	24	24
Dividends received midstream	36	18	139	165

[1] Includes capitalised borrowing cost of €-14 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 (formerly Wintershall Dea GmbH) is a joint-stock company registered at the District Court (Amtsgericht) of Lüneburg under entry no. HRB 209823. In accordance with the entry in the commercial register on 26 July, 2021, Wintershall Dea GmbH changed the legal form and transformed into a joint-stock company under the business name Wintershall Dea AG.

The company's registered office is located in Celle, Lower Saxony, Germany, and it is dual-headquartered in Kassel (Friedrich-Ebert-Straße 160 in 34119 Kassel) and Hamburg (Überseering 40 in 22297 Hamburg), Germany. Its operations and principal activities are the exploration and production of natural gas, oil and other resources and resulting products and co-products, trading in all of the resources and commodities, as well natural gas pipeline systems.

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

The presented consolidated interim financial statements comprise the third quarter (Q3) as well as the first nine months ended 30 September 2021 (9M). In line with IAS 34, the scope of the presentation is condensed compared to the scope applied to the consolidated financial statements as at 31 December 2020. The consolidated interim financial statements apply the same accounting policies and practices as those used in the 2020 annual financial statements, except where financial reporting standards have been applied for the first time in 2021 (see Note 4).

The consolidated financial statements have 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.

SELECTED EXCHANGE RATES

	Closing rates €1 =		Average rates €1 =	
	30 Sep 2021	31 Dec 2020	9M 2021	9M 2020
Argentinian peso (ARS)	114.41	103.16	111.68	76.16
Brazilian real (BRL)	6.26	6.37	6.38	5.71
British pound (GBP)	0.86	0.90	0.86	0.89
Norwegian krone (NOK)	10.17	10.47	10.23	10.71
Russian rouble (RUB)	84.34	91.47	88.53	79.96
US dollar (USD)	1.16	1.23	1.20	1.13
Mexican peso (MXN)	23.74	24.42	24.08	24.52

Discount rates

The discount rates applied for decommissioning provisions remain unchanged between 0% and 6.25%. Pension provisions are discounted at an interest rate of 1.24% in Germany (31 December 2020: 0.70%) and at an interest rate of 1.50% in Norway (31 December 2020: 1.50%).

Note 2 – Scope of consolidation

The consolidated interim financial statements include 49 fully consolidated companies and one proportionally consolidated company (31 December 2020: 49 fully consolidated companies and one proportionally consolidated company) as well as 7 legal entities (joint ventures and associated companies) that are accounted for using the equity method (31 December 2020: 8). Following the sale of its direct interest in the Wolgodeminoil joint venture, Wintershall Dea Wolga Petroleum GmbH was reclassified from equity-accounted investments to other financial assets due to materiality reasons. Moreover, one fully consolidated company was deconsolidated due to liquidation and one newly founded company was included in the consolidated financial statements for the first time.

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

Note 3 – Major asset sales in the first nine months of 2021

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

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

Note 4 - Changes in accounting standards

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

	IASB EFFECTIVE DATE
Amendments to IFRS 4 'Insurance Contracts' – Deferral of IFRS 9 (2020)	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (2020) 'Interest Rate Benchmark Reform – Phase 2'	1 January 2021
Amendments to IFRS 16 (2021) 'Covid-19 Related Rent Concessions beyond 30 June 2021'	1 April 2021

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

Note 5 – Supplementary information on consolidated statement of income

REVENUES

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenues gas				
Gas sales own production	517	253	1,284	807
Gas sales trading	708	118	1,468	429
Unrealised gains/losses from gas derivatives	-9	-1	-15	-2
	1,216	**370**	**2,737**	**1,234**
Revenues oil				
Oil sales own production[1]	612	332	1,620	994
Oil sales trading	9	1	11	10
	622	**333**	**1,631**	**1,004**
Total revenues gas and oil	**1,837**	**703**	**4,368**	**2,238**
Revenues other	35	102	113	247
Total	**1,872**	**805**	**4,481**	**2,485**

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

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

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

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

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

In the first nine months of 2021, realised losses from gas sales and purchase contracts measured at fair value through profit or loss according to IFRS 9 are recognised as gas sales revenues and cost of trade goods in the amount of €7 million. In addition, gas sales revenues include realised losses of €505 million for fixed price contracts for which hedge accounting is applied. Oil sales revenues include realised losses from oil swaps amounting to €83 million. These gains and losses are not within the scope of IFRS 15.

