Maroussi, 31 August 2023

Second Quarter / First Half 2023 financial results

Good operating results, despite weak benchmark refining margins - Acceleration of RES investments and faster implementation of the Group's transformation and energy transition plan

HELLENiQ ENERGY Holdings S.A. ("Company") announced its 2Q23 consolidated financial results, with Adjusted EBITDA at €164m and Adjusted Net Income at €26m. Accordingly, 1H23 Adjusted EBITDA came in at €568m and Adjusted Net Income at €277m, reporting yet another strong performance. It should be noted that operating results (EBITDA) do not include results of our associates, ELPEDISON and DEPA, which are consolidated under the equity method.

2Q23 results reflect a weaker benchmark margin environment, especially when compared to the historic-highs of 2Q22, limiting thus the benefits of improved operations and increased availability of all 3 refineries. Oil product sales reached c. 4m MT (+16% y-o-y), with exports up by 28%, corresponding to 54% of total sales volume. At the same time, increased installed capacity following the last 2 years of investments and higher electricity generation, resulted in improved contribution from RES.

Reported Net Income amounted to €7m in 2Q23 (2022: €524m) and €162m in 1H23 (2022: €869m), with the big difference reflecting the losses from inventory valuation on compulsory stocks held and financed by the Company. Specifically, the movement between the two periods exceeds €700m, with 1H23 incorporating a €197m loss, reversing part of the €513m gains reported in 1H22.

Strategy Implementation - Vision 2025

Following the completion of the first phase of the Vision 2025 strategic plan, the Group focuses on four pillars: a) **operational excellence** across all businesses b) acceleration of **targeted portfolio development** in RES and storage in Greece and internationally, along with the development of commercial capabilities, c) **carbon footprint reduction** in our core activities and d) further **improvement in ESG**.

Through HELLENiQ Renewables, the Group is accelerating its development in the RES sector, with the aim of reaching operating capacity of 1 GW by 2025. During 2Q23, agreements were concluded for the acquisition of PV parks portfolios with a total capacity of 211 MW in Romania and up to 180 MW in Kozani, which are expected to be operational in the next two years and within 2024 respectively, as well as 15 MW PV parks in operation in Cyprus. These agreements mark HELLENiQ ENERGY Group's entry into two new, rapidly developing markets, Cyprus and Romania, achieving geographical diversification of the RES portfolio and strengthening the Group's extroversion. At the same time, HELLENiQ Renewables signed a framework agreement for the development of an additional RES portfolio with a total capacity of 600 MW in Romania, while the Group's entry into another international market through another subsidiary is in progress.

HELLENiQ Renewables successfully participated in the Regulatory Authority for Waste, Energy and Water (RAWEW)'s recent tender and 3 energy storage projects in Greece with a total power of 100 MW and a guaranteed capacity of 200 MWh were selected as eligible to receive investment and operating aid. This marks the Group's entry into a new market which is essential for further scaling-up RES while facilitating appropriate management of our investments in the sector.

The Group's RES total operating capacity along with projects under construction has reached ~680 MW, with the portfolio pipeline at 3.8 GW.

In order to accelerate its RES portfolio development, HELLENiQ Renewables signed a financing framework agreement of up to €766m with 2 Greek banks for the implementation of multiple financing arrangements (project finance) in relation to existing and new projects for RES electricity generation in Greece. The agreement covers the RES projects' operational/commercial model, with pricing structures such as feed-in-tariffs, feed-in-premiums or even power purchase agreements (cPPAs). It is a particularly innovative transaction, pioneering for the Greek market, with material benefits, such as: a) sufficient financing capacity to support the Group's growth, b) flexibility and speed of projects implementation, c) improvement of the Group's capital structure, d) competitive financing terms and costs.

Further de-escalation of crude oil prices and weaker refining margins

International crude oil and product prices continued to fall during 2Q23, with Brent averaging $78/bbl due to developments in the broader macroeconomic environment and the expected impact on demand, despite OPEC+ announcements of production curtailments.

In 2Q23, refining margins declined significantly compared both to the 2Q22 historic-highs, following Russia's invasion of Ukraine, and to 1Q23. Refining margins weakened due to ample inventories, milder weather conditions and sufficient global supply of oil products after the redirection of Russian products exports to markets other than Europe, following the implementation of new sanctions by Europe and other Western countries on 5 February 2023. International benchmark FCC and Hydrocracking margins in 2Q23 averaged $4.4/bbl and $5.5/bbl respectively vs $21.4/bbl and $11.1/bbl in 2Q22.

Improved domestic market demand

Domestic market demand in 2Q23 reached 1.5m MT, **higher by 5% y-o-y**, mainly as a result of a growing economy and tourism, with auto fuels consumption increasing by 3%. Aviation fuels sales increased by 7% to 416k MT on higher air traffic, while bunkering fuels offtake rose by 3% to 723k MT.

