Half Year – April to Sep 2022

Business at a Glance

> I am pleased to report a solid performance, with the business returning to profitability following losses during Covid. The Covid period was an extremely difficult, destabilising period for the business and all our people, so I would like to thank everyone for their diligence, commitment and hard work. Throughout, we have sought to meet our obligations, provide a secure supply of fuel to our customers, while also never losing sight of the longer term picture – that we want to be the UK's first low carbon refinery. I firmly believe, we are in a strong position to deliver on that ambitious objective – the journey we are on is developing and the changes we are making to our refinery, the investments into clean fuels, will future proof Stanlow for the long term, protecting this hugely valuable asset for all stakeholders. It remains a privilege to be the CEO of this fantastic facility and we are focused on ensuring it delivers on its potential as a genuine energy transition hub in the North West.

DEEPAK MAHESHWARI
Chief Executive Officer of Essar Oil UK

Improved financial performance after a sustained period of heavy losses

EOUK recorded profit before tax in the period of $186.7 million. Revenues of $6.8 billion were up 40% from the six months ending 31st March 2022 ($4.9 bn) reflecting the continued recovery in volumes and higher prices.

EOUK maintained its programme of heavy investment in its Stanlow operations during the period as it accelerates its transition to meet its objective to become the UK's first low carbon refinery, with capex of $52.4 million in the period, bringing total investment to just under $600 million since 2018. This is part of a wider $1bn programme since acquisition towards securing the sustainability of the Stanlow operation long into the future.

Governance

As part of its continued commitment to implementing the highest possible standards of corporate governance, the Board of EOUK agreed to adopt and implement the Wates Principles on governance for large private companies. This included the requirement for the appointment of two independent NEDs. In line with that commitment, EOUK was proud to confirm the appointment of Mark Palios, Chairman and co-owner of Tranmere Rovers FC and ex-Partner at PWC, as an independent non-executive board director, effective from 5 October 2022. Mark's addition to the Board follows EOUK's appointment of Tim Bullock as an independent non-executive director in June 2021, thus bringing us line with the Wates principles.

Acceleration of decarbonisation strategy

EOUK has ambitious plans to becomes the UK's first low carbon refinery. As part of that EOUK is investing over $1 billion into a range of energy efficiency, low carbon energy, and carbon capture and storage initiatives, designed to decarbonise its production processes and put EOUK at the forefront of the UK's shift to low carbon energy.

Delivery of that ambition is gathering pace. In September, EOUK announced it had signed a 'Heads of Terms' offtake agreement with Vertex Hydrogen (Vertex) for the supply of 280MW+ of Hydrogen. The hydrogen will be used to help decarbonise EOUK's existing production facilities including the new hydrogen powered furnace which was delivered in August this year (https://www.essaroil.co.uk/news/uks-first-refinery-based-hydrogen-furnace-arrives-at-essar/). The furnace is the first of its kind in the UK, capable of running on a 100% hydrogen source and will replace three existing furnaces at Stanlow.

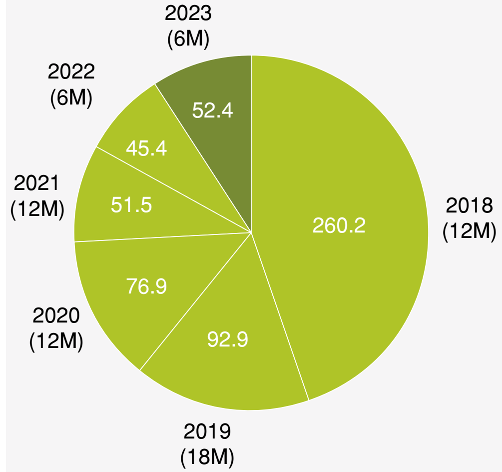
Vertex, a joint venture between EOUK (90%) and Progressive Energy (10%), is developing the first large scale, low carbon hydrogen production hub in the UK, as part of HyNet (https://hynet.co.uk/). This will produce (in initial phases) 1GW of hydrogen (the equivalent energy use of a large UK city like Liverpool) and capture some 1.8 million tonnes of carbon per annum. By 2030, Vertex expects to deliver nearly 4GW of low carbon hydrogen, equivalent to c.40% of the UK Government's national target.

EOUK achieved a new milestone in its ongoing transition to low carbon operations, following the UK Government's decision in August this year (https://www.essaroil.co.uk/news/essar-reaches-new-milestone-in-transition-to-low-carbon-operations/) to shortlist the construction of the hydrogen production plants and a separate carbon capture project at its site in Ellesmere Port, Cheshire. This commitment was confirmed in the UK's Government's recent policy statement 'The Plan for Growth'.

EOUK expects to make a series of announcements in the near future on how it is taking steps to accelerate its transition towards a low carbon future, including both the production, manufacture, supply and distribution of clean fuels.