PRODUCTION AND OPERATING EXPENSES

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Production costs	151	135	450	433
Change over-/underlift	-18	-17	-9	-52
Transport fees and leases	59	56	170	181
Development costs	5	11	8	23
Cost of trade goods	662	108	1,377	395
Other cost of sales	32	73	103	215
Other costs	—	—	15	—
Total	**892**	**366**	**2,114**	**1,195**

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

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

GENERAL AND ADMINISTRATIVE EXPENSES

In the first nine months of 2021, the general and administrative expenses include €37 million restructuring costs which are partly related to prior periods.

FINANCIAL RESULT

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Interest income from third parties	32	27	91	83
Interest income from related parties	3	1	6	6
Foreign currency exchange gains, net	15	—	68	—
Gains from financial derivatives, net	—	96	—	54
Income from investments	2	2	4	5
Other financial income	—	2	—	2
Financial income	**52**	**128**	**169**	**150**
Interest expenses to third parties	13	21	44	60
Less capitalised borrowing costs	-5	-11	-14	-32
Foreign currency exchange losses, net	—	118	—	153
Losses from financial derivatives, net	76	—	196	—
Interest from addition to provisions	6	11	18	32
Net impairment on financial receivables	—	16	—	91
Other financial expenses	2	—	2	1
Financial expenses	**92**	**155**	**246**	**305**
Total financial result	**-40**	**-27**	**-77**	**-155**

INCOME TAXES

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Current income tax expenses	268	-49	399	-458
Deferred tax expenses	27	28	84	88
Total	**295**	**-21**	**483**	**-370**

Note 6 – Segment reporting

The Group's business is conducted in six segments:

› Northern Europe

› Russia

› Middle East/North Africa (MENA)

› Latin America (LATAM)

› Midstream

› Other

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

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

› Russia: Russia

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

› Latin America: Argentina, Mexico and Brazil

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

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

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

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

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

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

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

Q3 2021

€ million/mboe/d	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	630	163	115	139	1	825	—	1,872
Inter-segment revenues	183	—	—	—	—	14	-198	—
Segment revenues	814	163	115	139	1	839	-198	1,872
Depreciation and amortisation	-296	-7	-36	-41	—	-2	—	-382
Net impairment on assets	—	—	-3	—	—	—	—	-3
Exploration expenses	-3	—	-1	-19	—	-1	—	-25
Income tax	-254	-25	—	-22	—	6	—	-295
Adjusted net income	64	101	45	-17	57	-17	—	234
EBITDAX	634	131	95	103	56	-36	—	983
of which net income from equity-accounted investments	7	16	11	—	56	—	—	90
Total CAPEX[1]	-188	-1	-24	-24	—	—	—	-237
of which production and development CAPEX	-174	-1	-24	-11	—	—	—	-210
of which exploration CAPEX	-14	—	—	-12	—	—	—	-27
Free cash flow	205	84	28	32	60	-4	—	405
Production[2] [3]	216	238	65[4]	69	—	—	—	588
of which gas	110	197	48	61	—	—	—	416
of which liquids	106	41	17	8	—	—	—	172

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

Q3 2020

€ million/mboe/d	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	366	100	94	96	—	149	—	805
Inter-segment revenues	43	—	—	—	—	1	-44	—
Segment revenues	409	100	94	96	—	150	-44	805
Depreciation and amortisation	-278	-21	-22	-12	—	-2	—	-335
Net impairment on assets	5	—	—	3	—	—	—	8
Exploration expenses	-5	—	-1	—	—	-2	—	-8
Income tax	78	-1	-33	-14	—	-9	—	21
Adjusted net income	54	-12	18	37	48	-77	—	68
EBITDAX	262	10	64	64	49	-50	—	399
of which net income from equity-accounted investments	-8	-2	-1	—	49	—	—	38
Total CAPEX[1]	-215	-2	-29	—	—	-1	—	-247
of which production and development CAPEX	-212	-2	-29	-8	—	-1	—	-252
of which exploration CAPEX	-3	—	—	8	—	—	—	5
Production[2] [3]	196	278	55[4]	77	—	—	—	606
of which gas	100	221	38	68	—	—	—	427
of which liquids	96	57	17	9	—	—	—	179

