

Saras Group
Interim Financial
Report as of
30th September 2023



Table of contents

Statutory and Control Bodies	3
Group Activities	4
Structure of the Saras Group	5
Saras Stock Performance	6
REPORT ON OPERATIONS	
Gaap and Non Gaap measure	7
Impacts of the Russian-Ukrainian conflict	7
Key Group financial and operating results	8
Reference Market	12
Segment Review	16
Industrial & Marketing	16
Renewables	20
Investments by business Segment	21
Outlook	22
Update on strategic plans	23
Risk Analysis	24
Other Information	27
Main events after the end of the first nine months of 2023	27
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	28
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	32

The Financial Statements have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the reports and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

Statutory and Control Bodies

BOARD OF DIRECTORS

MASSIMO MORATTI	Chairman, Chief Executive Officer and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GIOVANNI EMANUELE MORATTI	Director
FRANCO BALSAMO	Deputy CEO, General Manager and Director
GIOVANNI MANCINI known as GIANFILIPPO	Independent Director
VALENTINA CANALINI	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
FRANCESCA STEFANIA LUCHI	Independent Director
SILVIA PEPINO	Independent Director

BOARD OF STATUTORY AUDITORS

GIANCARLA BRANDA	Chairman
FABRIZIO COLOMBO	Permanent Auditor
PAOLA SIMONELLI	Permanent Auditor
PINUCCIA MAZZA	Stand-in Auditor
ANDREA PERRONE	Stand-in Auditor

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FABIO PERETTI	Chief Financial Officer
---------------	-------------------------

INDEPENDENT AUDITING FIRM

EY SpA

Group Activities

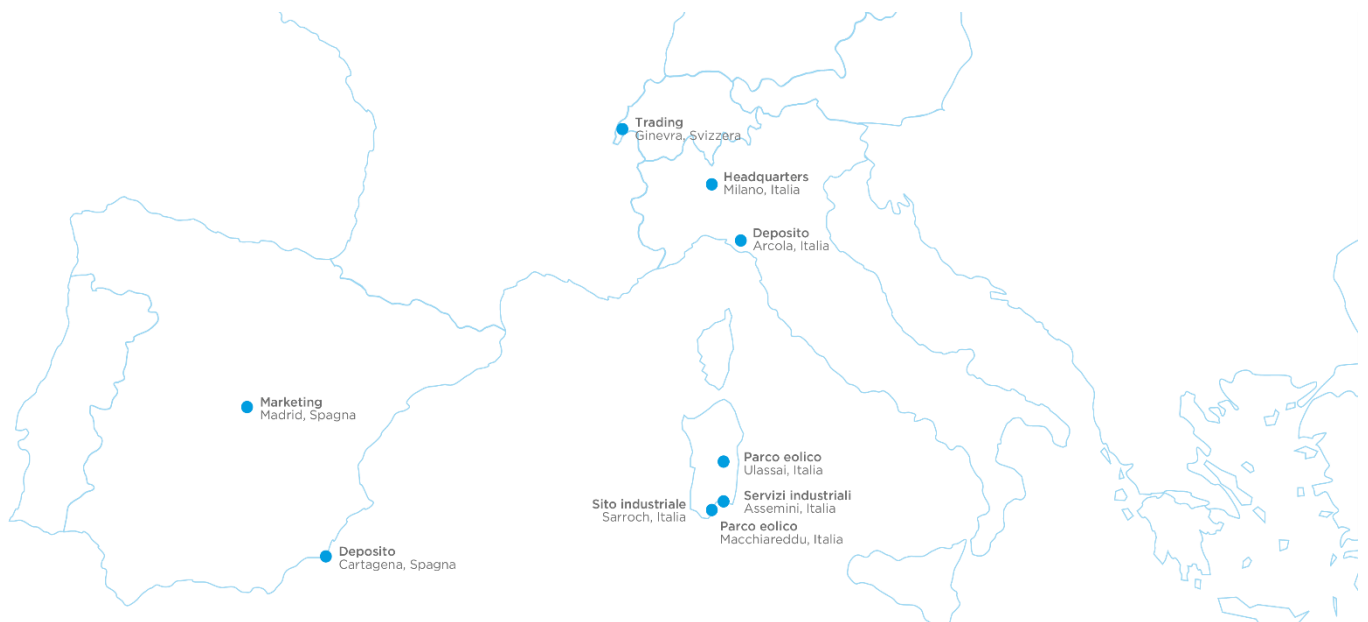
The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the largest in the Mediterranean in terms of production capacity (15 million tons per year, or 300,000 barrels per day) and one of the most advanced in terms of plant complexity (Nelson Index of 11.7). Located in a strategic position in the middle of the Mediterranean, the refinery is owned and managed by the subsidiary Sarlux Srl and is a reference model in terms of efficiency and environmental sustainability, due to its technological know-how acquired over sixty years of activity. To best exploit these resources, Saras has introduced a business model based on the integration of its supply chain through close coordination between refinery operations and trading & supply activities. This also includes the subsidiary Saras Trading SA, based in Geneva, one of the world's main hubs for trading in oil commodities, which buys crude oil and other raw materials for the refinery, sells refined products, and carries out trading activities.

The Group sells and distributes oil products directly and through its subsidiaries, such as diesel, gasoline, heating gasoil, liquefied petroleum gas (LPG), virgin naphtha, fuel for aviation and bunkering, mainly on the Italian and Spanish (Saras Energia S.A.) markets, but also in various other European and non-European countries. The Group is also active in the production and sale of electricity, through the IGCC plant (Integrated Gasification Combined Cycle), combined with the refinery and also managed by the subsidiary Sarlux, with an installed capacity of 575 MW. The plant, which since April 2021 has been recognized by ARERA as one of the essential plants for the security of the Italian electricity system, uses heavy refining products and transforms them into approximately 4 billion kWh/year of electricity, contributing to over 45% of the electricity needs of Sardinia in 2022.

Also in Sardinia, the Group produces and sells electricity from renewable sources, through three wind farms managed by the subsidiaries Sardeolica Srl, Energia Alternativa Srl and Energia Verde Srl located in Sardinia, for a total installed capacity to date of 171 MW.

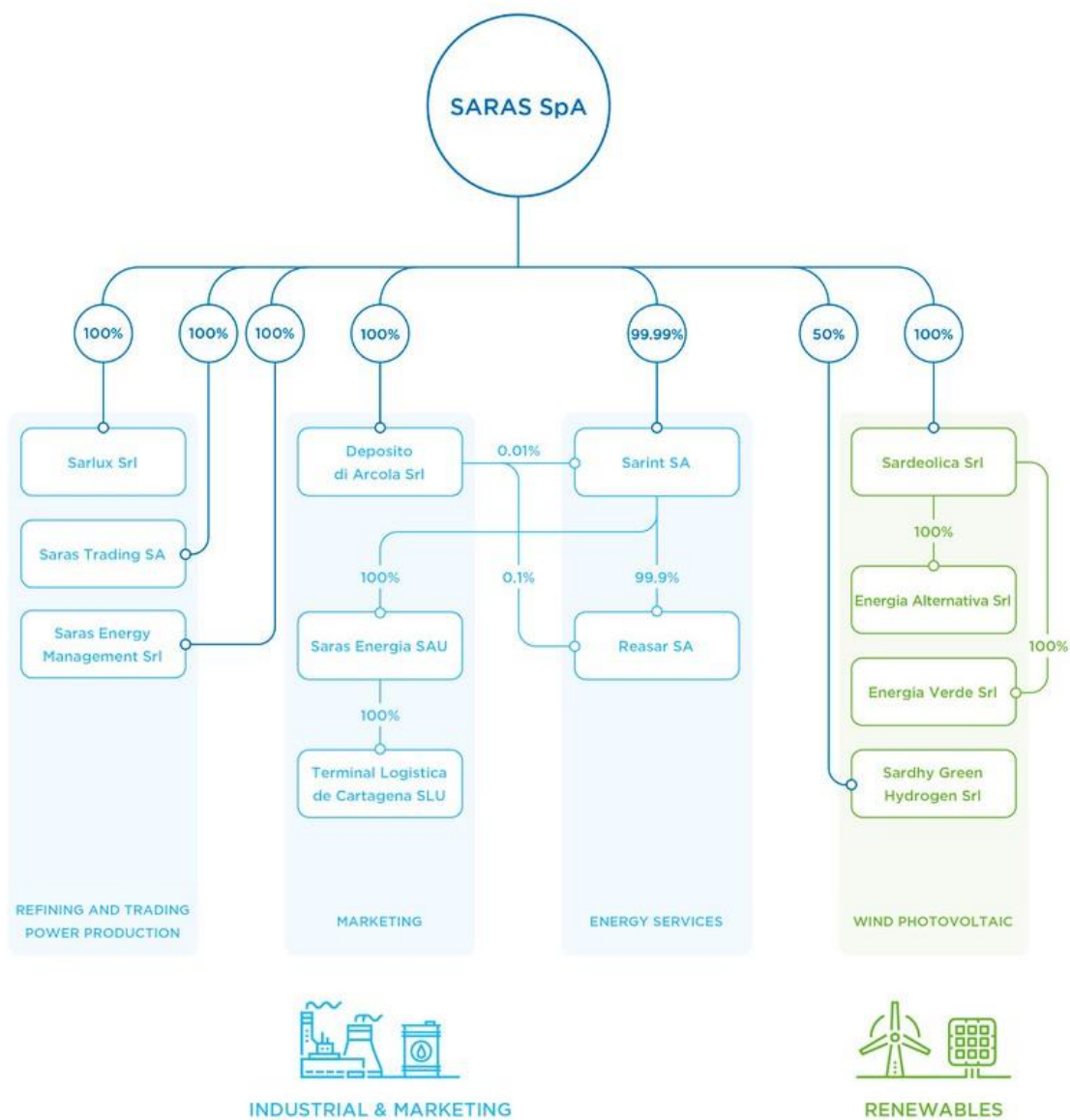
The company Sardhy Green Hydrogen S.r.l., a subsidiary owned 50% by Saras S.p.A. and 50% by Enel Green Power Italia S.r.l., was incorporated at the end of 2021, with the aim of starting the first authorization procedures and, if the funding requested under the IPCEI European program will be obtained to carry out, through the formalization of dedicated contracts, the engineering, procurement and construction activities and building of the new hydrolyzer of a 20MW for the production of green Hydrogen.

Finally, in July 2023 the company Saras Energy Management Srl was established, 100% controlled by Saras SpA, with the aim of dispatching the electricity produced by the group company on the Sardinian electricity grid, and purchasing the electricity needs for the refinery and the IGCC plant, optimizing input and output flows.



Structure of the Saras Group

The following picture illustrates the structure of the Saras Group and the main companies involved in each business segment, as of 30/09/23¹.



¹ The new company Saras Energy Management Srl, 100% controlled by the parent company Saras Spa, was established on 19 July 2023. The company has a fully paid-up share capital of EUR 100,000 and will carry out the sale and purchase of electricity and other related goods and services for the Group.

From July 1st, 2023, merger by incorporation of Sartec Srl into Sarlux Srl.

Saras Stock Performance

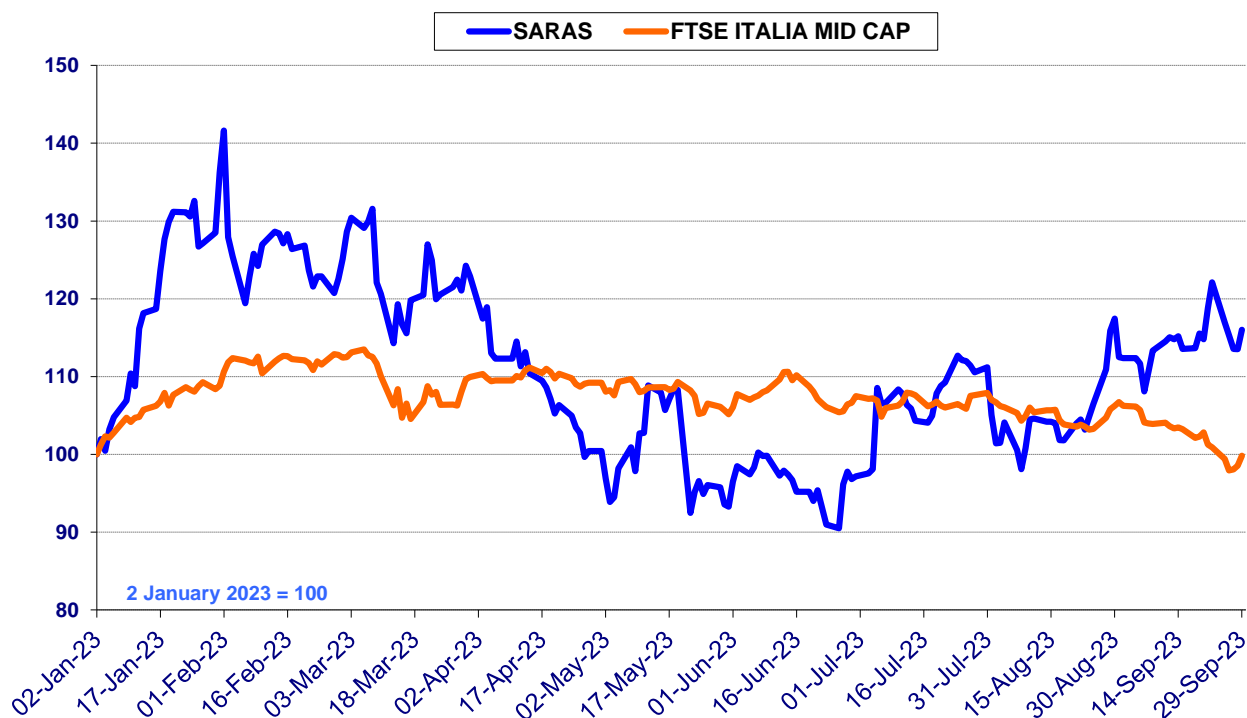
The following data relate to Saras' share prices and the daily volumes, traded during the first nine months of 2023.

SHARE PRICE (EUR)	9M'23
Minimum price (26/06/2023)	1.0575
Maximum price (01/02/2023)	1.655
Average price	1.2961
Closing price at the end of the first nine months of 2023 (29/09/2023)	1.3555

DAILY TRADED VOLUMES	9M'23
Maximum traded volume in EUR million (22/09/2023)	47.3
Maximum traded volume in number of shares (million) (22/09/2023)	33.1
Minimum traded volume in EUR million (16/08/2023)	3.0
Minimum traded volume in number of shares (million) (16/08/2023)	2.5
Average traded volume in EUR million	11.6
Average traded volume in number of shares (million)	8.9

The Market capitalization at the end of the first nine months of 2023 was equal to approximately EUR 1,289 million and the total number of outstanding shares were 951 million. At today's date, the Company does not hold any treasury shares.

The following graph shows the daily performance of Saras' share price during the first nine months of 2023, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

GAAP and Non-GAAP measure (alternative performance indicators)

In order to give a representation of the Group's operating performance that better reflects market trends, in line with generally accepted practices in the oil sector, the operating profit and comparable net income (non-accounting values processed in this Report on Operations) have been stated measuring inventories according to the FIFO methodology but excluding unrealized gains and losses on inventories resulting from changes in the scenario. These are calculated by measuring opening inventories (including their associated derivatives) at the same unit values as closing inventories (with increasing quantities in the period), and closing inventories at the same unit values as opening inventories (with decreasing quantities in the period). Items that are non-recurring in terms of their nature, materiality and frequency have been excluded from both the operating profit and the comparable net income.

The results thus calculated, which are referred to as "comparable", are indicators that are not defined in the International Accounting Standards (IAS/IFRS) and are not subject to audit. Non-GAAP financial measures should be read as supplementary to and not a substitute for information prepared in accordance with International Accounting Standards (IAS/IFRS).

Impacts of the Russian-Ukrainian conflict

The results for the first nine months of 2023 took place in a volatile oil market context still affected - albeit to a lesser extent than in 2022 - by the consequences of the Russian-Ukrainian conflict. In fact, the margins of the main distilled products remained on average high and above historical values, highlighting the permanent pressure on prices caused by the absence of imports from Russia, the main supplier of middle distillates to Europe until the outbreak of the conflict, in a context characterized by low unused refining capacity, both in Europe and in the USA. The diesel crack spread in the first nine months of 2023 recorded an average of 26.2 USD/bbl (35.3 USD/bbl in the same period of 2022), showing a partial normalization compared to the record levels recorded in 2022. This effect was driven in the first place by a gradual increase in supply from the Asian countries that have not joined the sanctions, particularly China, India and Turkey, and secondly, by a slowdown in demand from the industrial sector in the main OECD member countries, resulting from the restrictive policies adopted by the central banks to limit the rising levels of inflation.

For further details on the impacts of the Russian-Ukrainian conflict, see the chapters on the Reference Market and Risk Analysis, paragraph "Price fluctuation risk".

Key Group financial and operating results

EUR million	9M 2023	9M 2022	Change %	Q3/23	Q3/22	Change %
REVENUES	8,468	11,965	-29%	3,051	4,266	-28%
Reported EBITDA	582.9	1054.4	-45%	300.9	365.9	-18%
Comparable EBITDA	559.6	817.0	-32%	247.2	296.4	-17%
Reported EBIT	438.0	913.2	-52%	250.4	317.5	-21%
Comparable EBIT	414.7	675.8	-39%	196.7	248.0	-21%
NET RESULT reported	273.6	347.2	-21%	151.2	54.7	176%
Comparable NET RESULT	260.7	449.7	-42%	121.0	149.3	-19%

EUR million	9M 2023	9M 2022	Change %	Q3/23	Q3/22	Change %
CAPEX	187.0	66.4	181%	43.8	15.5	182%

EUR million	30-set-23	30-giu-23	31-dic-22
NET FINANCIAL POSITION ANTE IFRS 16	194.5	73.5	268.6
NET FINANCIAL POSITION POST IFRS 16	158.7	36.1	227.5

Comments on the Group's results for the first nine months of 2023

In the first nine months of 2023, Group revenues came to EUR 8,468 million compared to EUR 11,965 million in the first nine months of the previous year. The change is mainly due to the significant depreciation of the main oil products and the decrease in the sales price of electricity (regulated within the Essentiality Regime agreement) compared to the same period of last year. Specifically, in the first nine months of 2023, the average diesel price was 808 USD/ton (vs 1,052 USD/ton in 2022), while the average gasoline price was 866 USD/ton (vs 1,036 USD/ton in 2022), the single national price for the sale of electricity (PUN) was 129 EUR/MWh (vs an average sale price of 323 EUR/MWh in the first nine months of 2022). In addition to the trend in the prices of the main products sold, a negative impact can be also attributed, in the first nine months of 2023, to lower refining runs, fewer volumes sold and lower electricity production, resulting both from the increased maintenance work scheduled for the first half of the year and from unexpected production inefficiencies, also caused by external factors that affected production in the second and third quarters. In the third quarter, a double power outage, which was outside of the Company's responsibility, resulted in a complete shutdown of the plants at the production site. Some critical issues became progressively apparent during the plant start-up phases, leading to significant economic impacts also considering the available margins on the market.