Capital Investment since 2018

$ 579.3 million Over half a billion dollars invested at Stanlow



Financial Overview

Financial & Operational Indicators

			2018 (12M) Audited	2019 (18M) Audited	2020 (12M) Audited	2021 (12M) Audited	2022 (6M) Audited	2023 (6M) Unaudited
	US$ Mn	UOM	12 Month ending 31 Mar 2018	18 Month ending 30 Sep 2019	12 Month ending 30 Sep 2020	12 Month ending 30 Sep 2021	6 Month ending 31 Mar 2022	6 Month ending 30 Sep 2022
IFRS METRICS	Net Sales	USD Mn	5,426.6	12,605.8	6,005.5	7,320.3	4,942.2	6,823.6
	Operating Profit	USD Mn	338.6	349.9	(140.4)	(262.7)	29.2	330.7
	Profit Before Tax	USD Mn	194.8	194.8	(220.8)	(321.3)	(63.1)	186.7
	Profit After Tax	USD Mn	161.3	152.7	(186.0)	(304.8)	(60.8)	151.1
KPIs	Crude Throughput	Mn bbls	54.20	106.22	65.65	62.58	32.72	35.2
	CP GRM	$/bbl	9.4	8.7	4.8	5.6	10.0	22.2
	Operational EBITDA	USD Mn	300.4	467.9	(46.5)	(166.6)	78.7	311.8
	Capital Investment	USD Mn	260.2	92.9	76.9	51.5	45.4	52.4

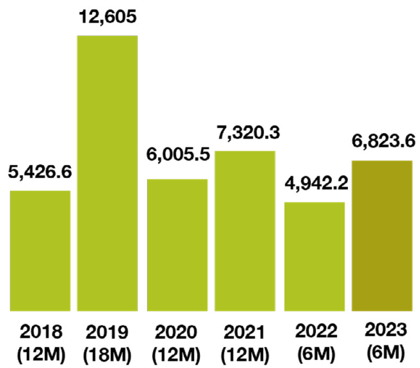
1. Current price GRM/bbl represents the GRM/bbl before the impact of timing differences in crude and product prices, inventory movement and hedging.
2. Operational EBITDA represents earnings before interest, tax, depreciation, amortisation and exceptional income, being operating loss of $140.4m with $93.9m of depreciation and amortisation added back.

Operational Update

In line with EOUK's strategy to ensure the refining operations are run as safely and efficiently as possible, in September, EOUK confirmed it would undertake a planned turnaround at the Stanlow refinery, that commenced on 28th September 2022. The turnaround, which is a standard procedure within the refining sector and part of the site's scheduled programme of maintenance and renewal, covers all processing units across the refinery and is on track to be completed in about two months. The turnaround will also see a major investment in new equipment, including the re-lining of one of our key production units.

During the period, EOUK was also pleased to announce a landmark new agreement with Liverpool Airport for the direct supply of aviation fuel to commercial airlines, marking another step in EOUK's growing aviation fuels business, as air travel continues to recover from the effects of the pandemic. The deal brought EOUK's total number of access agreements to six airports across the UK, including Manchester, Birmingham, and London Stansted.

Net Sales



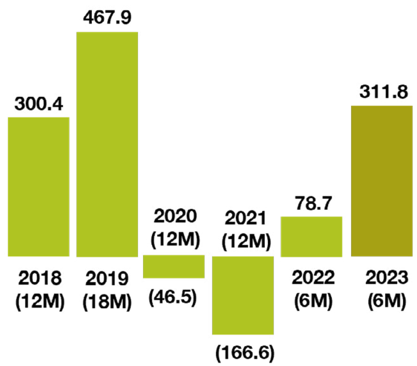
$6.82 billion

Consolidated revenues during the half year (on an IFRS basis) of $6.82 billion and £1.9 billion increase on previous year

Operational EBITDA

$311.8 million

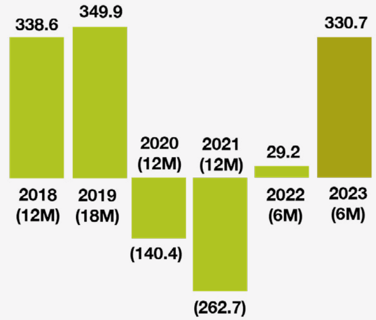
Significant increase from FY22 performance



Operating Profit

$ 330.7 million

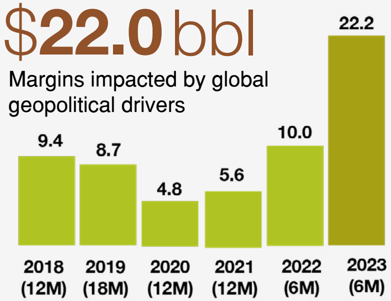
Eleven-fold increase compared to FY22 whole year



Current Price Gross Refinery Margin

$22.0 bbl

Margins impacted by global geopolitical drivers



Throughput

35.15 mnbbls

Increased demand for locally produced fuel amidst tight global supply situation