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

€ million/mboe/d	9M 2021							
	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	1,570	468	249	342	1	1,851	—	4,481
Inter-segment revenues	515	—	—	—	—	31	-546	—
Segment revenues	2,084	468	249	342	1	1,882	-546	4,481
Depreciation and amortisation	-799	-29	-85	-125	—	-6	—	-1,043
Net impairment on assets	-1	—	-5	-64	—	—	—	-70
Exploration expenses	-64	—	3	-40	—	-8	—	-109
Income tax	-381	-68	1	-17	—	-17	—	-483
Adjusted net income	211	254	95	-39	162	-110	—	573
EBITDAX	1,503	347	210	241	161	-139	—	2,323
of which net income from equity-accounted investments	9	31	19	—	161	—	—	220
Total CAPEX[1]	-628	-3	-76	-50	—	-3	—	-760
of which production and development CAPEX	-561	-3	-76	-29	—	-3	—	-672
of which exploration CAPEX	-67	—	—	-20	—	—	—	-88
Free cash flow	916	270	7	64	118	-171	—	1,203
Production[2] [3]	206	289	54[4]	71	—	—	—	620
of which gas	106	231	42	63	—	—	—	442
of which liquids	100	58	12	8	—	—	—	178

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

€ million/mboe/d	9M 2020							
	Northern Europe	Russia	Middle East/North Africa	Latin America	Midstream	Other	Consolidation	Total
External revenues	1,152	402	187	269	1	474	—	2,485
Inter-segment revenues	104	—	—	—	—	4	-108	—
Segment revenues	1,256	402	187	269	1	478	-108	2,485
Depreciation and amortisation	-816	-34	-76	-116	—	-5	—	-1,047
Net impairment on assets	-282	-17	-484	-161	—	—	—	-944
Exploration expenses	-29	—	-3	-33	—	-8	—	-73
Income tax	396	-29	-27	12	1	17	—	370
Adjusted net income	77	93	9	-50	148	-210	—	67
EBITDAX	725	151	98	170	152	-153	—	1,143
of which net income from equity-accounted investments	-23	12	-6	—	152	—	—	135
Total CAPEX[1]	-813	-9	-114	-33	—	-2	—	-971
of which production and development CAPEX	-788	-9	-114	-28	—	-2	—	-941
of which exploration CAPEX	-25	—	—	-5	—	—	—	-30
Production[2] [3]	201	287	51[4]	74	—	—	—	613
of which gas	108	230	39	65	—	—	—	442
of which liquids	93	57	12	9	—	—	—	171

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

External revenues are allocated to the following divisions:

EXTERNAL REVENUES

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Norway	532	258	1,270	793
Germany	98	101	288	352
UK/ Denmark/ Netherlands	—	7	12	7
Northern Europe	**630**	**366**	**1,570**	**1,152**
Russia	**163**	**100**	**468**	**402**
Egypt	99	34	214	105
Algeria	15	8	35	30
Libya	—	52	—	52
Middle East/North Africa	**115**	**94**	**249**	**187**
Argentina	124	82	301	232
Mexico	15	14	42	37
Latin America	**139**	**96**	**342**	**269**
Midstream	**1**	**—**	**1**	**1**
Other	**825**	**149**	**1,851**	**474**
Total	**1,872**	**805**	**4,481**	**2,485**

