*Maroussi, 18 May 2023*

# First Quarter 2023 financial results

## Strong profitability on increased refinery utilization and higher exports amid positive international refining environment - Focus on Energy Transition strategy implementation

HELLENiQ ENERGY Holdings S.A. ("Company") announced its 1Q23 consolidated financial results, with Adjusted EBITDA at €404m and Adjusted Net Income at €252m.

Despite a slight weakening of the international refining environment, the Company continues to report strong results, driven mainly by high refining margins and improved operational performance across its businesses. Compared to a relatively weak 1Q22, current year performance improves on most areas with higher sales volume and increased profitability. Refining sales volume reached 3.7m MT (+12%), with exports increasing by 27%, making up for 60% of total sales volume.

1Q23 Reported Net Income at €155m, reflects the impact of volatile crude oil and product prices on reported results, as the difference vs last year's first quarter due to inventory effect is €426m; 1Q23 reported inventory losses in Refining and Marketing in Greece of €145m vs inventory gains of €281m in 1Q22.

**Strategy Implementation - Vision 2025**

During 2022, the Company implemented a transformation strategy across most sectors, in response to changing environment and future projections. In particular, developing a second pillar of growth in cleaner forms of energy became an integrated part of the Group's strategic plan while corporate governance framework was upgraded, a more appropriate corporate structure was established and, finally, a new corporate identity was introduced.

Having successfully completed the first phase of these initiatives, the focus is firmly on four priorities, namely: (a) promote operational excellence in our activities throughout the Group, (b) develop a value enhancing RES and power storage portfolio, (c) improve carbon footprint in our core activities and (d) embed and further improve ESG and sustainability criteria in our business.

In this framework, we are currently evaluating and maturing an investment for carbon capture and storage (CCS) facility at the Elefsina refinery, for the production of "blue" hydrogen. For this, an application for funding support has recently been submitted to the EU Innovation Fund. Although CCS technology is relatively well-known, prevailing conditions (institutional framework, funding priorities at European level, availability of storage) are not conducive for an immediate investment decision. However, we believe that such projects need to be pursued and matured if we are to achieve environmental targets within a realistic timeline. On the contrary, the pilot investment in "green" hydrogen at the Elefsina refinery edges closer to the final investment decision, while projects for the production of biofuels (HVO, SAF) at the Group's refineries are in the implementation phase.

An important part of new technologies for carbon footprint improvement depends on the availability of low-cost accessible green energy. In this context, the development of a RES portfolio makes sense for us not only as a stand-alone new business proposition but also a major synergistic benefit for our core businesses.

In terms of operational excellence and competitiveness improvement, the digital transformation program is being accelerated, with investments of more than €40m and significant benefits, which are estimated to reach €50m on an annualized basis at the end of the program.

In the RES business, following the addition of approximately 300 MW of installed capacity during the last year, the total operating RES capacity amounts to 341 MW, with additional projects in production and storage, under evaluation in Greece and internationally. The development of storage and energy management solutions is of particular importance, given, also significant synergy opportunities with the rest of the Group's portfolio.

As far as the E&P is concerned, our objective is to complete as soon as possible the data processing and interpretation of the 2D seismic surveys that were completed in the 2 offshore areas of West of Crete and Southwest of Crete in collaboration with ExxonMobil, as well the 3D seismic surveys that were conducted at 3 other offshore areas (Block 2, Block Ionio and Block 10). Despite satisfactory progress, decisions on any drilling campaign are not expected within 2023.

**Normalization of crude oil prices and strong international refining margins**

International crude oil and product prices continued to normalize during 1Q23, with Brent prices averaging $81/bbl. Concerns remain, however, about global demand dynamics and normalization of supply compared to the corresponding period in 2022, during which prices had increased following Russia's invasion of Ukraine.

Benchmark refining margins strengthened significantly in 1Q23 vs last year, mainly due to an inventory build ahead of the implementation of sanctions on product exports from Russia on 5 February 2023 and reduced refining capacity due to strikes in France. In particular, FCC and Hydrocracking benchmark margins averaged $10.7/bbl and $14.1/bbl respectively in 1Q23 vs $3.6/bbl and $6.7/bbl respectively in 1Q22.

**Improved auto fuels demand**

Auto fuels consumption recorded a significant increase of 5% in 1Q23, as a result of a growing economy and the extension of the tourism season. Supporting this is an even stronger growth of aviation fuels demand (+25%) on increased flight activity, while bunkering fuels offtake fell by 2%. Despite the aforementioned performance, mild weather conditions led to reduced heating gasoil needs and an overall lower total oil products demand in Greece compared to 1Q22.