The Group's reported EBITDA amounted to EUR 582.9 million in the first nine months of 2023, down from EUR 1,054.4 million in the first nine months of 2022. The negative change is primarily attributable to the worsening scenario between the two periods due mainly to the significant decrease in diesel cracks and the weakening of the dollar, which were partly offset by lower crude procurement costs and the decrease in the cost of electricity required to operate the industrial plants, net of the amount reimbursed under the Essentiality Regime agreement. Overall performance was substantially in line with the same period of the previous year, despite the negative impact of a more costly maintenance plan and the fewer optimizations available in terms of procurement of crude oil. In addition, as regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives) in the first nine months of 2023, they appreciated by EUR 17.9 million compared to an appreciation of EUR 167.6 million in the same period of 2022. Finally, there are no non-recurring items pertaining to the period compared with a positive figure of EUR 5.4 million in 2022. It should also be noted that the reported EBITDA for the first nine months of 2023 reflects the positive effects of the TER Support Decree, as amended, i.e. a reduction in energy costs by EUR 31.7 million (vs EUR 83.2 million in 2022) and the negative effects of a decrease in sales revenues for electricity generated from renewable sources (wind power) by EUR 4.9 million (vs EUR 23.1 million in 2022) due to a limitation of sales tariffs.

The Group's reported Net Income in the first nine months of 2023 was EUR 273.6 million, compared to EUR 347.2 million achieved in the first nine months of 2022. In addition to what is shown at the EBITDA level, this deviation is mainly attributable to lower taxes

for the first nine months of 2023 compared to 2022, which was impacted by the effect of Decree Law no. 21 of 21 March 2022, as amended, known as the windfall tax.

The Group's comparable EBITDA for the first nine months of 2023 amounted to EUR 559.6 million, down from EUR 817.0 million recorded in the first nine months of 2022. With respect to reported EBITDA, this result does not include the above-mentioned appreciation of oil inventories between the beginning and the end of the period, includes the impact of exchange rate derivatives and excludes non-recurring items. The lower result compared to the first nine months of 2022 is made up of a negative deviation in both the Industrial & Marketing and Renewables segments, as will be described in more detail in the "Segment Review" section.

The **Group's comparable Net Income for the first nine months of 2023 was EUR 260.7 million**, down from EUR 449.7 million in the same period of last year as a result of the same factors described for reported Net Income. It should be noted that the non-recurring items in the comparable Net Income for 2022 did not include the impact of the windfall tax.

Investments in the first nine months of 2023 stood at EUR 187.0 million higher than in the first nine months of 2022 (EUR 66.4 million); this increase is attributable to the Industrial & Marketing segment and the Renewables segment as will be better described in the "Segment Review" section.

Comments on the Group's third quarter of 2023 results

In the third quarter of 2023, Group revenues amounted to EUR 3,051 million, down from EUR 4,266 million reported in the same period last year. The significant decrease is mainly due to lower prices of the main oil products and the sale price of electricity (regulated within the Essentiality Regime agreement). Specifically, in the third quarter of 2023, the average diesel price was 881 USD/ton (vs 1,065 USD/ton in the third quarter of 2022), the average gasoline price was 933 USD/ton (vs 957 USD/ton in the third quarter of 2022), the single national price for the sale of electricity (PUN) was 113 EUR/MWh (vs 472 EUR/MWh in the third quarter of 2022).

In addition to the price effect, the revenues of the third quarter of 2023 were affected by lower volumes produced and sold: specifically, refining runs amounted to 24.4 million barrels (vs 25.4 million barrels in the third quarter of 2022) and non-renewable electricity production amounted to 958 GWh (vs 1,145 GWh in the third quarter of 2022). These reductions are attributable to the effects of the double power outage, which was outside of the Company's responsibility, that resulted in the complete shutdown of the site's facilities and the subsequent malfunctions described above.

The Group's reported EBITDA for the third quarter of 2023 was EUR 300.9 million, down from EUR 365.9 million in the third quarter of 2022. This negative change is mainly due to a worse scenario characterized by a decrease in diesel cracks, partially offset by the positive effects of the increase in gasoline crack and the decrease in energy costs due to the reduction in the single national price. Performance was better overall than last year, mainly due to a better trading and supply activities, which was not impacted by the high backwardation recorded in 2022, which more than offset the worse production performance. The price trend of commodities on oil inventories (net of the related hedging derivatives) benefited from an increase of EUR 41.9 million compared to an increase of EUR 44.2 million in the same period of 2022. In the third quarter of 2023, there are no non-recurring items pertaining to the period compared with a positive figure of EUR 2.0 million in 2022. Finally, it should be noted that the reported EBITDA of 2023 does not include effects related to the TER Support Decree, as amended, and to the 2023 Budget Law as they are no longer active. It should be noted that, in the third quarter of 2022, the TER Support Decree had reduced energy costs by EUR 43.1 million and revenues from the sale of electricity produced from renewable sources (wind) by EUR 8.3 million.

The Group's reported Net Income for the third quarter of 2023 was EUR 151.2 million, compared to EUR 54.7 million achieved in the third quarter of 2022. In addition to what is shown at the EBITDA level, this deviation is mainly attributable to lower taxes for the third quarter of 2023 compared to 2022, which was impacted by the effect of Decree Law no. 21 of 21 March 2022, as amended, known as the windfall tax.

The Group's comparable EBITDA in the third quarter of 2023 was EUR 247.2 million, down from EUR 296.4 million in the third quarter of 2022. With respect to reported EBITDA, this result does not include the above-mentioned appreciation of oil inventories between the beginning and the end of the period, but includes the impact of exchange rate derivatives and excludes non-recurring items. The lower result compared to the third quarter of 2022 is due to a negative deviation in both the Industrial & Marketing segment and the Renewables segment, as will be described in more detail in the "Segment Review" section.

The **Group's comparable Net Income stood at EUR 121.0 million**, a decrease compared to EUR 149.3 million achieved in the third quarter of 2022, due to the same factors described for the reported Net Income, net of the positive effect of the scenario on inventory changes between the beginning and the end of the period. As already mentioned in the comments for the nine months, it should be noted that the non-recurring items of the 2022 comparable Net Income did not include the impact of the windfall tax.

In the third quarter of 2023, investment stood at EUR 43.8 million higher than in the third quarter of 2022 (EUR 15.5 million); this increase is attributable to both the Industrial & Marketing segment and the Renewables segment as will be better described in the "Segment Review" section.

Calculation of the Group comparable EBITDA

EUR million	9M 2023	9M 2022	Q3/23	Q3/22
Reported EBITDA	582.9	1,054.4	300.9	365.9
Gain / (Losses) on Inventories and on inventories hedging derivatives	(17.9)	(167.6)	(41.9)	(44.2)
Derivatives FOREX	(5.4)	(75.2)	(11.8)	(27.0)
Non-recurring items	0	5.4	0	1.7
Comparable EBITDA	559.6	817.0	247.2	296.4

Calculation of the Group comparable Net Result

EUR million	9M 2023	9M 2022	Q3/23	Q3/22
Reported NET RESULT	273.6	347.2	151.2	54.7
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(12.9)	(120.8)	(30.3)	(31.8)
Non-recurring items net of taxes	-	223.4	-	126.4
Comparable NET RESULT	260.7	449.7	121.0	149.3

Net Financial Position

The Net Financial Position at 30 September 2023, before the effects of the IFRS 16 application, was positive by EUR 194.5 million, compared to the positive position of EUR 268.6 million reported at 31 December 2022. In addition, the Net Financial Position at 30 September 2023, after the effects of the IFRS 16 application, was positive by EUR 158.7 million, compared to the positive position of EUR 227.5 million reported at 31 December 2022.

A cash absorption of EUR 69 million was recorded in the first nine months of 2023. This absorption is attributable to the payment of taxes totaling EUR 305 million (including EUR 170 million as an effect of Decree Law no. 21 of 21 March 2022, as amended, the so-called windfall tax), investments of EUR 187 million, the payment of dividends of EUR 181 million and interest and financial expenses of EUR 31 million. These disbursements were partly offset by the cash generation from operations of EUR 565 million and the reduction in working capital, which released EUR 70 million.

Lastly, it should be noted that cash and cash equivalents at 30 September 2023 amounted to EUR 650.4 million.

For further details, see the Notes to the Financial Statements.

<i>EUR million</i>	30-Sep-23	31-Dec-22
Medium/long-term bank loans	(313.8)	(401.4)
Bonds	-	-
Other medium/long-term financial liabilities	(3.7)	(4.4)
Other medium/long-term financial assets	4.0	4.1
Medium-long-term net financial position	(313.5)	(401.7)
Short term loans	(118.5)	(118.6)
Medium/long-term bank loans (maturity date within 12 months)	-	-
Banks overdrafts	(13.3)	(12.1)
Other short term financial liabilities	(70.6)	(22.3)
Fair value on derivatives and realized net differentials	(127.8)	6.6
Other financial assets	187.7	109.6
Cash and Cash Equivalents	650.4	707.1
Short-term net financial position	508.0	670.3
Total net financial position ante lease liabilities ex IFRS 16	194.5	268.6
Financial lease liabilities ex IFRS 16	(35.8)	(41.1)
Total net financial position post lease liabilities ex IFRS 16	158.7	227.5

Reference Market

Oil market

Below is a brief analysis of crude oil price trends, crack spreads of the main refined products, and the reference refining margin (EMC Benchmark) with regard to the European market, which is the main context in which the Saras Group's Refining segment operates.

	Q1/23	Q2/23	Q3/23	9M/23	Q1/22	Q2/22	Q3/22	9M/22
Crude oil price and differential (USD/bbl)								
Brent Dated	81.3	78.4	86.8	82.2	102.5	113.9	100.8	105.7
Diff. Basrah Medium (CIF Med) vs. Brent Dtd	-7.1	-3.7	-1.4	-4.1	-3.2	-2.7	-5.5	-3.8
Diff. Azeri Light (CIF Med) vs. Brent Dtd	+6.2	+4.6	+4.9	+5.2	+4.1	+6.5	+5.9	+5.5
Crack spreads for refined oil products (USD/bbl)								
ULSD crack spread	30.6	16.8	31.3	26.2	19.0	44.8	42.0	35.3
Gasoline crack spread	19.2	20.5	24.9	21.5	9.4	31.9	13.7	18.3
Reference margin (USD/bbl)								
Reference margin (NEW Benchmark)	10.1	4.2	12.4	8.9	-0.5	16.9	8.6	8.3

Source: "Platts"

Crude oil prices (Brent Dtd, Basrah Medium, Azeri)

In the first nine months of 2023, Brent Dtd recorded an average price of **82.2 USD/bbl** (compared to an average price of 105.7 USD/bbl in the same period of 2022).

In the first half of the year, Brent Dtd prices recorded an average of **79.8 USD/bbl**, fluctuating between around 70 and 90 USD/bbl, held back on the one hand by fears related to a slowdown in global economic growth, and on the other supported by announcements of new production cuts by OPEC+Russia. In April, the latter added new cuts to those announced in previous months, bringing the overall reduction to 1.7 Mbb/d, starting from May until the end of 2023. The cartel then announced in early June that it would extend the cuts through 2024 while Saudi Arabia decided on an additional unexpected 1 Mbb/d cut, starting in July and extendable from month to month depending on market conditions. Such interventions have been instrumental in stemming the market's bearish thrusts, stabilizing the Brent Dtd price.

In the third quarter, prices rose to an average of **86.8 USD/bbl** (100.8 USD/bbl in the same quarter of 2022), up 11% compared to the previous quarter as a result of OPEC+ cuts and in particular Saudi Arabia's decision to extend its additional cuts until the end of 2023, and an additional cut by Russia of about 0.3 Mbb/d also expected until the end of the year. In addition to this reduced supply context, prices were also driven upward by China's higher consumption, particularly in the resumption of air traffic and in the petrochemical sector, while in the summer period an increase in demand also resulted from higher oil consumption in power generation. Lastly, in the second half of September, prices recorded a further rise, exceeding 97 USD/bbl, in the wake of unexpected decreases in US stocks.

With regard to sour crude oils (i.e. those with a high sulfur content), in the first nine months of the year, the Basrah Medium CIF Med recorded an average discount compared to the Brent Dated of **-4.1 USD/bbl** (vs -3.8 USD/bbl in the same period of 2022).

In particular, in the first half of 2023, the Basrah Medium CIF Med recorded an average discount compared to the Brent Dated of **-5.4 USD/bbl** with different trends during the two quarters. In fact, in the first quarter of 2023, in continuity with a trend that began in the second half of 2022, the discount was on average at -7.1 USD/bbl as a result of the decline in purchases by traditional Asian buyers (in particular China and India), which after the outbreak of the Russian-Ukrainian conflict had redirected their choices towards the heavily discounted Russian crude oils. On the other hand, in the second quarter of 2023, the production cuts enacted by OPEC+Russia on crude oils with a high sulfur content led to a compression of the Basrah discount, which averaged -3.7 USD/bbl. This was further accentuated in the third quarter of 2023, when Basrah Medium CIF Med recorded an average discount of **-1.4 USD/bbl** (vs -5.5 USD/bbl in Q3/22).

With regard to "sweet" crude oils (low sulfur content), the premium of Azeri Light CIF Med over Brent Dated in the first nine months of 2023 averaged **+5.2 USD/bbl** (+5.5 USD/bbl in the same period of 2022).

In the first half of 2023, the Azeri Light CIF Med premium averaged +5.4 USD/bbl. In particular, in the first quarter, crude oils with a low sulfur content recorded a robust premium, and the average for Azeri was equal to +6.2 USD/bbl, in continuity with a trend that had already emerged in 2022, thanks to the support resulting from the high margins of petrol and diesel. In the second quarter, the premium for low-sulfur materials was affected by the downturn in middle distillates and, despite the resilient performance of gasoline, averaged +4.6 USD/bbl, moving closer to historical averages again. Finally, **in the third quarter of 2023 the Azeri Light CIF Med premium rose to +4.9 USD/bbl** (+5.9 USD/bbl in Q3/22), mainly thanks to the recovery of middle distillates.

Crack spreads of the main refined products (the difference between the value of the product and the cost of crude oil; FOB Med values vs Brent Dtd)

In the first nine month of 2023, the gasoline crack averaged 21.5 USD/bbl (vs 18.3 USD/bbl in the first nine months of 2022), showing greater strength than the historical averages.

In the first half of the year, the average gasoline crack amounted to 19.8 USD/bbl, supported, in particular in the second quarter, by the high level of consumption of the so-called driving season in the Atlantic rim which, together with lower production due to maintenance in the spring period, kept inventories well below historical averages. The generalized shortage of high-octane components on the market contributed to sustaining the high levels of crack.

In the third quarter, the gasoline crack recorded a further increase and an average of 24.9 USD/bbl (vs 13.7 USD/bbl in the third quarter of 2022). This trend was mainly affected by the persistence of production limitations due to both planned shutdowns and unexpected shutdowns, and also to the high summer temperatures, which in the Mediterranean basin prevented some refineries from working at full capacity.

The diesel crack (ULSD) averaged 26.2 USD/bbl in the first nine months of 2023 compared to an average of 35.3 USD/bbl in the same period of 2022.

In the first six months, the diesel crack average stood at 23.7 USD/bbl. In particular, in the first quarter the average was +30.6 USD/bbl, down compared to the extremely high values of 2022, in the face of both a slowdown in demand and a robust supply. Specifically, demand was affected by lower consumption in the industrial sector and the lower use of heating oil (in a context of not particularly cold temperatures). On the other hand, the availability of the product was sufficient to avoid the feared "short" of the market, which could have resulted from the start of the embargo against Russia. In fact, numerous European countries had established adequate stocks. In addition, there were significant flows of imports from the main Asian countries not adhering to the embargo (India, China and Turkey). Thereafter, in the second quarter, diesel crack fell further to values in line with pre-conflict levels (around 10 USD/bbl in April), penalized by a further increase in import volumes, and by the worsening of the macro-economic climate in the Eurozone, hard hit by inflationary pressures. It was not until June that the restart of the Chinese economy (with a consequent reduction in exports to Europe) and the temporary closure of a major Indian port allowed the European market to clear excess stocks, and the ULSD crack went back to around 20 USD/bbl. Overall, the average for the second quarter of the ULSD crack was +16.8 USD/bbl.

Finally, in the third quarter of 2023, the diesel crack strengthened again, averaging 31.3 USD/bbl (42 USD/bbl in the same period of 2022). The strong recovery compared to the previous quarter (+86%) was caused by a production in Europe not being able to meet demand. In fact, as already described in the comments for gasoline, there have been several unplanned shutdowns, and also a reduction in the operational performance of refineries due to the high temperatures experienced in July and August in the Mediterranean area. In addition, the OPEC+ production cuts have limited the availability of crude oils with a high sulfur content, the residues of which are used as feedstock in certain conversion plants used to produce diesel. Also, in mid-September, the Russian government halted exports of oil products to lower their prices in the domestic market (and this caused the ULSD crack to rise further in Europe, with values above 40 USD/bbl). Finally, jet fuel consumption also supported middle distillates, thanks to the recovery of international air traffic over the summer period, particularly following the reopening of China after the long period of Covid restrictions.

