MOLGROUP

Press release

MOL Group 2023 results: stronger-than-expected internal performance and larger-than-expected decline in profit before tax due to difficult external circumstances

- **MOL Group's profit before tax (PBT) amounted to USD 1.936 billion, a 37% decrease compared to 2022 due to difficult macroeconomic climate, turbulent oil industry, hectic tax policies and government takes.**
- **Full-year 2023 Clean CCS EBITDA reached USD 3.1 billion, down 34% compared to 2022 yet exceeding the annual guidance of USD 2.8 billion, demonstrating robust internal performance in the upstream, downstream consumer services despite highly demanding external circumstances.**
- **Upstream EBITDA in 2023 arrived at USD 953 million, down 57% compared to the previous year, driven by lower hydrocarbon prices. Production levels finished the year above guidance, amounting to 90.4 mboepd in full-year 2023.**
- **Downstream Clean CCS EBITDA reached USD 1,328 million in 2023, translating to an 41% decrease against 2022 due to lower margins and excessive taxation that could only partly be offset by increasing volumes. Petchem remained in the red amid weak margins, contributing negatively to EBITDA.**
- **Group-level Q4 2023 Clean CCS EBITDA decreased 8% compared to Q4 2022, to USD 992 million.**
- **MOL sets 2024 profit before tax guidance at around USD 1.6 billion and EBITDA guidance at around USD 3 billion.**

Budapest, 18 February 2024 – Today, MOL Group disclosed its financial results for full year 2023 as well as Q4 2023. Due to geopolitical tensions, a hectic industry and macro environment and unpredictable tax policies and government takes, the company's profit before tax fell 37% compared to 2022 to USD 1.936 billion. The company achieved a full-year clean CCS EBITDA of USD 3.1 billion, exceeding the updated guidance. On the back of cautious and considered CAPEX spending and strong operating cash flow generation the simplified free cash flow amounted to USD 1,678mn. Clean CCS EBITDA in Q4 2023 USD 992 million, an 8% decrease compared to 2022 Q4. MOL expects 2024 profit before tax at around USD 1.6 billion and EBITDA at around USD 3 billion.

Chairman and CEO Zsolt Hernádi commented the results: *"Due to exceptional and difficult external circumstances, our profit before tax decreased in 2023. This is no surprise as we are coming to the end of a year of geopolitical, macroeconomic and industry tensions, in which the regulatory and tax policy environment has continued to put additional significant pressure on us. Despite these challenges, we had a strong year and a stronger-than-expected internal performance. This is thanks to MOL Group's outstanding operational and cost efficiencies and cautious investment policies, which have been able to offset the impacts of the external environment. The challenges we faced in 2023 only made us more determined to succeed, raising our ambition to venture into new territory: the addition of waste management to our portfolio has strengthened our integrated business model and provides the perfect foundation and momentum for us to grow and evolve. We continue our journey of smart transition, contributing to both sustainability and competitiveness at the same time. That is, alongside our promising low carbon and green investment projects, we actively develop the industrial culture of our region and strengthen the energy sovereignty of Central and Eastern Europe."*

Downstream full-year 2023 Clean CCS EBITDA reached USD 1.328 billion, constituting a 41% decline compared to 2022, driven normalising refinery margins and weak petrochemical environment, coupled with excessive extraordinary taxes that could only partly be offset by higher production and sales volumes. MOL Group was also able to continue with investment projects throughout the CEE region, furthering the company's goals in maintaining its dominant regional role in traditional downstream as well as the transformation into a flexible and sustainable chemical company.

Meanwhile, Q4 Clean CCS EBITDA amounted to USD 456 million, down by 3% compared to the previous quarter due to retreating refining margins and seasonally lower volumes. Despite a slight increase compared to the previous quarter, Petchem margins remained weak and Petchem EBITDA continued to be in the red, contributing negatively to EBITDA in the whole of 2023.