**Balance sheet and capital expenditure**

The Group's balance sheet strengthened in 1Q23 on the back of profitability and normalized working capital needs. Net debt decreased by €0.5bn vs FY22 and by €0.9bn y-o-y, with gearing (Net Debt over Capital Employed) declining to 34%.

Capital expenditure amounted to €40m, lower vs the corresponding period of last year which included the extensive maintenance program at the Elefsina refinery.

**Andreas Shiamishis, Group CEO, commented on the results:**

*"A year after the invasion in Ukraine, we find the international energy market partly recovered from a sudden shock but with a changed perspective with respect to the industry's strategy and priorities.*

*Targeting a more environmentally-neutral energy market remains a priority and determines our current and future investments in RES, energy storage, as well as in the reduction of the carbon footprint of our energy products. However, at the same time, events of recent past and the increase of RES in the energy mix present additional challenges with respect to accessibility and energy security.*

*Our strategy, as described by Vision 2025, considers all the above and having successfully completed the first phase of the transformation, we are proceeding with developing a value-enhancing New Energy portfolio in Greece and internationally, as well as evaluating and implementing investments which support the energy transition of our refineries and the substantial improvement of our environmental footprint.*

*Having said all that, at the same time we remain focused on improving our operations and deliver the required results across all of our businesses. In this context, 1Q23 financial results are positive, as they continue to report increased production, exports and profitability, especially compared to a weak first quarter last year. With a lower price environment, positive results depend to a great extent on strong refining margins in the Mediterranean region and the operational flexibility of our refineries. Likewise, the areas we can control in our other businesses (retail petrol stations, international subsidiaries, RES) demonstrate improved performance, even if they contribute to a lesser extent to the overall performance.*

*Projecting forward, international refining environment looks weaker in the coming months, but we would expect a strong domestic market, driven by increased demand due to tourism and investment growth."*

Key highlights and contribution for each of the main business units in 1Q23 were:

**REFINING, SUPPLY & TRADING**

- Refining, Supply & Trading 1Q23 Adjusted EBITDA came in at €366m, supported by international refining margins, overperformance at our refineries and higher sales volume, with increased exports contribution.
- Production reached 3.6m MT, significantly higher (+29%) vs the corresponding period of 2022, during which a full turnaround was implemented at the Elefsina refinery.

**PETROCHEMICALS**

- 1Q23 Adjusted EBITDA came in at €15m, lower y-o-y on weak PP margins, partly offset by the 9% sales volume increase.

**MARKETING**

- In 1Q23, Domestic Marketing recorded lower sales volume (-7% y-o-y), while, excluding heating gasoil, it delivered an increase of 2%. Regulatory gross margin caps, lower inventory valuation due to falling prices and higher transportation costs negatively impacted profitability.
- International Marketing recorded higher sales volume (+9% y-o-y) in 1Q23, with Adjusted EBITDA rising by 33% to €17m, on higher margins and improved contribution from Bulgaria and the Republic of North Macedonia.

**RENEWABLES**

- Higher RES operating capacity (341 MW) led to increased electricity output, with Adjusted EBITDA coming in at €10m in 1Q23.

**ASSOCIATE COMPANIES**

- DEPA companies' contribution to 1Q23 consolidated Net Income was €9m.
- Elpedison 1Q23 EBITDA came in at €60m, driven by high availability at the electricity generation plants, operational flexibility and trading opportunities in the natural gas markets.

**HELLENiQ ENERGY Holdings S.A.**

**Key consolidated financial indicators for 1Q23**
(prepared in accordance with IFRS)

| €m | 1Q22 | 1Q23 | % Δ |
|---|---|---|---|
| **P&L figures** | | | |
| Refining Sales Volume ('000 MT) | 3,292 | 3,688 | 12% |
| Sales | 2,803 | 3,113 | 11% |
| EBITDA | 501 | 279 | -44% |
| **Adjusted EBITDA [1]** | **99** | **404** | **-** |
| **Adjusted Net Income [1]** | **4** | **252** | **-** |
| Operating Profit | 420 | 202 | -52% |
| Net Income | 346 | 155 | -55% |
| **Balance Sheet Items** | | | |
| Capital Employed | 4,791 | 4,331 | -10% |
| Net Debt | 2,331 | 1,454 | -38% |
| Gearing (ND/ND+E) | 49% | 34% | -15 pps [2] |

*Note 1: Adjusted for inventory effects and other non-operating/one-off items, as well as the IFRS accounting treatment of the EUAs deficit,*

*Note 2: pps stands for percentage points*

**Further information:**

Nikos Katsenos, Head of IR

Tel.: +30 210-6302305

Email: nkatsenos@helleniq.gr