In the first nine months of 2023, the VLSFO crack recorded an average discount of -1.7 USD/bbl (compared to an average premium of +4.5 USD/bbl in the same period of 2022).

In the first six months of 2023, the VLSFO crack recorded an average discount of -1.3 USD/bbl. In particular, in the first quarter, the average was -0.2 USD/bbl, up compared to the end of 2022, following lower imports from the Middle East due to some operating difficulties recorded in the new Al-Zour refinery (Kuwait). Furthermore, given the strong margins of gasoline, during the first quarter many refineries preferred to allocate the Light Sweet residue to the cracking cycle (FCC) for light distillate production, rather than using it in VLSFO formulations. Although this was also confirmed in the second quarter, the month of April was marked by a sharp decline in the VLSFO crack, whose quarterly average thus stood at -2.4 USD/bbl.

Lastly, **in the third quarter the VLSFO crack recorded an average of -2.3 USD/bbl** (vs +2.4 USD/bbl in the third quarter of 2022), in continuity with the previous quarter, despite a very fluctuating trend over the period. In particular, the aforementioned preference of many refineries for the use of the LS residue in the FCC cycle led the VLSFO crack to values around 0 USD/bbl in July and August. In September, however, the crack fell by almost 5 USD/bbl compared to the previous two months, due to the sudden increase in the price of Brent and greater inertia of the market that struggled to adjust.

The crack of high-sulfur fuel oil (HSFO) in the first nine months of 2023 recorded an average of -15.1 USD/bbl (against -29.2 USD/bbl in the first nine months of 2022).

In the first six months of 2023, the HSFO crack averaged -19.4 USD/bbl showing sharp differences in the two quarters. Specifically, in a depressed context for ATZ crude oils, the HSFO crack recorded an average of -25.3 USD/bbl in the first quarter, despite resilient demand from ships equipped with scrubbers (which allows the use of HSFO at the expense of the more expensive VLSFO) in the "East of Suez" naval trades. In the second quarter, on the other hand, the HSFO crack experienced a strong appreciation, recording an average of -13.5 USD/bbl, as a result of the OPEC+ production cuts, specifically aimed at high sulfur crude oils. Additional support has come from increased demand for fuel oil for power generation in the Middle East and some parts of Asia.

Finally, **in the third quarter of 2023, the high-sulfur fuel oil crack averaged -6.5 USD/bbl** (vs -13.5 USD/bbl in Q2), as a result of the intensified OPEC+Russia cuts described above, the continued use of fuel oil for power generation in the Middle East and Asia, and also the reduction in refinery operating capacity (about -20%) due to extremely hot weather.

Marketing

In Italy, according to data analyzed by Unione Energie per la Mobilità (UNEM) from the source "Ministry of the Environment and Energy Security - DGI", in the first nine months of 2023 total consumption fell by 1.3% compared to the same period of 2022, largely due to the sharp decline in petrochemicals (-600 Kton) and despite the support deriving from road mobility and the recovery of air transport, which together exceeded the volumes of the same period of last year by almost 700 Kton.

The consumption of automotive fuels (gasoline + diesel) in the first nine months of 2023 amounted to 23.7 Mton, an increase of 0.2% compared to the first nine months of 2022. In particular, compared to the same period of 2022, gasoline showed an increase of 5.3%, while automotive diesel fuel recorded a drop of 1.5%. The gap between the trends of the two fuels, in addition to economic aspects, including slowing economic developments and the price effect, also reflects a structural factor - namely, the gradual shift in private car consumption from diesel to gasoline, to the advantage of gasoline-powered hybrid cars. In addition, gasoline volumes benefit from an increasingly wide range of users, including professional operators (taxis, sales agents, etc.). Lastly, jet fuel continues its recovery towards pre-pandemic levels with an increase of 21.7% compared to the same period in 2022.

In Spain, the data compiled by CORES available up to the month of August show that in the first eight months of 2023, the consumption of motorway fuels generally decreased by -0.9% compared to the same period of 2022, with significant growth in demand for gasoline (+6.4%) and a decrease in demand for automotive diesel (-2.8%). These trends are mainly explained by the current direction of the Spanish market, where the number of hybrid cars (with internal combustion engine running on gasoline) is growing, and where the replacement of fossil diesel with a product of plant origin (HVO, biodiesel) is more evident – a development which, by contrast, is not currently occurring with gasoline.

Electricity and CO2

In the first nine months of 2023, the PUN recorded an average price of 129 EUR/MWh compared to an average of 323 EUR/MWh in the same period of 2022.

More specifically, **the average price of the PUN in the first six months of 2023 was 136 EUR/MWh, with a gradually declining trend** in the wake of the pattern recorded by natural gas, which had a sharp decline compared to the average recorded in the second part of last year. In fact, the average price in the first quarter was 157 EUR/MWh, while in the second quarter it fell further to 115 EUR/MWh. Overall, the decline in natural gas prices compared to last year's levels is due to the high imports of liquefied natural gas (LNG) to replace the reduced pipeline flows from Russia, and to lower consumption compared to the historical seasonal averages in the first part of the year, as a result of the particularly mild winter and the increased focus on energy savings by both private individuals and industrial users in Europe (which led to an actual reduction in demand, estimated at around 20%).

Finally, **in the third quarter of 2023 the PUN maintained a stable trend with an average of 113 EUR/MWh** (vs 472 EUR/MWh in the same period of 2022). Also in this quarter, the trend was in line with that of natural gas prices, which were fairly stable thanks to production increases in Norway and Algeria.

Moving on to the **EUA quotations of European carbon dioxide permits, in the first nine months of 2023 the average price recorded was 86 EUR/ton** (vs approximately 82 EUR/ton in the first nine months of 2022), **with a considerable price stability throughout the period under review**, consistent with the decarbonization and ecological transition policies that the EU is progressively implementing. Specifically, CO2 quotations averaged 87 EUR/ton in both the first and second quarters, and 84 EUR/ton in the third quarter.

Saras' Industrial & Marketing margins and EMC Reference Margin

With regard to the profitability analysis of the Industrial & Marketing segment, Saras uses as a baseline the refining benchmark "EMC Reference Margin", against which the Sarroch industrial site typically achieves a premium due to the to the high flexibility and complexity of its plants, as well as its industrial and commercial performance.

Depending on the market context described in the previous paragraph, **in the first nine months of 2023 the EMC Reference Margin stood at an average of 8.9 USD/bbl** (vs an average of 8.3 USD/bbl in the same period of 2022). **Saras' margin was 13.3 USD/bbl** (16.1 USD/bbl in the same period of the previous year), **showing a premium of 4.4 USD/bbl** (vs +7.8 USD/bbl in the first nine months of 2022).

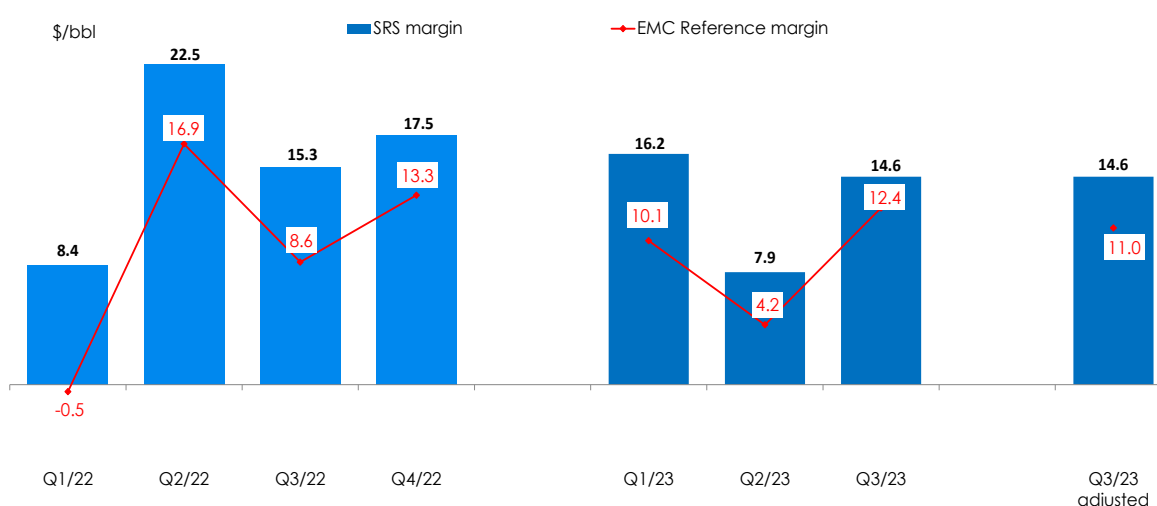
In particular, **in the third quarter of 2023 the EMC Reference Margin stood at an average of 12.4 USD/bbl** (vs an average of 8.6 USD/bbl in the third quarter of 2022), while **the Saras margin stood at 14.6 USD/bbl** (15.3 USD/bbl in the same period of the previous year), **with a premium of 2.2 USD/bbl** (6.7 USD/bbl in the third quarter of 2022).

The premium achieved by Saras with respect to the EMC Reference Margin was lower than the guidance, due to both the external blackout event, which was outside of the Company's responsibility, and the consequent reductions in performance (which had an overall impact of approximately 2 USD/bbl), and the performance of the oil market (which had an impact of approximately 1.4 USD/bbl as a result of the appreciation of the HSFO and the changes in premiums and discounts of the main crude oils, the effects of which are detailed below).

In particular, as already described in the chapter "Oil market", the appreciation of the HSFO continued in the third quarter (whose crack went from -25.3 USD/bbl in the first quarter of 2023 to -13.5 USD/bbl in the second quarter of 2023, and then averaged -6.5 USD/bbl in the third quarter of 2023). This abnormal trend only benefited the EMC benchmark margin, which has a HSFO yield of 7%, while the Saras margin was not affected, as the Group's refinery does not produce HSFO (except in temporary situations such as, for example, during slowdowns or maintenance shutdowns).

Regarding crude oil trends, the appreciation of the high-sulfur material continued in the third quarter, with Basrah Medium whose discount against Brent crude went from -7.1 USD/bbl in the first quarter of 2023 to -3.7 USD/bbl in the second quarter of 2023, and then averaged -1.4 USD/bbl in the third quarter of 2023. This trend penalized complex high-conversion refineries (such as those of the Saras Group), but had no impact on the EMC Reference Margin, which is calculated using a slate 100% based on Brent crude.

Therefore, it is possible to calculate an "adjusted" EMC Reference Margin, i.e. adjusted by the aforementioned market effects, which in the third quarter is worth 11.0 USD/bbl, and with respect to which the Saras premium is equal to 3.6 USD/bbl, as shown in the following table.



Segment Review

Industrial & Marketing

The Sarroch production site, located on the coast south-west of Cagliari, consists of one of the largest refineries in the Mediterranean in terms of production capacity and plant complexity, perfectly integrated with an IGCC (combined cycle gasification) plant. The site is strategically located in the center of the Mediterranean and has a processing capacity of 15 million tons/year, corresponding to about 17% of the total distillation capacity in Italy, and an installed power generation capacity of 575 MW. It should be noted that, with regard to electricity generation activities, following resolution 740/2022 of 29 December 2022, ARERA accepted the request for admission to the cost reintegration regime for the power station, entered by Terna in the list of essential plants for the electricity system for 2023.

<i>EUR million</i>	9M 2023	9M 2022	Change %	Q3/23	Q3/22	Change %
Reported EBITDA	570.9	1027.4	-44%	297.9	360.2	-17%
Comparable EBITDA	547.6	790.0	-31%	244.2	290.7	-16%
<i>of which relative to Marketing sales</i>	44.9	41.2	9%	18.0	12.2	47%
Reported EBIT	432.5	892.7	-52%	249.5	314.0	-21%
Comparable EBIT	409.2	655.3	-38%	195.8	244.5	-20%
CAPEX	156.4	60.4	159%	37.4	15.4	143%

Processing, electricity production and margins

		9M 2023	9M 2022	Change %	Q3/23	Q3/22	Change %
CRUDE RUNS	<i>Tons (thousand)</i>	9,429	9,830	-4%	3,343	3,476	-4%
	<i>Barrels (million)</i>	68.8	71.8	-4%	24.4	25.4	-4%
	<i>Bl/day (thousand)</i>	255	266	-4%	271	282	-4%
COMPLEMENTARY FEEDSTOCK	<i>Tons (thousand)</i>	508	792	-36%	150	180	-17%
ELECTRICITY PRODUCTION	<i>GWh</i>	2,566	3,019	-15%	958	1,145	-16%
TOTAL SALES	<i>Tons (thousand)</i>	2,417	2,749	-12%	813	979	-17%
<i>of which: in Italy</i>	<i>Tons (thousand)</i>	1,661	1,808	-8%	601	654	-8%
<i>of which: in Spain</i>	<i>Tons (thousand)</i>	756	941	-20%	211	325	-35%
EXCHANGE RATE	<i>EUR/USD</i>	1.08	1.06	2%	1.09	1.01	8%
EMC Reference Margin	<i>\$/bbl</i>	8.9	8.3		12.4	8.6	
SARAS IND & MKTG MARGIN	<i>\$/bbl</i>	13.3	16.1		14.6	15.3	

Comments on the results for the first nine months of 2023

Crude oil runs in the first nine months of 2023 were 9.43 million tons (68.8 million barrels, corresponding to 255 thousand barrels/day), 4% lower than in the first nine months of 2022. Refining runs were penalized by the most onerous maintenance plan in the first half of the year and by events also generated by external causes, outside of the Company's responsibility, which penalized production in the second and third quarters, as already described above.

Electricity production amounted to 2,566 GWh, down 15% compared to the first nine months of 2022, predominantly due to the same reasons that penalized the refining runs, even considering the multi-year shutdown of the IGCC plant occurred in the second quarter.

Comparable EBITDA stood at EUR 547.6 million in the first nine months of 2023, with a Saras Industrial & Marketing margin of +13.3 USD/bbl, within which the contribution of the Marketing channel was 0.9 USD/bbl (as usual, already net of the impact of the maintenance activities carried out in the period). This against a comparable EBITDA of EUR 790.0 million and a Saras Industrial & Marketing margin of +16.1 USD/bbl (within which the contribution of the Marketing channel was 0.8 USD/bbl) in the same period of the previous year.

As far as **market conditions** are concerned, the impact on margin generation was negative by approx. EUR 346 million; this negative result was mainly attributable to the significant reduction in the diesel crack, the increase in the premiums of different crude qualities and the weakening of the dollar, which were only partly offset by the increase in the gasoline crack and the reduction in the price of Brent.

Operating performance in the first nine months of 2023, if compared with the same period of 2022, was higher by approximately EUR 29 million. This change includes the contribution for the remuneration of the capital used by the plants subject to the Essentiality Regime agreement, which in the first nine months of 2023 amounted to EUR 81 million (EUR 34 million higher than in the same period of the previous year, mainly due to the increase in the rate of return on capital recognized by the authorities). In particular:

- **Trading & supply activities** (which include the procurement of crude oil and complementary raw materials, the sale of finished products, the costs of leasing oil tankers, and the management of inventories, including compulsory stocks) provided a higher contribution amounting to EUR 70 million compared to the same period of the previous year. This result is mainly attributable to the lower impact of derivatives made in purchase and on inventory hedges, which during 2022 had suffered from the negative effects induced by the strong backwardation market structure;
- **Production planning** (consisting of the optimization of the mix of crudes brought in for processing, management of semi-finished products and production of finished products, including those with special formulations) made a lower contribution of approximately EUR 20 million compared to the same period of the previous year. This difference is due to the changed market conditions that resulted in lower availability of crude oils as a consequence of the Russian-Ukrainian conflict and OPEC+ production cuts;
- The **performance of production activities** (which takes into account penalties related to maintenance, both scheduled and unscheduled, and higher consumption compared to the technical limits of some utilities such as fuel oil, steam, electricity and fuel gas) made a lower contribution of approximately EUR 55 million compared to the same period of the previous year. This difference can be attributed, on the one hand, to the effects of increased scheduled maintenance work compared to the same period in the previous year and, on the other hand, to the impacts of events also caused by external factors that affected the site in the second and third quarters of the year.

Variable costs of an industrial nature, net of components related to the Essentiality Regime agreement, were EUR 77 million lower in the first nine months of 2023 than in the same period of 2022. Electricity contributed with a cost reduction of EUR 69 million almost entirely due to the reduction in the unit price of energy. Carbon dioxide emissions contributed a cost reduction of EUR 12 million, due to a decrease in emissions partly as a result of the multi-year shutdown of power generation plants carried out in the second quarter and an increase in the assigned free allocations. The remaining incremental cost is due to price trends which led to higher costs of additives and demurrage, only partly offset by the lower cost of nitrogen whose tariff benefited from lower electricity prices.

As regards **fixed costs** in the first nine months of 2023, these are substantially in line with 2022. The higher costs are related to the different maintenance plan, personnel (increased headcount, increases related to the National Collective Bargaining Agreement and new contractual agreements) and other higher operating costs, which were offset by higher reimbursements related to the Essentiality Regime agreement (approximately EUR 61 million in the first nine months of 2023, compared to EUR 52 million in the first nine months of the previous year) due to inflationary factors and higher planned maintenance activities.

The contribution of the Marketing channel to the comparable EBITDA amounted to EUR 44.9 million, versus EUR 41.2 million in 2022. In this regard, it should be noted that sales volumes decreased in both markets: in Italy, they were offset by an increase in margin, unlike Spain, which recorded a decrease in margin. It should be noted that this contribution should be considered together with the Industrial contribution because of the strong coordination between technical and commercial expertise on which the Group's business model is based.

Comments on the third quarter of 2023 results

Crude oil runs in the third quarter of 2023 was 3.34 million tons (24.4 million barrels, corresponding to 271 thousand barrels/day) 4% lower than in the third quarter of 2022.

Electricity production amounted to 958 GWh, down 16% from the third quarter of 2022.

The lower refining runs and lower electricity production can be attributed to the effects of the double power outage, outside of the Company's responsibility, that generated the complete shutdown of the site facilities and the subsequent malfunctions described above.