Upstream: Full-year Upstream EBITDA arrived at USD 953 million, constituting a 57% decrease compared to 2022. Annual simplified free cash flow decreased to USD 587 million, mainly as a result of lower hydrocarbon prices. Production totalled 90.4 mboepd in full-year, a remarkable achievement landing production levels above 2023 target levels despite reasonable difficulties in the Shaikan field in Iraqi Kurdistan. Strong performance in Hungary also contributed to the improvement in production numbers, as well as meeting state-mandated expectations locally. Specifically in Q4 2023, production came in at 91.5 mboepd, up 4.7 mboepd against the previous quarter, as the completion of planned turnarounds in treatment facilities and an increased entitlement in the ACG field helped to boost production. As a result, 2023 Q4 EBITDA jumped by 92% to USD 375 million from the level of the previous quarter, also aided by slightly higher hydrocarbon prices and the phaseout of the special mining royalty regime in Hungary. Other noteworthy developments saw first gas reached in a field co-owned by MOL in Kazakhstan, with additional production capacity to go live in H2 2024, as well as new geothermal licenses being granted to MOL Group in both Hungary and Croatia.

Consumer Services: Consumer Services EBITDA grew by 61% in Q4 2023 compared to Q4 2022, amounting to USD 144 million on the back of outstanding performance enabling the steady improvement of margins, and also supported by the lifting of price cap regimes on fuel in both Hungary and Croatia. The first year of operation in Poland following the acquisition of Lotos stations in December 2022, together with the addition of the OMV Slovenia network to MOL Group's regional portfolio enabled around 260 million litres in additional fuel volume sold in 2023 Q4, driving the 10% overall fuel volume increase between Q4 2022 and Q4 2023. The Consumer Services segment also performed remarkably in improving non-fuel margins, with a 32% expansion reached during the same period. The result was supported by strong Gastro and Grocery sales, marking a successful continuation of the non-fuel concept's rollout: specifically, the number of coffees sold rose by 20%, together with a 48% increase in the number of hotdogs purchased by customers, while sandwich sales saw a 52% bump. Besides the strong offer line-up, the upward trend was aided by the steady expansion of digital discounts and the MOL MOVE loyalty scheme, and the ongoing integration of the expanded network in Poland and Slovenia into the Fresh Corner and Gastro concepts.

Waste Management began operations as MOHU according to concession terms in Hungary in July 2023, realising an uninterrupted waste service and a seamless takeover of invoicing, with EBITDA arriving at USD 37 million in 2023. The introduction of the Deposit Refund System (DRS) was another essential achievement, requiring significant CAPEX spending with the installation of around 2000 machines in cooperation with retail chains: this will greatly contribute to Hungary meeting EU obligations. The implementation of MOL's first own waste yard investment also started, along with preparations for 9 further waste yards, 3 transfer stations and 3 waste sorting plants. Total CAPEX of USD 63 million - including the purchase of 200 000 separate collection containers - also served to underline MOL's strong intention to raise its profile by the significant development of the circular economy, initially in Hungary.

The Gas Midstream segment reached USD 265 million in EBITDA in 2023, 62% higher than a year earlier, as demand for cross-border capacities strengthened considerably during 2023. Several medium size reconstruction and investment projects lead to higher CAPEX spending in 2023 compared to 2022.

About MOL Group

MOL Group is an international, integrated oil, gas, petrochemicals and consumer retail company, headquartered in Budapest, Hungary. It is active in over 30 countries with a dynamic international workforce of 25,000 people and a track record of more than 100 years. MOL Group operates three refineries and two petrochemical plants under integrated supply chain-management in

Hungary, Slovakia and Croatia, and owns a network of almost 2400 service stations across 10 countries in Central & South-Eastern Europe. MOL's exploration and production activities are supported by more than 85 years' experience in the field of hydrocarbons and 30 years in the injection of CO2. At the moment, there are production activities in 7 countries and exploration assets in 11 countries.

MOL is committed to transform its traditional fossil-fuel-based operations into a low-carbon, sustainable business model and aspires to become net carbon neutral by 2050 while shaping the low-carbon circular economy in Central-and Eastern Europe.

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