EBITDAX and adjusted net income

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

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

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenues gas and oil	1,837	703	4,368	2,238
adjusted for unrealised changes in fair value of commodity derivatives	9	1	15	2
Revenues other	35	102	113	247
Net income from equity-accounted investments: gas and oil	34	-11	59	-17
Net income from equity-accounted investments: midstream	56	49	161	152
Other operating income	18	39	73	55
adjusted for gains from sale of assets/changes in consolidation scope	1	—	-31	—
Production and operating expenses	-892	-366	-2,114	-1,195
adjusted for impairments/write-offs and reversal of impairment on operating receivables	—	—	-2	-1
adjusted for losses from sales of assets	1	—	9	-1
adjusted for non-recurring items (merger related cost, acquisition cost, etc.)	—	—	8	1
Production and similar taxes	-37	-29	-84	-76
General and administrative expenses	-91	-101	-356	-303
adjusted for losses from sale of assets/changes in consolidation scope	—	—	34	1
adjusted for non-recurring items (merger related cost, acquisition cost etc)	12	12	70	40
EBITDAX	**983**	**399**	**2,323**	**1,143**

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
EBITDAX	**983**	**399**	**2,323**	**1,143**
Depreciation and amortisation	-382	-335	-1,043	-1,047
Exploration expenses	-25	-8	-109	-73
adjusted for gains and losses from sales of assets	—	—	31	-6
Financial income	52	128	169	150
Financial expenses	-92	-155	-246	-305
adjusted for impairment/write-offs and reversal of impairment on financial receivables	—	16	—	91
Income taxes	-295	21	-483	370
adjusted for taxes on adjusted and disregarded items	-7	2	-70	-256
Adjusted net income	**234**	**68**	**573**	**67**

Note 7 – Supplementary information on Balance Sheet

INTANGIBLE ASSETS

€ million	30 Sep 2021	31 Dec 2020
Goodwill	2,425	2,298
Exploration	381	642
Other intangible assets	2,618	2,689
Total	**5,424**	**5,629**

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

€ million	30 Sep 2021	31 Dec 2020
Land and buildings[1]	104	124
Gas and oil assets	9,046	8,618
Other plant machinery and equipment	8	8
Fixtures and fittings and office equipment	31	26
Total	**9,189**	**8,776**

[1] Land and buildings include investment property.

Impairment testing

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

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

In the first nine months of 2021, impairment losses of €70 million are recognised as net impairments on assets. The impairment losses mainly relate to acquisition costs of concessions in Mexico, and are primarily triggered by a reduction in the company's working interest in Block 7 following the working interest determination by an independent expert as part of the unitisation process.

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

Subordinated Notes (Equity)

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

(€650 million with a coupon of 2.4985 %) is on 20 July 2026, and the first reset date for the NC2029 tranche (€850 million with a coupon of 3.0000 %) is on 20 January 2029.

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

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

Financial Debt/Net Debt

	30 Sep 2021		31 Dec 2020	
€ million	Non-current	Current	Non-current	Current
Bonds	4,000	1	4,000	12
less transaction cost	-14	—	-15	—
	3,986	1	3,985	12
Debt to banks	—	—	1,819	3
less/plus transaction cost and embedded derivatives	—	—	6	—
	—	—	1,825	3
Financial liabilities to related parties and other participations	—	534	—	399
Lease liabilities	65	29	76	57
Total	**4,052**	**563**	**5,886**	**471**

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

BONDS	%	Maturity	Currency	Nominal value (€ million)	Fair Value 30 Sep 2021 (€ million)	Carrying amount 30 Sep 2021 (€ million)
Bond ISIN XS2054209320	0.452	2023	EUR	1,000	1,010	997
Bond ISIN XS2054209833	0.840	2025	EUR	1,000	1,021	997
Bond ISIN XS2054210252	1.332	2028	EUR	1,000	1,038	996
Bond ISIN XS2055079904	1.823	2031	EUR	1,000	1,061	996
Total				**4,000**	**4,130**	**3,986**

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

Debt to banks

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

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

Credit facilities

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

NET DEBT

€ million	30 Sep 2021	31 Dec 2020
Cash and cash equivalents	-1,210	-821
Financial receivables from cash pooling	-14	-12
Bonds	3,987	3,997
Debt to banks	—	1,828
Financial liabilities from cash pooling	532	394
Lease liabilities	94	133
Total	**3,390**	**5,519**

Note 8 – Contractual commitments

As at 30 September 2021, the Group has obligations based on firm orders for property, plant and equipment, as well as from field development projects, in the amount of €342 million (31 December 2020: €373 million).