Comparable EBITDA in the third quarter of 2023 stood at EUR 244.2 million, with a Saras Industrial & Marketing margin of +14.6 USD/bbl, within which the contribution of the Marketing channel was +1.0 USD/bbl (as usual, already net of the impact of the maintenance activity carried out in the period). This compares with a comparable EBITDA of EUR 290.7 million and a Saras Industrial & Marketing margin of +15.3 USD/bbl (within which the contribution of the Marketing channel was 0.6 USD/bbl) in the same quarter of the previous year.

As far as **market conditions** are concerned, the impact on margin generation was negative by approx. EUR 109 million; this negative result was mainly attributable to the significant reduction in the diesel crack, the increase in the premiums of different crude qualities and the weakening of the dollar, which were only partly offset by the increase in the gasoline crack and the reduction in the price of Brent.

Operating performance in the third quarter of 2023, if compared with the same period of 2022, was higher by approximately EUR 23 million. This change includes the contribution for the remuneration of the capital used by the plants subject to the Essentiality Regime agreement, which in the third quarter of 2023 amounted to EUR 27 million (EUR 11 million higher than in the same period of the previous year, mainly due to the increase in the rate of return on capital recognized by the authorities). In particular:

- **Trading & supply activities** (which include the procurement of crude oil and complementary raw materials, the sale of finished products, the costs of hiring oil tankers, and the management of inventories, including compulsory stocks) contributed to a greater extent for EUR 34 million compared to the same period of the previous year. This positive result is mainly due to the absence of the penalties induced by the backwardation that had characterized the 2022 result.
- **Production planning** (consisting of the optimization of the mix of crudes brought in for processing, management of semi-finished products and production of finished products, including those with special formulations) made a lower contribution of approximately EUR 7 million compared to the same period of the previous year. This difference is due to the changed market conditions that resulted in lower availability of crude oils as a consequence of the Russian-Ukrainian crisis and OPEC+ cuts.
- **The performance of production activities** (which takes into account penalties related to maintenance, both scheduled and unscheduled, and higher consumption compared to the technical limits of some utilities such as fuel oil, steam, electricity and fuel gas) made a lower contribution of approximately EUR 15 million compared to the same period of 2022. This difference is mainly attributable to the production issues caused by the site blackout and subsequent malfunctions described above.

Variable costs of an industrial nature, net of components related to the Essentiality Regime agreement, were EUR 23 million lower in the third quarter of 2023 than in the same period of 2022. Electricity contributed with a cost reduction of EUR 26 million mainly due to the effect of the reduction in the unit price of energy. It should be noted that the electricity component of 2022 included the tax credit linked to the Energy-intensive Decree, for approximately EUR 43 million. Carbon dioxide emissions contributed a cost increase of EUR 4 million, mainly due to the effects brought about by restart transients.

The trend in **fixed costs** in the third quarter of 2023 recorded a decrease of approximately EUR 12 million compared to the same period of the previous year. This deviation is mainly attributable to lower overhead expenses. Within the final costs, approximately EUR 20 million are subject to reimbursements relating to the Essentiality Regime agreement in 2023, an increase compared to the final costs of approximately EUR 17.0 million in the previous year due to the inflationary factors and the increased scheduled maintenance activities.

The contribution of the Marketing channel to the comparable EBITDA amounted to EUR 18.0 million, versus EUR 12.2 million in 2022. This deviation is due to the higher results recorded in Italy, where the increase in sales premiums more than offset the reduction in volumes sold. On the other hand, in Spain, the reduction in volumes sold was not offset by premiums which declined due to the difficult competitive environment. It should be noted that this contribution should be considered together with the Industrial contribution because of the strong coordination between technical and commercial expertise on which the Group's business model is based.

Oil slate and refined products yield

The mix of crude oils that the Sarroch refinery processed in the first nine months of 2023 has an average density of 33.5°API, which is basically in line with that of 2022; the reduction of Medium sour type crude oil replaced by the Heavy sour type occurred due to the consequences of the Russian-Ukrainian conflict. In the third quarter there was a lightening of the overall API grade, resulting from a reduction in processing of medium sour type crude oils in favor of light sweet/extra sweet type crude oils, due to extremely favorable market conditions that led to increases in crude oil processing with higher yields in light and medium distillates.

	9M 2023	9M 2022	Q3/23
Light extra sweet	48%	44%	50%
Light sweet	11%	9%	7%
Medium sweet/extra sweet	0%	1%	0%
Medium sour	1%	12%	0%
Heavy sour/sweet	41%	33%	43%
Average crude gravity	°API	33.5	32.9
			34.0

As for an analysis of the refined products yields, it can be observed that in the first nine months of 2023, consistently with the production asset during the shutdowns of some plants, the percentage yields in gasoline and middle distillates decreased in favor of greater production of semi-finished products, fuel oil and naphtha. In the third quarter, despite a production environment complicated by the effects of the blackout, a partial normalization was noted, consistent with the conclusion of the planned shutdowns that had characterized the first half of the year and with a scenario that, as mentioned above, guided toward increased yields in middle distillates.

		9M 2023	9M 2022	Q3/23
LPG	Tons (thousand)	211	207	61
	yield (%)	2.1%	2.0%	1.8%
NAPHTHA	Tons (thousand)	475	420	168
	yield (%)	4.8%	4.0%	4.8%
GASOLINE	Tons (thousand)	2,235	2,371	756
	yield (%)	22.5%	22.3%	21.6%
MIDDLE DISTILLATES	Tons (thousand)	4,763	5,492	1,766
	yield (%)	47.9%	51.7%	50.6%
VERY LOW SULPHUR FUEL OIL	Tons (thousand)	693	510	227
	yield (%)	7.0%	4.8%	6.5%
OTHERS	Tons (thousand)	986	1,008	322
	yield (%)	9.9%	9.5%	9.2%

Note: Balance to 100% of the production is "Consumption and Losses" related to refining activities.

Renewables

The Saras Group is active in the production and sale of electricity from renewable sources. The Company operates several plants with a total installed wind power capacity of 171 MW. As far as development activities are concerned, it should be noted that the construction of the new photovoltaic plant of approx. 80 MW located in the municipality of Macchiareddu continues and will be completed in the second quarter of 2024, with commissioning scheduled for June 2024.

EUR million	9M 2023	9M 2022	Change %	Q3/23	Q3/22	Change %
Reported EBITDA	12.0	27.0	-56%	3.0	5.7	-47%
Comparable EBITDA	12.0	27.0	-56%	3.0	5.7	-47%
Reported EBIT	5.5	20.5	-73%	0.9	3.5	-74%
Comparable EBIT	5.5	20.5	-73%	0.9	3.5	-74%
CAPEX	30.6	6.0	408%	6.4	0.2	n.s.

Other information

		9M 2023	9M 2022	Change %	Q3/23	Q3/22	Change %
ELECTRICITY PRODUCTION	MWh	192,172	205,691	-7%	57,109	42,528	34%
POWER TARIFF	EURcent/kWh	9.5	15.0	-37%	10.1	16.9	-41%
INCENTIVE TARIFF	EURcent/kWh	0.0	4.3	n.a	0.0	4.3	n.a

Comments on the results for the first nine months of 2023

In the first nine months of 2023, the Renewables segment's comparable EBITDA amounted to EUR 12.0 million, lower than the EUR 27.0 million recorded in the first nine months of 2022. Approximately EUR 2.0 million of the decrease in EBITDA between the two periods is due to lower production (mainly due to lower wind and reduced mechanical availability), and approximately EUR 12.0 million is due to the decrease in sales price.

With regard to the TER Support Decree, as amended, it should be noted that its application ended on 30 June 2023; the production affected by the application of the 61 EUR/MWh sales price limit was 53% of the first half of the year figure, and the application of this limit has reduced the EBITDA by approximately EUR 4.9 million in the first nine months of 2023 (vs a reduction of EUR 23.1 million in the same period of 2022). Starting from 1 July 2023, 100% of production is sold at market price.

Comments on the third quarter of 2023 results

In the third quarter of 2023, the Renewables segment's comparable EBITDA amounted to EUR 3.0 million, lower than the EUR 5.7 million recorded in the same period of 2022. The reduction in EBITDA between the two periods is attributable for EUR 4.0 million to the lower sales price and for about EUR 1 million to higher costs, only partially offset by the increased production due to higher wind, which made a positive contribution of EUR 2.4 million

As already commented for the nine months, with regard to the TER Support Decree, as amended, it should be noted that its application ended on 30 June 2023. Therefore, the EBITDA was not affected by the limit on the sale price in the third quarter of 2023 (vs a reduction of EUR 8.3 million in the same period of 2022).

Investments by business segment

<i>EUR million</i>	9M 2023	9M 2022	Q3/23	Q3/22
INDUSTRIAL & MARKETING	156.4	60.4	37.4	15.4
RENEWABLES	30.6	6.0	6.4	0.2
Total	187.0	66.4	43.8	15.5

Investments made by the Saras Group in the first nine months of 2023 amounted to EUR 187.0 million, higher than the EUR 66.4 million in 2022.

For the **Industrial & Marketing segment**, investments in the first nine months of 2023 amounted to EUR 156.4 million, higher than the EUR 60.4 million in the first nine months of 2022, mainly due to increased maintenance work on a significant portion of the plants.

Investments in the **Renewables segment** in the first nine months of 2023 amounted to EUR 30.6 million. These investments concerned the start of construction of the new photovoltaic plant located in the municipality of Macchiareddu.

Outlook

In the October 2023 Oil Market Report, the International Energy Agency (IEA) has confirmed its estimates on **global oil demand in 2023, which is expected to grow by +2.3 Mbbbl/d** compared to last year. This increase will make it possible to reach an all-time record of 101.9 Mbbbl/d. Despite the industrial slowdown in the OECD area, which is weighed down by expectations of continuation of restrictive policies by central banks, global oil demand continues to be buoyed by emerging economies (primarily India, Brazil and China, with the latter alone contributing 77% of the total increase), thanks to the recovery in petrochemicals and jet fuel for aviation. In 2024, the IEA predicts a continuation of growth of +0.9 Mbbbl/d, so at a lower pace than in 2023, as a result of widespread energy efficiency gains and further reduction in consumption in developed countries.

In terms of supply, the aforementioned production cuts by OPEC+Russia could remain in force until the end of 2024, but the IEA believes that they will be more than offset by production increases in non-OPEC+ countries. In fact, global production is expected to grow overall by +1.5 Mbbbl/d in 2023 and +1.7 Mbbbl/d in 2024, thus reaching new historical records (103.3 Mbbbl/d average supply in 2024). Moreover, the continuation of the OPEC+Russia cuts could keep sustaining the cost of high-sulfur ("sour") crude oils, with a consequent margin penalty for the more complex and high-conversion-capacity refineries (including that of the Saras Group).

Finally, it should be noted that the dramatic events in the Middle East, for the time being, have not produced significant impacts on the physical crude oil flows, while there have been some implications on natural gas supply (and consequently also on prices). However, tension remains high as a result of the increased geopolitical risk.

Looking at the trend in crude oil prices, after the peaks of the second half of September, the Brent Dtd recorded a gradual decline to around 90 USD/bbl, under the weight of renewed macroeconomic concerns and despite increased geo-political risk in the Middle East. The main independent sector analysts¹ believe that prices may continue at similar levels to the current ones also in subsequent quarters.

As regards the cracks of refined products, gasoline and diesel averaged about 5 USD/bbl and 30 USD/bbl in October (up to the time of this Report's writing), respectively. The drop in gasoline from the high levels of the summer period reflects the characteristic seasonality of consumption, as well as the change in specification from summer to winter (the latter being easier to formulate and having more components that can be used in blending). Recovery to higher levels is expected after spring 2024. In contrast, middle distillates have entered the period of greatest support (the so-called "heating season") where, in addition to the traditional uses for road, private and commercial transportation, agriculture, and motorboats, there is also the consumption of heating oil. Therefore, despite the macroeconomic slowdown, diesel should maintain high levels above the historical seasonal averages.

Lastly, electricity and CO2 prices in October recorded an average of approx. 137 EUR/MWh and 82 EUR/ton. While CO2 is expected to continue to remain at levels in line with previous quarters, the price of electricity could further strengthen, due to the tensions triggered by the events of early October in the Middle East, which generated increases by over 50% in the price of natural gas.

Next, as for the operations of the Sarroch industrial site, the main scheduled maintenance activities have been completed in the first nine months, and the last quarter of the year involves the completion of restoration activities that became necessary downstream of the aforementioned blackout. However, this will not affect the level of processing expected in the quarter. Therefore, the forecast of cumulative refinery runs at year-end is between **94 and 95 Mbbbl**, basically in line with last year's performance and with the guidance.

Based on the results achieved in the first nine months, and in line with the scenario assumptions described above, **the Company expects to achieve a premium for the full year 2023 comprised between 4 and 5 USD/bbl above the EMC Reference Margin**. This level derives from the events that characterized in particular the third quarter and which have been described in the previous chapters, i.e. the impact of the blackout, which was outside of the Company's responsibility, with the consequent production inefficiencies, as well as the performance of high-sulfur fuel oil (HSFO), and of crude oil premiums and discounts. Without these last two market effects (HSFO and crude oil premiums/discounts), the Saras premium would be greater than 5 USD/bbl.

The forecasts relating to the fixed costs of the Industrial & Marketing segment remain substantially in line with previous figures and are estimated to be approximately EUR 390 million. This level is also the result of the onerous maintenance plan completed during the year. Finally, **as for the segment's investments**, they are confirmed to be projected at about EUR 180 million, with the aim of continuing the process of making plants more efficient and maintaining their competitiveness.

As regards the **Renewables segment**, the installed capacity in 2023 remains confirmed at 171 MW. The production levels achieved in the first nine months of the year, added to the current estimates for the fourth quarter, make it possible to forecast cumulative production for the entire year of approximately 270 GWh.

Regarding **the measurement of 2023 production**, it should be noted that the application of the measures introduced by Decree Law no. 4 of 27 January 2022, known as "TER Support" (price cap of 61 EUR/MWh) and by the 2023 Budget Law in implementation of

¹ S&P Global Platts, WoodMacKenzie, FGE and Nomisma (October 2023)

Regulation (EU) 2022/1854 (price cap of 180 EUR/MWh) ended on 30 June. Therefore, as in the third quarter, 100% of production is valued at market also in the fourth quarter.

Concerning investments in the Renewables segment, a total amount of approximately EUR 50 million is expected in 2023, mainly aimed at advancing the construction of the 80 MW photovoltaic park "Helianto", which is scheduled to be operational by the end of the first half of 2024.

Finally, regarding the expected trend of the **Group's Net Financial Position**, the forecasts of cash flow generation and working capital performance (by virtue of the scenario and performance assumptions made by the Company) allow us to project a positive year-end Group Net Financial Position.

Update on strategic plans

As announced in previous quarterly reports, the Saras' Board of Directors has approved, in May of this year, new medium and long-term strategic objectives and guidelines that support **the Group's evolution from a pure refiner to a sustainable energy player**, accelerating the convergence of conventional and renewable energy businesses, and developing the integration of new energy sources into the refining business.

Only a few months after the approval of the new strategy, the Group has already embarked on the path laid out, capitalizing on excellence in the core business and on financial strength. Below is an update on the progress towards achieving the set-out objectives:

- **Continuing to improve the efficiency of the refining operations:** in recent months, several project initiatives aimed at improving performance have been launched; their benefits will be factored into the next business plan. These initiatives cover a wide range of business activities (from commercial to industrial) and aim for both margin maximization and cost optimization. The focus is on a progressive optimization of operational, commercial and investment leverage, seizing short-term objectives, but also launching implementations that will yield results in the medium term, keeping the Sarroch refinery among the best assets in the sector and increasing its resilience to market volatility.
- **Achieving 1 GW of installed renewable capacity in 2028:** in the pipeline of greenfield wind projects in Sardinia, the Group has currently 10 projects in different stages of progress, totaling about 600 MW. Of these, 6 have already been submitted to the competent authorities for the EIA ("Environmental Impact Assessment") application and cumulatively amount to approximately 350 MW of production capacity. The authorization process is proceeding and Saras remains confident that it will be completed soon. As for the other projects in the above pipeline, the "Soluzione Tecnica Minima Garantita" (STMG) (Minimum Guaranteed Technical Solution) has been received from Terna for all of them, and then the subsequent activities are underway. With regard to photovoltaic projects, Saras has received authorization to build a 3 MW wind farm at the depot in Arcola (Spezia). Lastly, during the quarter, the construction of the 80 MW Helianto photovoltaic park continued – one of the largest in Italy – whose COD (Commercial Operation Date) remains confirmed by June 2024. These initiatives, together with possible others that are being evaluated, thus enable the Group to aim for renewable energy production of about 2 TWh/year by 2028, with avoided CO₂ emissions of about 1.3 to 1.6 million tons/year.
- **Positioning to seize the opportunities offered by new technologies:** the Group actively follows the evolution of the regulatory context in order to seize future opportunities in the area of energy transition. Current projects include:
 - SardHy Green Hydrogen was established as a JV company with Enel Green Power, whose purpose is to produce green hydrogen for use in the Sarroch refinery through a 20 MW electrolyzer powered by renewable energy. Following the recognition of SardHy among the four Italian companies admitted to the European IPCEI Hy2Use program (the European Union initiative that supports the best projects related to the hydrogen value chain), talks with MIMIT (Ministry of Enterprises and Made in Italy) are underway and the application for financial relief has been submitted, based on the provisions of the Ministerial Decree for the activation of the intervention of the IPCEI fund. Preliminary activities for negotiating and finalizing contracts for the supply of materials and for works tenders continue;
 - With regard to the Carbon Capture and Storage (CCS) project, the collaboration with Air Liquide is proceeding, aimed at better defining the aspects relating to the entire development chain including logistics and transport, together with a finalization of costs and timing. Applications were also submitted to the European Green New Deal and "Hard to Abate" funds specifically for CCS and CCU (Carbon Capture and Utilization) projects and activities aimed at optimizing sources and potential uses of CO₂;
 - In the area of biofuel production, a number of technical assessments are underway for the expansion and optimization of hydrogenated vegetable oil (HVO) production activities both in co-processing and in purity. In particular, investments and assessments are underway aimed at (i) installing a new catalyst that will allow additional production capacity of 20 Kton per year of HVO in purity by the first half of 2024; (ii) optimizing logistics by insulating some discharge lines and tanks to expand the range of vegetable oils that can be used in co-processing to include high "pour point" oils; (iii) developing a new pre-treatment plant that will expand the range of oil crudes that can be used in the production of HVO in both co-processing and

- purity; (iv) retrofitting and revamping some existing desulfurization units (U300 and U700) that will allow future decisions about extending the production capacity of HVO in purity up to 200 Kton per year;
- Finally, a "Waste To Fuel" project is underway, for which an application has been submitted for a European tender for a low-temperature pyrolysis plant for the production of diesel and carbon black from used tires (about 14 Kton/year).