Balance sheet and capital expenditure

Capex amounted to €101m in 2Q23, directed primarily to maintenance upgrade projects at the refineries as well as to the acquisition of the 2 PV parks in Cyprus.

Net Debt was shaped at €1.55bn, lower by €0.4bn since the beginning of the year, due to positive cash flow generation in 1H23, as the Temporary Solidarity Contribution is set to be paid in the following months. Gearing (Net Debt to Capital Employed) fell to 36%.

At the end of 2Q23, refinancing of a €400m revolving credit facility (RCF) for 5 years was completed. In addition, in 3Q23, the return on the Temporary Solidarity Contribution on excess profits for FY22, amounting to €267m, was filed to the tax authorities, with the repayment gradually taking place, starting from July 2023 and affecting the 2H23 cash flow.

Andreas Shiamishis, Group CEO, commented on the results:

"2Q23 ***results and developments across all Company's businesses were positive,*** *especially considering the significant decline in international refining margins and prices vs last year. Amid a quarter with weaker refining benchmark margins, we improved our refineries' operational performance, further developed our fuels marketing business in Greece and internationally and increased contribution from RES. 1H23 Adjusted EBITDA came in at €568m, with a positive outlook in terms of full year financial results as well as increased contribution from new businesses.*

During the last 3 years, the challenging landscape on account of the pandemic and the energy crisis led us to adjust our business, prioritizing safety, uninterrupted market supply while, at the same time, stepping up to support the society. While these attracted a significant part of our attention and efforts, we remained focused on the Company's future, with emphasis on accelerating the implementation of our holistic energy transition plan VISION 2025.

In addition to the improved operating performance, we continued to develop our RES business through a series of projects, including: a) expansion of RES asset base in operation or under construction capacity with projects over 400 MW, b) entry into new international markets with RES assets and set-up of green energy commercial business, c) participating in the newly-formed energy storage market following the successful bid in the recent tender for the development of energy storage projects (batteries) with a total capacity of 100 MW, and d) signing an innovative financing framework agreement of up to €766m for RES investments in Greece.

Our goal for 2023 is to deliver strong profitability and respective shareholders' cash returns through dividends, along with a further strategic strengthening of the Company through its targeted Green Energy transition."

Key highlights and contribution for each of the main business units in 2Q23 were:

Refining, Supply & Trading

- Refining, Supply & Trading 2Q23 Adjusted EBITDA came in at €114m. Despite the significant decline in international refining margins compared to the 2Q22 historic highs, increased availability of the Group's all 3 refineries leading to higher exports as well as product mix improvement, resulted in substantial overperformance vs benchmark refining margins.
- Production reached 3.6 mt, +13% y-o-y, as maintenance turnarounds had been implemented at the Aspropyrgos and Elefsina refineries in 2Q22.

Petrochemicals

- 2Q23 Adjusted EBITDA came in at €12m, lower y-o-y on weak PP margins.

Marketing

- In 2Q23, Domestic Marketing recorded higher sales volume (+3% y-o-y), driven by 3% y-o-y increase in the automotive sales. Despite improved contribution from Aviation, profitability was impacted by regulatory gross margin caps and lower inventory valuation due to falling prices. Excluding the inventory impact, Comparable EBITDA came in at €14m vs with €9m in 2Q22.
- International Marketing recorded slightly lower profitability compared with 2Q22 despite inflationary pressures on costs.

Renewables

- Higher RES operating capacity (356 MW) compared with 2Q22 (285 MW) led to increased power production (+39%), with Adjusted EBITDA coming in at €11m (+82%).

Associate companies

- The contribution of associate companies was negative. Specifically, a) Elpedison's profitability was negatively affected by lower demand, due to weather conditions, as well as the scheduled maintenance at Thisvi and Thessaloniki power plants, b) DEPA's contribution was mainly affected by the valuation of safety stocks of natural gas, due to falling international prices, as well as increased costs for securing capacity in the gas network, for national security of supply purposes.

HELLENiQ ENERGY Holdings S.A.

Key consolidated financial indicators for 2Q / 1H 2023
(prepared in accordance with IFRS)

€ εκατ.	2Q22	2Q23	% Δ	1H22	1H23	% Δ
P&L figures						
Refining Sales Volume ('000 MT)	3,418	3,951	16%	6,710	7,639	14%
Sales	3,974	2,978	-25%	6,777	6,091	-10%
EBITDA	738	121	-84%	1,239	400	-68%
Adjusted EBITDA [1]	**535**	**164**	**-69%**	**633**	**568**	**-10%**
Adjusted Net Income [1]	**364**	**26**	**-93%**	**369**	**277**	**-25%**
Operating Profit	668	43	-94%	1,088	244	-78%
Net Income	524	7	-99%	869	162	-81%
Balance Sheet Items						
Capital Employed				4,835	4,283	-11%
Net Debt				1,967	1,553	-21%
Gearing (ND/ND+E)				41%	36%	-5 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

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