Furthermore, the Wintershall Dea Group is committed to a certain number of exploration wells and seismic surveys within the context of exploration licences. The estimated expenditures amount to €144 million (31 December 2020: €110 million).

Further obligations from purchase contracts resulted primarily from long-term purchase commitments for natural gas ('own use contracts'). The firm purchase commitments from own use contracts amount to €289 million as at 30 September 2021 (31 December 2020: €150 million).

OBLIGATIONS ARISING FROM COMMODITY PURCHASE CONTRACTS

€ million	30 Sep 2021	31 Dec 2020
2021	59	51
2022	130	39
2023	61	30
2024	28	18
2025	11	9
2026	—	1
2027 and maturities extending beyond this	—	2
Total	**289**	**150**

Note 9 – Related-party disclosures

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

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

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

REVENUES WITH RELATED PARTIES

€ million	9M 2021	9M 2020
Non-consolidated subsidiaries	—	—
Joint ventures/associated companies	138	212
Shareholders and their affiliates	346	184
Total	**484**	**396**

TRADE ACCOUNTS RECEIVABLE FROM/TRADE ACCOUNTS PAYABLE TO RELATED PARTIES

	Trade accounts receivable		Trade accounts payable	
€ million	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Non-consolidated subsidiaries	6	9	3	3
Joint ventures/associated companies	28	32	22	8
Shareholders and their affiliates	97	36	4	6
Total	**130**	**77**	**30**	**17**

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

	Financial and other receivables		Financial and other liabilities	
€ million	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Non-consolidated subsidiaries	40	26	18	12
Joint ventures/associated companies	329	288	515	387
Shareholders and their affiliates	—	—	—	—
Total	**369**	**314**	**534**	**399**

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

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

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

Note 10 – Reporting on financial instruments

Derivative financial instruments and hedge accounting

Commodity derivatives

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

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

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

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

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

Foreign currency derivatives

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

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

Embedded derivatives

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

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

	30 Sep 2021/9M 2021		
€ million	Commodity derivatives (fixed-price gas sales)	Commodity derivatives (oil swaps)	Foreign currency derivatives
Carrying amount			
Derivative assets	—	—	13
Derivative liabilities	2,702	198	38
Nominal amount	1,476	857	1,360
Maturity date	10/2021-12/2024	10/2021-12/2024	09/2023-09/2028
Quantity	300,869 mmscf	17,128 mbbl	
Average price or rate	16.73 EUR/MWh	57.93 USD/bbl	1.10 USD/€
Amounts recognised in profit or loss or other comprehensive income			
Change in fair value of hedging instrument recognised in OCI	-2,987	-313	-108
Reclassified from OCI to profit or loss	505	83	134

Measurement of financial instruments

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

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

FAIR VALUE HIERARCHY

	30 Sep 2021			
€ million	Total	Level 1[1]	Level 2[2]	Level 3[3]
Other receivables	—	—	—	—
Derivative financial assets	332	—	332	—
of which commodity derivatives	294	—	294	—
of which currency derivatives	38	—	38	—
of which embedded derivatives	—	—	—	—
Derivative financial liabilities	3,276	—	3,276	—
of which commodity derivatives	3,215	—	3,215	—
of which currency derivatives	60	—	60	—

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

FAIR VALUE HIERARCHY

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

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

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

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

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

Note 11 – Impact of the COVID-19 pandemic

In June 2020, the Norwegian government enacted temporary changes in the petroleum tax system, in effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 situation. The changes include an increase of the uplift allowance to 24% for investments and the direct tax expense of both uplift allowance and capital expenditures in the special petroleum tax regime in 2020 and 2021. These changes result in a positive tax effect of €28 million in the tax result of the first nine months of 2021. In addition, the final cash refunds for the tax value of losses for the fiscal year 2020 from Norwegian tax authorities have been received in the first half of 2021 totalled NOK 2,929 million (€289 million).

Note 12 – Events after the balance sheet date

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

Kassel/Hamburg, 25 October 2021

Mehren Smith Dijkgraaf Summers Wieland