Risk Analysis

The Saras Group bases its risk management policy on the identification, assessment and mitigation with reference to the strategic, operational and financial areas. The main risks are reported to and discussed by the Group's top management so as to create the prerequisites for their management and also to assess the acceptable residual risk. The management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and monitors the level of exposure to risk and the results of risk mitigation actions. To manage financial risks, the Saras Group policy includes the use of derivatives, only for hedging and without using complex structures.

FINANCIAL RISKS

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for the procurement of crude oil and for the sale of the vast majority of refined oil products are linked to the US dollar. To reduce the exchange rate risk for transactions that will be carried out in the future and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses hedging derivative instruments where appropriate.

Interest rate risk

Loans at variable interest rates expose the Group to risk of changes in earnings and cash flows due to interest. Loans at fixed interest rates expose the Group to the risk of changes of the fair value of the loans received. The main existing loan contracts are stipulated in part at variable market rates and in part at fixed rates. The Saras Group also uses derivative instruments to reduce the risk of changes in results and in cash flows deriving from interest. Inflationary pressures, resulting from an increase in the prices of raw materials and commodities, led to an increase in both short- and medium-term interest rates. The ECB has repeatedly revised upwards the marginal lending rate and the deposit rate, which is confirmed for 2023, with an expected reversal only starting in 2024. This level of interest rates causes an increase for Saras in its borrowing costs and in the cost of derivative transactions, albeit in a context of positive cash generation expected in 2023.

Credit risk

The refining sector represents the Group's reference market and is mainly made up of multinational companies operating in the oil industry. Transactions carried out are generally settled in a very short time and are often guaranteed by leading credit institutions. Extra-network sales are for individual contained amounts and are also often guaranteed or insured, with a very low risk of non-recoverability; furthermore, the Group resorts to the assignment of receivables without recourse with leading factoring companies. It should be remembered that the Group is not directly or indirectly exposed to Russian counterparties.

Liquidity risk

The Group finances its activities both through the cash flows generated by its operations and using external sources of financing. It is therefore exposed to liquidity risk, consisting of the ability to find adequate lines of credit so as to meet the related contractual obligations, including compliance with covenants. Self-financing capacity, and consequently the level of debt, is determined by the generation of cash from operations and the performance of working capital; in particular, the latter is based on levels of demand and supply of crude oil and oil products as well as the relative prices and their extreme volatility and sensitivity to external factors (such as economic, social and political factors). Beginning in 2020, the spread of Covid-19 had a significant negative impact on the oil market, affecting the Group's level of financial debt with a Net Financial Position that was negative until 31 December 2021, while during 2022 and 2023, the Group regained its cash generation capacity, recording a positive net financial position. It should also be pointed out that the financial parameters on existing loans subject to review are complied with. Finally, it should be noted that the level of debt could also undergo positive and negative changes due to the trend in working capital and core business, both affected by the high volatility of the prices of oil and energy commodities.

OTHER RISKS

Price fluctuation risk

The Saras Group results are affected by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, principally crude oil). In addition, for its production activities, the Saras Group is required to maintain adequate inventories of crude oil and finished products and the value of these inventories is subject to the fluctuations of market prices. The risk of price

fluctuation and of the related financial flows is closely linked to the very nature of the business and it can be only partly mitigated by applying appropriate risk management policies. In order to address the risks arising from price changes and more specifically to mitigate the precise price fluctuations on the quantities bought and sold compared to the monthly averages, the Group also enters into hedging contracts on commodities. Also subject to change are the prices of electricity sales by the subsidiaries Sarlux and Sardeolica, as well as the prices of Energy Efficiency Certificates and CO2 emission quotas. In particular, the outbreak of the Russian-Ukrainian conflict radically changed the global energy scenario, triggering from the end of February 2022 an immediate rise in energy commodity prices (oil and derivatives, gas, and electricity) and high volatility, with major impacts on the reported results of Oil & Gas and Refining companies. This phenomenon has more directly involved Europe, which is more dependent on Russia in terms of energy. In particular, the Western sanctions imposed on oil imports from Russia have led to an increase in the prices and margins of refined products, which in 2022 translated into a significant improvement in the Group's economic and financial results. This development, as described in the chapter relating to the Reference Market, progressively decreased in 2023 in the case of middle distillates: refining margins, while remaining above the historical averages, recorded a reduction, mainly due to a partial slowdown in industrial consumption and a simultaneous increase in imports of refined products, especially from Asia (India, China, the Middle East and Turkey). In this regard, it should be noted that in 2023 and 2024, the Group's expected income results and cash flows are exposed to the risks of a global economic slowdown or, in the most severe case, a possible recession, with the consequent reduction in expectations of growth in demand for hydrocarbons. The restrictive monetary policies adopted by the central banks to counter the high levels of inflation could in fact act as a brake on economic growth, particularly in Europe and the USA, with negative consequences on oil demand. The international geopolitical tensions caused by the Russian invasion of Ukraine as well as by the imposition of several different sanctions against Russia also increase the systemic risks, including that of the continuation of the war, of its extension to other countries, as well as the impacts of economic sanctions on the global economy, the supply chain and consumer, business and investor confidence resulting in delays or halts in spending and investment decisions. The occurrence of such events could trigger a slowdown in growth or, in the worst case, a global recession. These conditions could lead to a reduction in the demand for energy raw materials and a consequent reduction in prices, with negative repercussions on the economic results, cash flow and the implementation of the Group's business plans.

Finally, it should be noted, as reported in the chapter on Outlook, that the dramatic events in the Middle East, although for the moment they have not produced significant impacts on the physical flows of crude oil coming from that region, could have some implications on the supply of natural gas with a material increase in prices.

Risk related to the procurement of crude oil

A significant portion of the crude oil refined by Saras originates from countries exposed to high political, social and macroeconomic uncertainties; changes in legislation, politics, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potentially negative effects on the Group's economic and financial position. In particular, the continuation of OPEC+Russia production cuts in 2024 could lead to the emergence of a deficit starting from the second half of 2024. This would lead to an increase in supply difficulties, in a context already impacted by the limitation of crude oil imports from countries subject to restrictions and embargoes, with consequent impacts on their purchase price.

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shutdowns. Saras believes that the complexity and modularity of its plants make it possible to limit the negative effects of unscheduled shutdowns caused by external factors and that the safety plans in place (which are continuously improved) make it possible to reduce any risks of accidents to a minimum; it should be noted that recently the worsening of adverse weather events, combined with the actual characteristics of the Sardinian electricity system, has increased the probability and the potential impact of an interruption of production. In relation to these risks Saras also has a major program of insurance cover in place. However, under certain circumstances, this program may not be sufficient to prevent the Group from incurring costs in the event of accidents and/or interruption to production.

Environmental risks

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment. The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental responsibility is, however, inherent in our activity and there is no certainty that new legislation will not impose further costs in the future.

Legislative and regulatory risk

The characteristics of the Group's business are affected by the continuously evolving legislative and regulatory context of the countries in which it operates. With regard to this, Saras is committed to continuously monitoring and maintaining a constructive dialogue with national and local institutions aimed at seeking opportunities for discussions and prompt evaluation of any legal amendments, acting on minimizing the economic impact deriving from them. In this context, the most significant aspects of the main regulatory developments relate to:

- regulations relating to the reduction of national emissions of specific atmospheric pollutants and their relative impact on the limits indicated in the current AIA permit;

- European Commission's opinion and ARERA's implementation documents regarding the recognition of the subsidiary Sarlux as an "energy-intensive enterprise";
- regulatory provisions relating to energy efficiency certificates for the Power sector and incentives for the Wind sector and their consequences for the G.S.E.;
- regulations and implementation documents issued by Terna and ARERA regarding the Essentiality Regime agreement requirements of the IGCC plant in Sarlux, and the cost reimbursement regime;
- measures taken to contain electricity costs, such as for example the TER Support Decree and the 2023 Budget Law which impact, on the one hand, system charges and variable energy components for "energy-intensive" enterprises (Sarlux) and, on the other hand, the sale prices of electricity from renewable sources (Sardecolica, Energia Verde and Energia Alternativa);
- regulatory provisions on "Emission trading" allowances.

Dependencies on third parties

The IGCC plant, owned by the subsidiary Sarlux S.r.l., depends on oxygen supplied by Air Liquide Italia in addition to oil crudes supplied by Saras. Should these supplies fall short, Sarlux would have to locate alternative sources, which it may not be able to obtain or to obtain at similar financial terms and conditions.

Climate change risk

The Group's activities are intrinsically exposed to risks and opportunities related to climate change. These risks and opportunities, which are included in the Corporate Risk Management model, can be both physical and regulatory, i.e., arising from the policies being implemented to accompany the energy transition and limit climate change. With respect to physical risks, the Group could be exposed to significant accidents at its facilities due to adverse weather events (e.g., torrential rains, lightning strikes, sea level rise, drought). Possible mitigation measures could be insurance coverage and a proper HSE system.

With regard to regulatory risk, the Group could face further tightening of European and national legislation on decarbonization and ecological transition. The Group constantly monitors regulatory developments and assesses mitigating measures and actions from time to time.

Finally, the Group manages the reputational risk related to the assessment of its sustainable business strategy by its Stakeholders through engagement activities with the Stakeholders, materiality analyses for the identification of priority issues and impacts, performance monitoring through ESG indicators and, finally, appropriate transparent and comprehensive reporting in the area of Sustainability. In this regard, it should be noted that in July 2023 the European Commission published with Delegated Act the new European Sustainability Reporting Standards (ESRS) intended for all companies subject to the Corporate Sustainability Directive (CSRD), including Saras. These principles will have to be adopted starting from the 2024 financial year.

Saras has launched a process of decarbonization and energy transition that provides for the development of electricity production capacity from renewable sources (wind and photovoltaic) with a target of 1 GW of installed capacity by 2028.

This plan is complemented by additional projects in various stages of development, including those in the Green Hydrogen area, in partnership with Enel Green Power and in the Carbon Capture & Storage area, in collaboration with Air Liquide. Finally, in addition to these projects, the expansion of the biofuel and e-jet production capacity is assessed.

The Saras Group operates in compliance with the current regulations on data protection regarding its customers, employees, suppliers and all those with whom it comes into contact daily. In particular, on 25 May 2018 the new Regulation (EU) 679/2016 ("GDPR") on the protection of personal data entered in force. The Saras Group has long been implementing a project aimed at complying with the new measures required by the GDPR and has aligned its procedures and processes with the changes introduced by this Regulation.

Information technology and cybersecurity

Complex information systems support the various business activities and processes. Risk aspects concern the adequacy of such systems and the availability, integrity and confidentiality of data and information. In particular, some major systems may be exposed to the risk of cyberattacks. The Group has long been developing projects and applying solutions that aim to significantly reduce this type of risk, making use of consultants specializing in this subject matter and adopting the international standard IEC 62443. In 2023, the Group continues to increase the level of protection against cyber-attacks through a service (Uptime security monitoring service) and the activation of awareness courses for the company's population.

Provisions for risks and charges

In addition to what has been described above in relation to risk management and mitigation, in view of the current obligations, resulting from past events, which may be of a legal, contractual or regulatory nature, the Saras Group has made appropriate allocations to provisions for risks and charges included in statement of financial position liabilities (see Notes to the Financial Statements).

Involvement in legal proceedings

Saras is a party in civil and administrative proceedings and in legal actions related to the normal course of its business. In addition to the provision for litigation risks set aside in the financial statements, it is possible that in the future Saras may incur other liabilities, even significant ones due to: (i) uncertainty with respect to the final outcome of pending litigations for which its liability is currently assessed as not probable or the related estimate not reliable; (ii) the occurrence of further developments or the emergence of new evidence and information that may provide sufficient elements for a reliable estimate of the amount of the obligation; (iii) inaccuracy in the estimate of the provisions due to the complex process of determination that involves subjective judgments by management. Violations of the Code of Ethics, laws and regulations, including anti-corruption rules, committed by Saras, its business partners,

agents or other persons acting in its name or on its behalf, may expose Saras and its employees to the risk of criminal and civil penalties that could damage the Company's reputation and shareholder value. For more details on the proceedings in progress, please refer to paragraph 7.1 of the Notes to the Consolidated Financial Statements.

Other Information

Treasury shares

In the first nine months of 2023, Saras S.p.A. has not bought or sold any treasury shares.

Research and development

Saras did not undertake any significant research and development activities. Therefore, no significant costs have been capitalized or recorded in the income statement in the first nine months of 2023.

Non-recurring and unusual transactions

In the first nine months of 2023 there were no significant transactions and there are no positions resulting from atypical and/or unusual transactions.

Main events after the end of the first nine months of 2023

The subsidiary Sarlux S.r.l. has received notice that its IGCC plant has been admitted by Terna to the Essentiality regime for the year 2024 on the basis of ARERA resolution no. 481/2023.

It should be noted that on 2 November 2023 Urion Holdings (Malta) Limited, parent company of the Trafigura Group, with which the Saras Group has commercial relations, announced the increase in its equity investment in the share capital of Saras S.p.A. from 13.76% to 14.98%.

Finally, it should be noted that the subsidiary Sarlux S.r.l., in relation to the "hard to abate" project, has received notice from the Ministry of the Environment and Energy Security of the assignment of the requested public contribution.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 30th September 2023

Thousands of EUR		30/09/2023	31/12/2022
ASSETS	(1)		
Current assets	5.1	2,809,354	3,010,759
Cash and cash equivalents	5.1.1	650,384	707,115
Other financial assets	5.1.2	206,744	187,555
Trade receivables	5.1.3	726,275	728,881
Inventories	5.1.4	1,183,603	1,287,312
Current tax assets	5.1.5	25,279	74,929
Other assets	5.1.6	17,069	24,967
Non-current assets	5.2	1,337,085	1,253,568
Property, plant and equipment	5.2.1	1,194,703	1,147,135
Intangible assets	5.2.2	39,254	40,802
Right-of-use of leased assets	5.2.3	38,924	45,384
Other equity investments	5.2.4	745	745
Deferred tax assets	5.2.5	20,795	15,398
Other financial assets	5.2.6	4,010	4,104
Other assets	5.2.7	38,654	0
Non-current assets held for sale	5.2.8	333	333
Total assets		4,146,772	4,264,660
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	5.3	2,157,081	2,327,702
Short-term financial liabilities	5.3.1	349,134	224,376
Trade and other payables	5.3.2	1,224,250	1,444,441
Current tax liabilities	5.3.3	290,119	356,952
Other liabilities	5.3.4	293,578	301,933
Non-current liabilities	5.4	696,183	724,584
Long-term financial liabilities	5.4.1	353,303	446,909
Provisions for risks and charges	5.4.2	307,474	267,800
Provisions for employee benefits	5.4.3	6,504	6,002
Deferred tax liabilities	5.4.4	3,730	3,730
Other liabilities	5.4.5	25,172	143
Total liabilities		2,853,264	3,052,286
SHAREHOLDERS' EQUITY	5.5		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		954,396	729,902
Net result		273,556	416,916
Total parent company shareholders' equity		1,293,508	1,212,374
Third-party minority interests		-	-
Total shareholders' equity		1,293,508	1,212,374
Total liabilities and shareholders' equity		4,146,772	4,264,660

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the periods 1st January – 30th September 2023

Thousands of EUR	(1)	1st January 30th September 2023	1st January 30th September 2022
Revenues from ordinary operations	6.1.1	8,421,296	11,926,017
Other income	6.1.2	46,828	39,228
Total revenues		8,468,124	11,965,245
Purchases of raw materials and consumables	6.2.1	(6,828,164)	(9,567,672)
Cost of services and sundry costs	6.2.2	(939,277)	(1,231,467)
Personnel costs	6.2.3	(117,828)	(111,760)
Depreciation/amortization and write-downs	6.2.4	(144,880)	(141,144)
Total costs		(8,030,149)	(11,052,043)
Operating result		437,975	913,202
Financial income	6.3	146,108	148,876
Financial charges	6.3	(194,566)	(249,665)
Result before taxes		389,517	812,413
Income taxes	6.4	(115,961)	(465,180)
Net result		273,556	347,233
Net result attributable to:			
Shareholders of the parent company		273,556	347,233
Third-party minority interests		0	0
Net earnings per share – base (EUR cents)		28.77	36.51
Net earnings per share – diluted (EUR cents)		28.77	36.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1st JANUARY- 30th SEPTEMBER 2023

Thousands of EUR	1st January 30th September 2023	1st January 30th September 2022
Net result (A)	273,556	347,233
Items of comprehensive income that may subsequently be restated to profit or loss for the period		
Effect of translation of the financial statements of foreign operations	664	1,053
Cash Flow Hedging reserve	(12,396)	
Items that will not be restated to profit or loss for the period		
Actuarial effect IAS 19 on employee post-employment benefits	0	0
Other profit/(loss), net of the fiscal effect (B)	(11,732)	1,053
Total consolidated net result (A + B)	261,824	348,286
Total consolidated net result attributable to:		
Shareholders of the parent company	261,824	348,286
Third-party minority interests	0	0

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

Consolidated Statement of Changes in Equity to 30th September 2023

Thousands of EUR	Share Capital	Legal reserve	Other reserves	Profit (Loss) for the period	Total shareholders' equity attributable to the parent company	Third-party minority interests	Total shareholders' equity
Balance at 31/12/2020	54,630	10,926	994,482	(275,516)	784,522	0	784,522
Allocation of previous year result			(275,516)	275,516	0		0
Conversion effect of financial statements in foreign currency			(751)		(751)		(751)
Actuarial effect IAS 19			613		613		613
Net result				9,334	9,334		9,334
<i>Total net result</i>			(138)	9,334	9,196		9,196
Balance at 31/12/2021	54,630	10,926	718,828	9,334	793,718	0	793,718
Allocation of previous year result			9,334	(9,334)	0		0
Conversion effect of financial statements in foreign currency			565		565		565
Actuarial effect IAS 19			1,038		1,038		1,038
Cash Flow Hedging reserve			137		137		137
Net result				416,916	416,916		416,916
<i>Total net result</i>			1,740	416,916	418,656		418,656
Balance at 31/12/2022	54,630	10,926	729,902	416,916	1,212,374	0	1,212,374
Allocation of previous year result			416,916	(416,916)	0		0
Dividend distribution			(180,690)		(180,690)		(180,690)
Conversion effect of financial statements in foreign currency			664		664		664
Cash Flow Hedging reserve			(12,396)		(12,396)		(12,396)
Net result				273,556	273,556		273,556
<i>Total net result</i>			(11,732)	273,556	261,824		261,824
Balance at 30/09/2023	54,630	10,926	954,396	273,556	1,293,508	0	1,293,508

Consolidated Statement of Cash Flows for the period to 30th September 2023

Thousands of EUR	(1)	1/1/2023- 30/09/2023	1/1/2022- 30/09/2022
A - Initial cash and cash equivalents		707,115	366,680
B - Cash flow from (for) operating activities			
Net result	5.5	273,556	347,233
Unrealized exchange rate differences on bank current accounts		16,135	(31,512)
Depreciation/amortization and write-downs of fixed assets	6.2.4	144,880	141,144
Net change in provisions for risks	5.4.2	39,674	186,781
Net change in provision for employee benefits	5.4.3	502	661
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	(5,397)	95,561
Net interest		30,209	20,433
Income taxes	6.4	121,358	369,619
Change in the fair value of derivatives	5.1.2 - 5.3.1	120,486	41,918
Other non-monetary components	5.5	(11,732)	1,053
Profit for the period before changes in working capital		729,671	1,172,891
(Increase) / Decrease in trade receivables	5.1.3	2,606	(257,577)
(Increase) / Decrease in inventories	5.1.4	103,709	(553,652)
(Increase) / Decrease in trade and other payables	5.3.2	(220,191)	546,541
Change in other current assets	5.1.5 - 5.1.6	57,548	(63,751)
Change in other current liabilities	5.3.3 - 5.3.4	116,517	41,576
Interest received		2,113	165
Interest paid		(32,322)	(20,598)
Taxes paid	5.3.2	(313,063)	(60,573)
Change in other non-current liabilities	5.4.5	(13,625)	32
Total (B)		432,963	805,053
C - Cash flow from (for) investment activities			
(Investments) in property, plant and equipment and intangible assets	5.2.1-5.2.2	(184,184)	(65,544)
(Investments) in Right-of-use of leased assets		(256)	(5,226)
(Increase)/Decrease in other financial assets and other equity investments	5.1.2	7,191	(73,729)
Total (C)		(177,249)	(144,499)
D - Cash flow from (for) financing activities			
Increase/(decrease) m/l-term financial payables	5.4.1	(93,606)	425,327
Increase/(decrease) in short-term financial payables	5.3.1	(22,014)	(759,627)
Dividend distribution and Buyback		(180,690)	0
Total (D)		(296,310)	(334,300)
E - Cash flows for the period (B+C+D)		(40,596)	326,254
Unrealized exchange rate differences on bank current accounts		(16,134)	31,513
F - Final cash and cash equivalents		650,384	724,446

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

For the Board of Directors
The Chairman
Massimo Moratti



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

1. Foreword

2. General preparation criteria for the Consolidated Financial Statements

3. Drafting principles and changes in the Group's accounting standards

- 3.1 Drafting principles
- 3.2 New accounting standards, interpretations and amendments adopted by the Group
- 3.3 Consolidation scope
- 3.4 Use of discretionary estimates and valuations

4. Information by business segment and geographical area

- 4.1 Foreword
- 4.2 Segment information

5. Notes to the Statement of Financial Position

- 5.1 Current assets
 - 5.1.1 Cash and cash equivalents
 - 5.1.2 Other financial assets
 - 5.1.3 Trade receivables
 - 5.1.4 Inventories
 - 5.1.5 Current tax assets
 - 5.1.6 Other assets
- 5.2 Non-current assets
 - 5.2.1 Property, plant and equipment
 - 5.2.2 Intangible assets
 - 5.2.3 Right-of-use of leased assets
 - 5.2.4 Other equity investments
 - 5.2.5 Deferred tax assets
 - 5.2.6 Other financial assets
 - 5.2.7 Other assets
- 5.3 Current liabilities
 - 5.3.1 Short-term financial liabilities
 - 5.3.2 Trade and other payables
 - 5.3.3 Current tax liabilities
 - 5.3.4 Other liabilities
- 5.4 Non-current liabilities
 - 5.4.1 Long-term financial liabilities
 - 5.4.2 Provisions for risks and charges
 - 5.4.3 Provisions for employee benefits
 - 5.4.4 Deferred tax liabilities
 - 5.4.5 Other liabilities
- 5.5 Shareholders' equity

6. Notes to the Income Statement

- 6.1 Revenues
 - 6.1.1 Revenues from ordinary operations
 - 6.1.2 Other income
- 6.2 Costs
 - 6.2.1 Purchases of raw materials and consumables
 - 6.2.2 Cost of services and sundry costs
 - 6.2.3 Personnel costs
 - 6.2.4 Depreciation/amortization and write-downs
- 6.3 Financial income and charges
- 6.4 Income taxes

7. Other Information

- 7.1 Main legal actions pending
- 7.2 Commitments
- 7.3 Related-party transactions
- 7.4 Subsequent events

1. Foreword

The publication of the condensed consolidated financial statements of the Saras Group for the period ended 30 September 2023 was authorized by the Board of Directors on 8 November 2023.

Saras S.p.A. (hereinafter also the "Parent Company") is a joint-stock company listed on the Milan Stock Exchange, with registered office in Sarroch (CA) (Italy), SS 195 "Sulcitana" Km. 19. It is jointly controlled by Massimo Moratti S.A.P.A. (20.01%), Angel Capital Management S.p.A. (10.005%) and Stella Holding S.p.A. (10.005%), which together represent 40.02% of the share capital of Saras S.p.A., under the shareholders' agreement signed by these companies on 30 March 2022 (for further details please refer to what has already been published at www.saras.it). The Company duration is until 31 December 2056, as per the Articles of Association.

It should be noted that the shareholding structure of Saras includes Urion Holdings (Malta) Limited, parent company of the Trafigura Group with which the Saras Group has commercial relations, with a stake of 13.76%. Also to be noted is that all transactions carried out with Trafigura are of a commercial nature and at market value.

Saras S.p.A. operates in the domestic and international oil markets by purchasing crude oil and selling finished products. Saras Group activities include crude oil refining and the production and sale of electricity generated by both the integrated combined-cycle gasification plant of the subsidiary Sarlux S.r.l., and the wind farms of the subsidiaries Sardeolica S.r.l., Energia Verde S.r.l. and Energia Alternativa S.r.l.

These consolidated interim financial statements at 30 September 2023 are presented in Euro, as the Euro is the currency of the economy in which the Group operates. They comprise the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and the Notes. All values in the Notes to the consolidated financial statements are stated in thousands of Euro, unless indicated otherwise.

2. General preparation criteria for the Consolidated Financial Statements

The condensed consolidated financial statements of the Saras Group for the period ended 30 September were prepared on the basis of International Financial Reporting Standards (hereinafter "IFRS" or "international accounting standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure indicated in Art. 6, Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and in accordance with the provisions issued in implementation of Art. 9, Italian Legislative Decree no. 38 of 28 February 2005.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date the consolidated financial statements were approved by the Board of Directors of the Parent Company and set out in the relevant EU regulations published as of that date.

The financial statements have been prepared using the following criteria, in line with IAS 1, deemed suitable to provide a more complete picture of the financial position, operating results and cash flows of the Group:

- Statement of Financial Position: assets and liabilities are divided into current and non-current items, according to liquidity;
- Income Statement and Statement of Comprehensive Income: income statement items are presented according to their nature;
- Cash Flow Statement: presented using the indirect method, which distinguishes between cash flows from operations, investing and financing activities;
- Consolidated Statement of Changes in Shareholders' Equity.

The accounting standards shown below have been applied consistently to all the periods reported.

3. Drafting principles and changes in the Group's accounting standards

3.1 Drafting principles

The condensed consolidated financial statements of the Saras Group at 30 September 2023, prepared in accordance with Art. 154-ter of the Consolidated Law on Finance, as amended, were drafted in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, which include all international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), previously called the Standing Interpretations Committee (SIC). The condensed consolidated financial statements at 30 September 2023 were drafted in accordance with the provisions of IAS 34 – Interim financial reporting.

3.2 New accounting standards, interpretations and amendments adopted by the Group

The accounting standards adopted by the Saras Group to draft the condensed consolidated financial statements at 30 September 2023 are consistent with those used to prepare the consolidated financial statements at 31 December 2022 and the corresponding interim reporting period, with the exception of the new accounting standards, interpretations and amendments outlined below which, at the reporting date, had already been issued and entered into force during the current year. The Group did not arrange early adoption of any new standards, interpretations or amendments issued but not yet in force.

Standards issued and in force

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The amendments introduce a definition of accounting estimates, replacing the concept of change in accounting estimates. Under the new definition, accounting estimates are monetary amounts subject to measurement uncertainty. Entities develop accounting estimates if accounting standards require financial statement items to be measured in such a way as to result in measurement uncertainty. The Board clarifies that a change in accounting estimates that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or measurement approach used to develop an accounting estimate qualify as changes in accounting estimates if they do not result from the correction of prior financial year errors. A change in an accounting estimate may only affect the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current financial year is recognized as income or expense in the current financial year. The effect, if any, on future periods is recognized as income or expense in those future periods. The standard has no significant impacts on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

These changes are intended to assist the person in charge of preparing the financial statements in deciding which accounting policies to present in the financial statements. In particular, an entity is required to disclose material accounting policies, rather than significant accounting policies, and several paragraphs are added to clarify the process for establishing material policies, which may be such by their very nature, even though the amounts involved may be immaterial. An accounting policy is material if the users of the financial statements need it to understand other information included in the financial statements. In addition, IFRS Practice Statement 2 was amended by adding guidelines and examples to demonstrate and explain the application of the four-step materiality process to disclosures about accounting policies to support the amendments to IAS 1. The standard has no significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IAS 12 requires the recognition of deferred taxes whenever temporary differences arise, i.e., taxes that are due or recoverable in the future. In particular, it has been established that companies, in specific circumstances, may be exempted from including deferred tax when they recognize assets or liabilities for the first time. This provision previously gave rise to some uncertainty as to whether the exemption was applicable to transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability. By amending IAS 12, IFRS clarifies that the exemption does not apply to this case and that companies are required to recognize the deferred tax on such transactions. The objective of the amendments is to reduce diversity in the reporting of deferred taxes on leases and decommissioning obligations. The standard has no significant impacts on the Group's consolidated financial statements.

Standards issued but not yet in force

At the date of preparation of these financial statements, the following new standards/interpretations were issued by the IASB, but are not yet applicable.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (mandatory application from 01/01/2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (mandatory application from 01/01/2024)

Any impacts on the Group's financial statements deriving from the new standards/interpretations are still being assessed.

3.3 Consolidation scope

The condensed consolidated financial statements include the financial statements of the Parent Company and of the companies over which it exercises control, directly or indirectly, starting from the date on which it was acquired and up to the date when such control

ceases. In this case, said control is exercised both by virtue of the direct or indirect ownership of the majority of shares with voting rights and the exercise of a dominant influence expressed by the power to determine, even indirectly by virtue of contractual or legal agreements, financial and managerial choices of the entities, obtaining the relative benefits, also regardless of any shareholding relationship. The existence of potential voting rights exercisable at the reporting date is considered for the purpose of determining control.

The financial statements subject to consolidation have been prepared at 30 September and are those specifically drafted and approved by the Boards of Directors of the individual companies, appropriately adjusted, where necessary, to align them with the accounting standards of the Parent Company.

Consolidated subsidiaries are listed in the table below:

Consolidated on a line-by-line basis	% owned
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Sarint SA and subsidiaries	100%
Saras Energia SAU	100%
Terminal Logistica de Cartegena SLU	100%
Reasar SA	100%
Sardeolica Srl	100%
Energia Verde Srl	100%
Energia Alternativa Srl	100%
Saras Trading SA	100%
Saras Energy Managemet Srl	100%
Other investments: mesured at cost as not significant	
Sardhy Green Hydrogen Srl	50.00%
Sarda Factoring	4.01%
Consorzio La Spezia Utilities	5%

It should be noted that as part of the reorganization process of the Group's operations, on 1 July 2023, Sartec S.r.l. was merged into Sarlux S.r.l. with administrative and accounting effect as from 1 January 2023.

In addition, on 19 July 2023, the new company Saras Energy Management S.r.l. was established as a wholly owned subsidiary of the Parent Company Saras S.p.A. The company has a fully paid-up share capital of EUR 100,000 and will carry out the purchase and sale of electricity and other related goods and services for the Group.

3.4 Use of discretionary estimates and valuations

The preparation of the condensed financial statements requires Directors to apply accounting standards and methodologies that, in certain situations, are based on discretionary valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, i.e., the statement of financial position, income statement, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. The actual results of the accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based. The main estimates relate to the depreciation and amortization of fixed assets, the recoverable amount of fixed assets, the recoverable amount of inventories, the deferred taxes, the provisions for risks and provisions for impairment of current assets, the revenues from the sale of electricity according to the Essentiality Regime agreement and the cost recovery allowed by the Authority, the assessment of the recoverable amount of receivables and the estimate of the fair value of derivative instruments.

The trend of market variables, in the medium-long term and in the short term, including the price and supply of crude oil and the worldwide demand of finished products with respect to the processing capacity, are capable of affecting, even significantly, the Group's performance. This represents one of the critical assumptions for the valuation processes, more specifically for the assessment of fixed assets and of the recoverable amount of inventories as well as the volatility of the current values of financial instruments.

The underlying valuation processes, again complex, involve the expression of estimates which depend on variables that are outside the sector, which are highly volatile and which are based on assumptions that, by their nature, involve the use of a high degree of judgment on the part of company Management. The same, for this purpose, also considers scenarios expressed by independent sector experts.

Estimates and valuations are reviewed periodically and the effects of each are recognized in the income statement. A summary of the most significant estimates is presented in the Group's consolidated financial statements at 31 December 2022, to which reference should be made and in relation to which there are no changes.

4. Information by business segment and geographical area

4.1 Foreword

In order to present the performance of the Group's activities in a consistent manner, the information of the individual companies is allocated to the following business segments:

- Industrial & Marketing;
- Renewables.

4.2 Segment information

A breakdown by segment follows below. For further quantitative details and comments, please refer to the appropriate sections of the Report on Operations:

Income Statement at 30th September 2023	INDUSTRIAL&MARKETING	RENEWABLES	TOTAL
Revenues from ordinary operations	8,402,924	18,372	8,421,296
Other income	44,603	2,224	46,827
Depreciation/amortization and write-downs	(138,321)	(6,559)	(144,880)
Operating result	(432,495)	(5,480)	(437,975)
Financial income (a)	197,796	1,673	199,469
Financial charges (a)	(247,028)	(898)	(247,926)
Income taxes	(113,930)	(2,031)	(115,961)
Profit (loss) for the period	(269,333)	(4,224)	(273,556)
Total directly attributable assets balance at 30th September 2023 (b)	3,966,731	180,041	4,146,772
Total directly attributable liabilities balance at 30th September 2023 (b)	2,809,199	44,065	2,853,264
Investments in tangible assets at 30th September 2023	156,424	30,566	186,990
Investments in intangible assets at 30th September 2023	26	0	26
Income Statement at 30th September 2022	INDUSTRIAL&MARKETING	RENEWABLES	TOTAL
Revenues from ordinary operations	11,894,729	31,289	11,926,017
Other income	36,794	2,434	39,228
Depreciation/amortization and write-downs	(134,611)	(6,533)	(141,144)
Operating result	892,732	20,469	913,202
Financial income (a)	161,105	90	161,195
Financial charges (a)	(261,168)	(816)	(261,984)
Income taxes	(450,076)	(15,105)	(465,180)
Profit (loss) for the period	342,593	4,638	347,233
Total directly attributable assets balance at 31st December 2022 (b)	4,096,161	168,499	4,264,660
Total directly attributable liabilities balance at 31st December 2022 (b)	3,010,112	42,174	3,052,286
Investments in tangible assets at 31st December 2022	84,078	18,677	102,755
Investments in intangible assets at 31st December 2022	2,686	234	2,920

5. Notes to the Statement of Financial Position

5.1 Current assets

5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents:

Cash and cash equivalents	30/09/2023	31/12/2022	Change
Bank and postal deposits	650,350	707,077	(56,727)
Cash	34	38	(4)
Total	650,384	707,115	(56,731)

Bank deposits are mainly attributable to Saras S.p.A. for EUR 602,516 thousand, Saras Trading S.A. for EUR 13,140 thousand and Saras Energia for EUR 18,536 thousand. There are no constraints or restrictions on such bank deposits.

It should be noted that the item "Bank and postal deposits" includes an amount not immediately available of EUR 1,504 thousand set up by the subsidiary Energia Alternativa S.r.l. in favor of the financing bank to guarantee the debt arising from the loan for the construction of the wind farm.

For further details on the net financial position, please refer to the Report on Operations in the relevant chapter; the change in cash and cash equivalents is summarized in the statement of cash flows.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets:

Other financial assets	30/09/2023	31/12/2022	Change
Current financial derivatives	26,286	77,988	(51,702)
Derivative guarantee deposits	180,458	108,034	72,424
Other assets	0	1,533	(1,533)
Total	206,744	187,555	19,189

The item financial derivative instruments comprises the positive fair value of existing instruments as at the period-end date and the positive differentials realized and not yet received.

For further details, see 5.3.1.

The item Derivative guarantee deposits includes deposits requested by the counterparties with which the Group uses derivative instruments to guarantee open positions at the end of the period.

The change of EUR 72,424 thousand is due to the increase in oil prices.

5.1.3 Trade receivables

Trade receivables total EUR 726,275 thousand, down by EUR 2,606 thousand compared with the previous financial year. Please note that all customers are subject to a credit assessment (KYC), and in particular customers in the wholesale market are all insured by leading insurance companies. For comments on sales performance, please refer to the Report on Operations.

This item is shown net of the bad debt provision, which amounted to EUR 23,022 thousand, essentially unchanged from 31 December 2022.

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period:

Inventories	30/09/2023	31/12/2022	Change
Raw materials and consumables	308,100	339,550	(31,450)
Unfinished products and semi-finished products	101,654	113,237	(11,583)
Finished products and goods	671,936	736,189	(64,253)
Spare parts and raw materials, consumables	101,913	98,336	3,577
Total	1,183,603	1,287,312	(103,709)

The net decrease in oil inventories is attributable to the reduction in quantities held in stock compared to 31 December 2022.

In accordance with the accounting standards, the Group valued inventories at the lower of purchase or production cost and recoverable market value: this comparison did not indicate the need to recognize write-downs.

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	30/09/2023	31/12/2022	Change
VAT credit	1,984	2,121	(137)
IRES credits	1,496	1,355	141
IRAP credits	14,654	190	14,464
Other amounts due from the tax authorities	7,145	71,263	(64,118)
Total	25,279	74,929	(49,650)

Other amounts due from the tax authorities include taxes for which a refund has been requested or which have been provisionally paid; the decrease for the year mainly refers to the use of tax credit offsets in favor of energy-intensive companies (mainly in favor of the subsidiary Sarlux S.r.l.,) in accordance with the provisions of the so-called "TER Support Decree" whose benefits ended on 30 June 2023.

IRAP receivables increased as a result of the advances paid in the period.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	30/09/2023	31/12/2022	Change
Accrued income	206	356	(150)
Prepaid expenses	3,922	10,980	(7,058)
Other short-term receivables	12,941	13,631	(690)
Total	17,069	24,967	(7,898)

Prepaid expenses mainly relate to prepayments of insurance premiums and charges related to biofuel regulations by the Parent Company.

Other short-term receivables at 30 September 2023 mainly refer to Energy Efficiency Certificates (TEE) claimed by the subsidiary Sarlux S.r.l. and shown net of the bad debt provision.

5.2 Non-current assets

5.2.1 Property, plant and equipment

The following table shows the breakdown of property, plant and equipment:

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	30/09/2023
Land and buildings	193,229	0	(52)	0	(1,868)	191,309
Plant and machinery	4,015,979	96,406	(1,620)	0	9,749	4,120,514
Industrial and commercial equipment	40,388	0	0	0	(516)	39,872
Other assets	712,755	1,365	(859)	0	8,182	721,443
Property, plant and equipment under construction	114,156	89,219	(1,763)	0	(29,636)	171,976
Total	5,076,507	186,990	(4,294)	0	(14,089)	5,245,114

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	30/09/2023
Land and buildings provision	110,688	2,654	(48)	0	(1,871)	111,423
Plant and machinery provision	3,239,149	110,482	(1,620)	0	(4,420)	3,343,591
Industrial and commercial equipment provision	35,541	1,235	0	0	(1,090)	35,686
Other assets	543,994	18,959	(859)	0	(2,383)	559,711
Total	3,929,372	133,330	(2,527)	0	(9,764)	4,050,411

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	30/09/2023
Land and buildings	82,541	0	(4)	(2,654)	0	3	79,886
Plant and machinery	776,830	96,406	0	(110,482)	0	14,169	776,923
Industrial and commercial equipment	4,847	0	0	(1,235)	0	574	4,186
Other assets	168,761	1,365	0	(18,959)	0	10,565	161,732
Property, plant and equipment under construction	114,156	89,219	(1,763)	0	0	(29,636)	171,976
Total	1,147,135	186,990	(1,767)	(133,330)	0	(4,325)	1,194,703

The item "Land and buildings" chiefly include industrial buildings, offices and warehouses with a net value of EUR 26,771 thousand, office buildings in Milan and Rome belonging to the Parent Company with a net value of EUR 1,725 thousand and land largely relating to the Sarroch and Arcola sites respectively belonging to the subsidiary Sarlux S.r.l. and the subsidiary Deposito di Arcola S.r.l. with a net value of EUR 51,390 thousand.

The item "Plant and machinery" mainly relates to the refining and combined cycle power plants at Sarroch.

"Industrial and commercial equipment" includes equipment relative to the chemical laboratory and the control room connected with refinement and various assets supplied as necessary to the production process.

The item "Other assets" mainly includes tanks and oil pipes for the movement of products and crude products of the Group companies (Sarlux S.r.l., Saras Energia S.A. and Deposito di Arcola S.r.l.).

The item "Assets under construction and payments on account" reflects the costs incurred mainly for investments in tanks and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

The increases for the period amounted to EUR 186,990 thousand and mainly relate to technological works carried out on the refining plants and the construction, by the subsidiary Sardeolica, of the 80 MW photovoltaic plant (Helianto).

The main depreciation rates used, unchanged comparing to 2022, are as follows:

	for I.G.C.C.plant	per other fixed assets (annual base)
Industrial buildings (land and buildings)	until 2031	5.50%
Generic plant (plant and machinery)	until 2031	8.38%
Highly corrosive plant (plant and machinery)	until 2031	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric power plant (plant and machinery)	until 2031	
Wind park (plant and machinery)		10.00%
Supplies (equipment plant and machinery)		25.00%
Electronic office equipment (other assets)		20.00%
Office furniture and machinery (other assets)		12.00%
Vehicles (other assets)		25.00%

The concession for the use of public lands on which some plants of the Sarroch refinery are located (wastewater treatment, desalination of sea water, blow-down, flare and landing stage), issued by the Port Authority of Cagliari, is valid until 31 December 2027.

The Company, based on the requirements of accounting standard IAS 36 and the recommendations of the main regulatory authorities, has constantly monitored the presence of market indicators that could point to possible risks on the main financial statement figures. The Company has updated the most recent oil and electricity market scenarios for the 2023 financial year used for impairment testing as of 31/12/2022, and has verified that, based on the updated scenarios, no impairment indicators have emerged at 30 September 2023.

5.2.2 Intangible assets

The following tables show the changes in intangible assets:

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	30/09/2023
Industrial patent and original work rights	63,522	26	0	0	3,713	67,261
Concessions, licenses, trademarks and similar rights	24,542	0	0	0	0	24,542
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	20,937
Other intangible assets	528,038	0	0	(39)	(4,021)	523,978
Intangible assets under construction	1,965	0	(1,131)	0	0	834
Total	639,004	26	(1,131)	(39)	(308)	637,552

Accumulated amortization	31/12/2022	Depreciation	Use	Write-downs	Other changes	30/09/2023
Industrial patent and original work rights	57,536	3,408	0	0	(648)	60,296
Concessions, licenses trademarks and similar rights	13,740	30	0	0	611	14,381
Other intangible assets	526,926	1,357	0	0	(4,662)	523,621
Total	598,202	4,795	0	0	(4,699)	598,298

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	30/09/2023
Industrial patent and original work rights	5,986	26	0	(3,408)	0	4,361	6,965
Concessions, licenses, trademarks and similar rights	10,802	0	0	(30)	0	(611)	10,161
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	1,112	0	0	(1,357)	(39)	641	357
Intangible assets under construction	1,965	0	(1,131)	0	0	0	834
Total	40,802	26	(1,131)	(4,795)	(39)	4,391	39,254

Amortization of intangible assets totaled EUR 4,795 thousand and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	3%-33%
Other intangible assets	6%-33%

There are no intangible assets with a finite useful life held for disposal. The content of the main items is shown below.

Concessions, licenses, trademarks and similar rights

The balance of this item mainly relates to the surface rights acquired by the subsidiary Sardeolica on the land on which the Ulassai wind farm is located; its amortization will end in 2035.

Goodwill and intangible assets with indefinite life

This item relates mainly to the goodwill recognized for the subsidiary Sardeolica S.r.l. (EUR 20,937 thousand), paid for the purchase of the subsidiary Parco Eolico di Ulassai S.r.l. (merged by incorporation into Sardeolica): this goodwill is justified by the projection of future cash flows expected by the subsidiary Sardeolica S.r.l. over a time horizon extended until the term of the concessions obtained thereby. The recoverability of the value of goodwill was subject to an impairment test at 31 December 2022, which did not identify any critical issues. At 30 September 2023, no internal or external indicators have emerged that would suggest the occurrence of an impairment loss (capitalization and final results of the subsidiary at 30 September 2023).

Other intangible assets

These amount to EUR 357 thousand, almost unchanged compared to 31 December 2022.

Intangible assets under construction and payments on account

The item includes investments underway to purchase software licenses.

5.2.3 Right-of-use of leased assets

The Saras Group has acquired rights-of-use of third-party assets, mainly intended for the use of:

- functional areas that are essential to the pursuit of its core business (state-owned areas adjacent to the sites of Sarroch and Arcola, areas on which the Ulassai wind farm stands, etc.), of which it was unable or did not consider it appropriate to purchase ownership;
- properties used for executive offices;
- capital assets and plants built and operated by industrial partners, for which the Group did not have the adequate technological know-how to allow for their development and operation.

Changes to rights-of-use of leased assets are shown in the tables below:

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	30/09/2023
Leased land and buildings	49,492	0	0	0	172	49,664
Leased plant and equipment	11,887	0	0	0	0	11,887
Other leased assets	21,475	0	0	0	0	21,475
Total	82,854	0	0	0	172	83,026

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	30/09/2023
Leased land and buildings provision	20,120	4,442	0	0	(85)	24,477
Leased plant and machinery provision	6,074	1,090	0	0	0	7,164
Other assets	11,276	1,184	0	0	1	12,461
Total	37,470	6,716	0	0	(84)	44,102

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	30/09/2023
Leased land and buildings	29,372	0	0	(4,442)	0	257	25,187
Leased plant and equipment	5,813	0	0	(1,090)	0	0	4,723
Other leased assets	10,199	0	0	(1,184)	0	(1)	9,014
Total	45,384	0	0	(6,716)	0	256	38,924

The balance at 30 September 2023, of EUR 38,924 thousand, relates to the application of the standard IFRS 16 – Leases. The registration essentially refers to the following types of contracts:

- 1) Concessions, surface rights and similar: these are mainly concessions of areas on which part of the production site of Sarroch and the oil depots of Arcola and Cartagena are located, as well as the area on which the Ulassai wind farm was built and operates;
- 2) Plants: these are mainly contracts stipulated by the subsidiary Sarlux with suppliers for the construction and operation of some plants within the production site of Sarroch;
- 3) Company car fleets: these are long-term lease contracts on company cars used both within the industrial site of Sarroch and by employees in various managerial and commercial sites;
- 4) Leases of buildings to be used as management and commercial premises.

The decrease compared to the end of the previous year, amounting to EUR 6,460 thousand, refers mainly to the depreciation charge recorded in the period.

5.2.4 Other equity investments

Other equity investments break down as follows:

Other equity investments	30/09/2023	31/12/2022	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
Sardhy Green Hydrogen	243	243	0
Total	745	745	0

There are no changes compared to the previous year.

5.2.5 Deferred tax assets

The net deferred tax assets and liabilities of the Saras Group at 30 September 2023 amounted to EUR 17,065 thousand (consisting of deferred tax assets of EUR 20,795 thousand recognized under non-current assets and deferred tax liabilities of EUR 3,730 thousand recognized under non-current liabilities).

5.2.6 Other financial assets

At 30 September 2023, this item amounts to EUR 4,010 thousand (EUR 4,104 thousand in the previous year) and relates to medium/long-term receivables.

5.2.7 Other assets

The item "Other assets" includes the receivables from the tax authorities of EUR 38,654 thousand recorded following the conclusion, on 23 March 2023, of the tax assessment settlement with the Cagliari Revenue Agency.

Due to the particular nature of the tax procedure, this settlement provides for the right to a refund of the amount paid in the event of an acquittal sentence in criminal proceedings, and therefore, pending the conclusion of the proceedings, the Group has recognized under the item "other non-current assets" the credit for the entire amount (in terms of tax, penalties and interest). The corresponding payable to the Revenue Agency, divided into short-term and long-term portions, has been recognized in "tax payables" and "other non-current liabilities", respectively. For more details, see paragraph 7.1.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities:

Short-term financial liabilities	30/09/2023	31/12/2022	Change
Current bank loans	118,493	118,569	(76)
Bank current accounts	13,286	12,134	1,152
Financial derivatives	146,772	71,355	75,417
Other short-term financial liabilities	70,583	22,318	48,265
Total	349,134	224,376	124,758

The item "Current bank loans" includes the short-term portion of bank loans granted to the Group. These loans are measured using the amortized cost method. The terms and conditions of the loans are described in the table in paragraph 5.4.1 "Long-term financial liabilities".

The item "Bank current accounts" comprises the balance of the utilized credit lines as well as the "hot money" transactions used by the Group in the normal course of business.

The item "Financial derivatives" includes the negative fair value of derivative financial instruments held at 30 September 2023. The increase compared to 31 December 2022 is essentially due to the trend in the prices of crude oil and oil products.

The following table presents the assets and liabilities measured at fair value at 30 September 2023, broken down by type of underlying asset:

Financial derivatives	30/09/2023 Assets	30/09/2023 Liabilities	31/12/2022 Assets	31/12/2022 Liabilities
Interest rate swaps	3,203	0	7,274	586
Fair value derivatives on commodities	15,818	116,945	70,714	58,498
Fair value forward purchases and sales on exchange rates	0	335	0	770
Fair value forward purchases and sales on CO2 allowances	7,265	29,492	0	11,501
Total	26,286	146,772	77,988	71,355

"Other short-term financial liabilities" essentially include receipts related to receivables factored without recourse and without notification, received from customers and that have yet to be forwarded to factors.

For further details, see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

Trade and other payables	30/09/2023	31/12/2022	Change
Advances from customers	35,219	21,039	14,180
Current trade payables	1,189,031	1,423,402	(234,371)
Total	1,224,250	1,444,441	(220,191)

"Advances from customers" relate to payments on account received from customers for the supply of oil products.

The balance of "Current trade payables" essentially includes payables for crude oil supplies. The decrease compared to the previous financial year is mainly due to oil market trends.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	30/09/2023	31/12/2022	Change
Payables for VAT	66,440	20,743	45,697
IRES payables (and income tax of foreign firms)	84,835	239,802	(154,967)
IRAP payables	60	23,744	(23,684)
Other tax payables	138,784	72,663	66,121
Total	290,119	356,952	(66,833)

"IRES payables" includes the payable for current taxes.

The decrease in the period is due to the payment made in June of the balance of 2022 taxes including the payable for the "Extraordinary contribution on extra profits" of companies operating in the energy sector, as already described in the financial statements at 31 December 2022. With regard to the "Extraordinary contribution on extra profits", the Group reserves the right to take any legal action for its own protection.

The item "Other tax payables" includes payables for excise duties on products released for consumption by the Parent Company Saras S.p.A. (EUR 121,409 thousand) and by the subsidiary Saras Energia SAU (EUR 1,789 thousand) and the short-term portion of the payable to the Revenue Agency regarding the settlement agreement already described in paragraphs 5.2.7 and 7.1 amounting to EUR 9,113 thousand.

5.3.4 Other liabilities

The breakdown of other liabilities is shown below:

Other liabilities	30/09/2023	31/12/2022	Change
Payables employee benefit and social security	10,635	20,724	(10,089)
Payables due to employees	35,800	49,307	(13,507)
Payables to others	241,006	226,202	14,804
Accrued liabilities	2,233	618	1,615
Deferred income	3,904	5,082	(1,178)
Total	293,578	301,933	(8,355)

The item "Payables due to employees" includes salaries not yet paid for September, the portion of additional monthly payments accrued, performance bonuses for the achievement of business targets and a provision related to the agreement for the consensual termination in favor of some top managers.

The item "Payables to others" mainly includes the amount to be returned to ARERA (Italian Regulatory Authority for Energy, Networks and Environment) in settlement of the Essentiality Regime agreement for 2022 related to the trend in electricity market prices.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	30/09/2023	31/12/2022	Change
Non-current bank loans	313,790	401,415	(87,625)
Other long-term financial liabilities	39,513	45,494	(5,981)
Total	353,303	446,909	(93,606)

The terms and conditions of the loans are shown in the table below (amounts in EUR million):

Values expressed in millions of EUR	Accensione / rinegoiazione del debito	Original amount	Base rate	Contractual Maturity	Balance at 31/12/2022	Balance at 30/09/2023	Maturities	
							1 year	1 to 5 years
Saras SpA								
Sace loan	December 2020	350	0.95%	Sep-24	203.6	116.7	116.7	
Sace loan	May 2022	312.5	1.70%	Mar-28	312.2	312.3	-	312.3
Energia Alternativa Srl								
	January 2017	16	2.5% + 6M Euribor	Jun-26	4.2	3.3	1.8	1.5
Total liabilities to banks for loans					520.0	432.3	118.5	313.8

During the month of December 2020, SARAS signed a EUR 350 million loan contract with 70% of the amount backed by SACE guarantees issued under the Italy Guarantee program and intended to strengthen the capital structure of the Company. The expiry of the loan in question is scheduled for September 2024.

In May 2022, Saras signed a new EUR 312.5 million loan, 70% of which was backed by a guarantee issued by SACE under the "Support-bis Decree Law", with the aim of reshaping the Group's debt maturity profile.

The loan was disbursed in a lump sum and the repayment plan provides for a 36-month grace period and repayment in 12 constant quarterly installments starting on 30 June 2025 and ending on 31 March 2028, the loan's maturity date.

The item "Other long-term financial liabilities" mainly includes the financial debt relating to contracts recognized in compliance with the provisions of IFRS 16.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

Provisions for risks and charges	31/12/2022	Provisions	Use	Other changes	30/09/2023
Provision for decommissioning plants	29,715	0	(2)	0	29,713
Provision for remediation costs	11,290	0	0	0	11,290
Provision for CO2 allowances	220,631	200,709	(161,520)	0	259,820
Other provisions for risks and charges	6,164	2,418	(1,931)	0	6,651
Total	267,800	203,127	(163,453)	0	307,474

The provision for decommissioning plants relates to the future costs of decommissioning plants and machinery, which are accounted for wherever there is a legal and implicit obligation to be met in this regard.

The provision for remediation costs refers to land reclamation activities on the industrial site that the subsidiary Sarlux will have to bear in subsequent years.

The provision for CO2 allowances (EUR 259,820 thousand) was accrued pursuant to Legislative Decree no. 216 of 4 April 2006, which introduced limits on CO2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO2 must be purchased on the appropriate market. The provision relates to the portion of allowances, necessary to meet the obligation for the current year, not yet purchased at 30 September 2023 in line with the accounting policy historically adopted by the Group.

"Other provisions for risk and charges" mainly refer to provisions accrued in respect of contingent legal and tax liabilities.

5.4.3 Provisions for employee benefits

Changes in the provision of "Post-employment benefits" were as follows:

Provisions for employee benefits	30/09/2023	31/12/2022	Change
Post-employment benefits	6,504	6,002	502
Total	6,504	6,002	502

Post-employment benefits are governed by Article 2120 of the Italian Civil Code and reflect the estimated amount that the company will be required to pay employees when they leave their employment. The liability accrued at 31 December 2006 was determined using actuarial methods, in compliance with IAS 19. The impacts of actuarial evaluation are shown in the Comprehensive Income.

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totaling EUR 3,730 thousand, relate to the foreign subsidiaries.

5.4.5 Other liabilities

Other liabilities amount to EUR 25,172 thousand and almost entirely include the long-term portion of the payable to the Revenue Agency in relation to the settlement agreement already described in paragraphs 5.2.7 and 7.1.

5.5 Shareholders' equity

Shareholders' equity is comprised of the following:

Shareholders' equity	30/09/2023	31/12/2022	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	954,396	729,902	224,494
Net profit (loss) for the period	273,556	416,916	(143,360)
Total	1,293,508	1,212,374	81,134

Share capital

At 30 September 2023, the fully subscribed and paid-up share capital of EUR 54,630 thousand was represented by 951,000,000 ordinary shares with no par value.

Legal reserve

The legal reserve, which is unchanged from the previous year, is equal to one-fifth of the share capital.

Other reserves

This item totals EUR 954,396 thousand, up by a net EUR 224,494 thousand compared with the previous year. The net increase was the combined result of:

- allocation of the result of the previous year (profit of EUR 416,916 thousand);
- a decrease due to the allocation of dividends, approved by the shareholders' meeting on 28 April 2023, in the amount of EUR 180,690 thousand;
- positive effect of the translation of foreign currency financial statements by foreign subsidiaries for EUR 664 thousand;
- decrease of EUR 12,396 thousand, net of tax effect, as a result of the recognition in the cash flow hedge reserve as required by IFRS 9.

In accordance with IAS 1, paragraphs 1 and 97, it should be noted that no equity transactions took place with shareholders acting in their capacity as owners of the company.

Net result

Profit for the period amounted to EUR 273,556 thousand.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The "Revenues from ordinary operations" break down as follows:

Revenues from ordinary operations	30/09/2023	30/09/2022	Change
Revenues from sales and services	7,810,465	10,970,458	(3,159,993)
Sale of electricity	607,146	951,774	(344,628)
Other remunerations	3,685	3,785	(100)
Total	8,421,296	11,926,017	(3,504,721)

The decrease in the item "Revenues from sales and services" is largely due to the trend in the prices of oil products recorded during the year, also supported by a decrease in sales. For a more in-depth analysis, please refer to the Report on Operations.

Revenues from the sale of electricity mainly included those related to the gasification plant (EUR 549,158 thousand), those related to the sale of energy within the Internal User Networks - RIU (EUR 39,616 thousand) and those related to the wind farms of the subsidiaries Sardeolica, Energia Verde ed Energia Alternativa (EUR 18,372). For more details, please refer to the contents of the Report on Operations.

The revenues of the subsidiary Sardeolica take into account the Decree Law no. 4 of 27 January 2022, the so called "TER Support Decree", and the 2023 Budget Law, which establish, inter alia, a "compensation" mechanism for non-incentivized renewable sources under which producers must repay the difference between the prices that will occur on the market and "an equitable remuneration", referred to the historical average of the market area prices, from the start-up of the plant until 31 December 2020.

6.1.2 Other income

The following table shows a breakdown of "Other income":

Other income	30/09/2023	30/09/2022	Change
Compensation for storage of mandatory stocks	7,702	1,587	6,115
Sale of various materials	326	258	68
Grants	2,005	1,376	629
Chartering	2,956	1,903	1,053
Recovery for claims and compensation	424	83	341
Other revenues	33,415	34,021	(606)
Total	46,828	39,228	7,600

6.2 Costs

The following table shows a breakdown of the main costs:

6.2.1 Purchases of raw materials and consumables

Purchases of raw materials and consumables	30/09/2023	30/09/2022	Change
Purchase of raw materials	4,866,682	6,989,022	(2,122,340)
Purchase of semi-finished products	51,519	102,559	(51,040)
Purchase of consumables	88,088	50,087	38,001
Increase in property, plant and equipment	(20,791)	(5,072)	(15,719)
Purchase of finished products	1,739,359	2,983,898	(1,244,539)
Change in inventories	103,307	(552,822)	656,129
Total	6,828,164	9,567,672	(2,739,508)

The item mainly consists of the purchase costs of raw materials and finished products. For more details, please refer to the contents of the Report on Operations.

In accordance with the accounting standards, the Group valued inventories at the lower of purchase or production cost and recoverable market value: this comparison did not indicate the need to record write-downs.

6.2.2 Costs of services and sundry costs

Cost of services and sundry costs	30/09/2023	30/09/2022	Change
Costs for services	691,205	872,642	(181,437)
Capitalizations	(71,996)	(24,076)	(47,920)
Derivatives on crude oil and petroleum products and CO2	90,037	160,830	(70,793)
Costs for use of third-party assets	7,055	3,693	3,362
Provisions for risks	202,234	186,988	15,246
Bad debt provision trade receivables	63	5,503	(5,440)
Other operating costs	20,679	25,887	(5,208)
Total	939,277	1,231,467	(292,190)

Costs for services mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges.

The item "Capitalizations" mainly refers to turn-around maintenance costs capitalized during the period. The increase compared to the same period of the previous year is due to the significant maintenance cycle of the shutdowns carried out during the period.

The item "Provisions for risks" mainly includes the provision for charges related to the implementation of Directive 2003/87/EC (Emissions Trading). For more details, please refer to paragraph 5.4.2. Provisions for risks and charges.

"Other operating costs" chiefly comprise indirect taxes (municipal tax on property and air emission taxes) and membership fees.

6.2.3 Personnel costs

The breakdown of "Personnel costs" is as follows:

Personnel costs	30/09/2023	30/09/2022	Change
Salaries and wages	84,779	78,981	5,798
Increases in fixed assets for internal work	(4,846)	(3,187)	(1,659)
Social security contributions	24,318	22,885	1,433
Post-employment benefits	5,748	5,057	691
Other long-term costs and incentives	6,282	6,489	(207)
Remuneration to the Board of Directors	1,547	1,535	12
Total	117,828	111,760	6,068

6.2.4 Depreciation/amortization and write-downs

"Depreciation/amortization" are shown below:

Depreciation/amortization and write-downs	30/09/2023	30/09/2022	Change
Amortization of intangible assets	4,795	4,296	499
Impairment (Reversal of impairment) of intangible assets	39	0	39
Depreciation of property, plant and equipment	133,330	129,338	3,992
Total	138,164	133,634	4,530

Depreciation of leased items	30/09/2023	30/09/2022	Change
Depreciation of leased property, plant and equipment	6,716	7,510	(794)
Total	6,716	7,510	(794)

The item "Depreciation of leased items" includes the depreciation for the period calculated in accordance with IFRS 16.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below:

Financial income	30/09/2023	30/09/2022	Change
Bank interest income	2,113	165	1,948
Unrealized differences on derivatives	0	7,486	(7,486)
Realized differences on derivatives	4,594	10,997	(6,403)
Other income	0	(62)	62
Profit on exchange rates	139,401	130,290	9,111
Total	146,108	148,876	(2,768)

Financial charges	30/09/2023	30/09/2022	Change
Unrealized differences on derivatives	(3,231)	(1,178)	(2,053)
Realized differences on derivatives	(13,142)	(2,388)	(10,754)
Interest expenses on loans and other financial charges	(32,322)	(20,598)	(11,724)
Interest on rights of use on leases	(435)	(504)	69
Exchange rate losses	(145,436)	(224,997)	79,561
Total	(194,566)	(249,665)	43,444

The table below shows net income/charges by type:

Net Financial income and charges	30/09/2023	30/09/2022	Change
Net interest	(30,644)	(20,937)	(9,707)
Result of derivative instruments, of which:	(11,779)	14,917	(26,696)
<i>Realized</i>	(8,548)	8,609	(17,157)
<i>Fair value of open positions</i>	(3,231)	6,308	(9,539)
Net exchange rate differences	(6,035)	(94,707)	88,672
Other	0	(62)	62
Total	(48,458)	(100,789)	25,635

The increase in net interest was affected by the sharp rise in interest rates applied to current credit lines. Note that the item other financial charges includes interest on factors.

The entire fair value of the derivatives in place at 30 September 2023 refers to the exchange rate and interest rate hedges, as well as speculative transactions.

As shown, the changes mainly refer to net exchange rate differences, as well as gains/losses on derivative financial instruments. In this regard, please note that the derivative financial instruments being considered relate to hedging transactions for which hedge accounting has not been adopted.

6.4 Income taxes

Income taxes are summarized below:

Income taxes	30/09/2023	30/09/2022	Change
Current taxes	119,203	466,755	(347,552)
Net deferred tax liabilities (assets)	(3,242)	(1,575)	(1,667)
Total	115,961	465,180	(349,219)

Current taxes consist of IRAP and IRES calculated on the taxable income of the consolidated companies. Please note that at 30 September 2022, the item also included the provision of the "contribution on extra profits".

7. Other Information

For information on subsequent events after the end of the reporting period, please refer to the relevant section of the Report on Operations.

7.1 Main legal actions pending

The Group companies are involved in legal disputes filed by different plaintiffs for various reasons. The outcome of some of these disputes is hard to predict. Although the decisions made by the ordinary and administrative courts were contradictory with regard to the alleged violations, the Company assumes that probability of any liability is normally remote or possible; where instead the liability was deemed probable, appropriate accruals were made to the provision for risks.

With reference to criminal case no. 9603/2021 pending at the Cagliari Public Prosecutor's Office, which began in 2021 against Saras S.p.A. and some of the Group's executives, following judgment no. 1162 of 29 November 2022, a nonsuit was declared against the Company because there is no substance to the fact. The judgment against the Company became final. Following the appeal filed by the Public Prosecutor's Office with reference to the judgment issued against the Group's managers, the trial was assigned to the First Division of the Cagliari Court of Appeal (G.R. 174/2023) and the hearing was scheduled for 5 March 2024.

Related to the aforementioned legal matter, on 8 August 2022, the Tax Police served Saras S.p.A. with a Report of Findings in which it challenged the non-deductibility of the purchase cost and refining cost of crude oil of Kurdish origin for the years 2015, 2016 and 2017.

Moreover, in this context, on 9 December 2022, the Revenue Agency - Regional Directorate of Sardinia issued two invitations to cross-examination (for IRES and IRAP) challenging the non-deductibility of the alleged criminal costs pertaining to 2016.

The tax dispute is based on the non-deductibility of criminal costs (Article 14, paragraph 4 bis of Law no. 537/1993). The regulation envisages the recovery for taxation of the cost of the goods and services used directly to commit the challenged offense, with a right to refund of any taxes paid in the event that a final judgment of acquittal or non-prosecution on grounds other than the statute of limitations is rendered in the criminal proceedings. The aforementioned right to a refund applies not only in relation to provisional payments, but also to those made as a result of the adoption of one of the deflationary tools provided by tax regulations (acquiescence, settlement, conciliation, etc.).

During the cross-examination, the Company and the Revenue Agency agreed to a tax assessment settlement limited to the cost of refining crude oil of Kurdish origin for the 2016 tax year, and the parties also agreed that the same settlement criteria will be applied in case of issuance of tax assessments related to 2015.

On 23 March 2023, the Company concluded a tax assessment settlement which amounts for the year 2016 to approx. EUR 38 million (in terms of tax, penalties and interest), and according to the same agreed criteria, a possible tax assessment settlement will amount for 2015 to approx. EUR 40 million (in terms of tax, penalties and interest). This settlement in the terms stated above, because of the special nature of the tax proceedings in question, provides, according to the relevant provision, as expressly interpreted by the Revenue Agency, the right to a refund of the amount paid in the event of an acquittal in a criminal trial.

Moreover, as a result of the settlement, the Company significantly reduces the overall dispute and also avoids the risk of provisional collection while the case is pending.

Moreover, by opting for an installment over 4 years of the amounts resulting from the settlement and being a provisional measure, the Company can better plan for the limited cash outflow (with a maximum quarterly installment of about EUR 4.7 million, prudentially including the amounts due for 2015 and 2016, plus legal interest) pending the conclusion of the proceedings and the refund of the amount already paid.

The Company is paying the installments under the payment plan agreed upon with the Revenue Agency.

Based on a careful evaluation of the judgment issued in the criminal proceedings, it is considered likely that the latter will end with the final acquittal of the investigated managers.

As a result, it is believed that the circumstance that the tax risk described so far – in the amount of approximately EUR 75-80 million – may turn into a final disbursement is to be considered unlikely, based on the opinion of independent tax and criminal experts.

As regards the subsidiary Sarlux S.r.l., there are ongoing disputes with GSE about the non-recognition of the categorization of the IGCC plant as cogeneration and the subsequent alleged obligation to purchase "green certificates"; the companies producing electricity from non-renewable or cogeneration sources (pursuant to Legislative Decree no. 79/99 and ARERA Resolution no. 42/02) are, in fact, subject to the obligation to purchase green certificates for a certain percentage of electricity fed into the grid. Consequently, the Company did not recognize any expenses or revenue with reference to these regulations.

It should be noted that on 11 November 2022, the Council of State deemed the appeal brought by the GSE inadmissible, confirming the annulment ordered by the Rome Regional Administrative Court regarding the calculation of the CEC (application of the K coefficient referred to in AEEG Resolution no. 89 of 2010). On 13 March 2023, the Company notified the GSE of the Council of State's ruling and quantified the amount related to the enforcement of the ruling. It is confirmed that there will be no potential liabilities to be included in the financial statements.

Furthermore, other assets (as described in note 5.1.6 – Other assets) include receivables for white certificates (TEE) related to benefits assigned for energy savings obtained through specific projects preliminarily authorized by GSE. In 2016, the latter commenced its inspections on all projects, although they had been already preliminarily authorized. Upon completion of the inspections, in 2017

GSE recalculated the portion of TEE pertaining to the Company to the extent of the projects inspected. The Group has initiated an administrative litigation to challenge the findings of the inspections, reflecting in the financial statements its own risk assessments regarding the possible outcome of the litigation. In 2018 and 2020, the GSE partially accepted the claims put forward by the subsidiary for some projects, thus arriving at the final settlement. The effects of these developments have been properly reflected in the respective financial statements.

Furthermore, with regard to the subsidiary Sarlux, a criminal case against the Company and some managers must be noted. In April 2022, an investigation was initiated against Sarlux S.r.l. and some of the Company's managers, by the Cagliari Public Prosecutor's Office, as part of an investigation into blow-down discharges, with exceedances of the limits of the gases sent to the flare, as set forth by the AIA agreement, which allegedly generated black smoke and odor emissions, as ascertained in the records covering the period from 2019 to the present. In particular, the investigation refers to the alleged offense 452-bis of the Criminal Code. (Environmental Pollution). The investigations are still in the preliminary stage.

On 25 July 2022, following the meeting with the Company, the Corpo Forestale (Forest Rangers) made an additional data request, which was notified to Sarlux on 1 August 2022; this request was met by Sarlux with the new response note sent to the Corpo Forestale on 6 September. On 20 September 2022, the technical consultants of the Public Prosecutor's Office carried out another inspection at the refinery, as a result of which additional documents were requested from the Company, which were provided in October. At the end of June 2023, the Company was notified of an extension of the deadlines, pending the filing of the technical report prepared by the experts appointed by the Public Prosecutor's Office.

In June 2022, the Corpo Forestale e di Vigilanza Ambientale ("C.F.V.A.") notified some managers of Sarlux S.r.l. of the application of a decree ordering the inspection of places and goods, issued by the Public Prosecutor's Office of the Court of Cagliari, for the offense referred to in Article 452 bis of the Italian Criminal Code, allegedly committed in Sarroch until December 2019, as a result of possible emissions and spillage of waste. At the end of the inspection, the C.F.V.A. ordered the criminal seizure of a limited tank area for the presence of traces of hydrocarbons on the soil, and of one of the rainwater collection tanks for the presence of oily products. The site surrounding the seized areas was closed and access was restricted for the sole purpose of environmental monitoring. In March, a new inspection decree was served by the Public Prosecutor's Office of the Court of Cagliari given the need expressed by the Board of Court Appointed Experts to carry out further investigations. The inspection activities were carried out through a request for document acquisition and on-site verification of the various parts of the plant and were completed at the end of March 2023. In June 2023, the Company received notification from the Judge of the extension of the terms for the filing of the technical report with reference to the assessments being prepared by the experts.

7.2 Commitments

At 30 September 2023 there were no irrevocable commitments in existence for the purchase of materials or the provision of services over a period of several years.

As part of its normal activities, the Parent Company Saras has issued sureties totaling EUR 154,8 million at 30 September 2023, mainly in favor of subsidiaries and entities, such as Customs Agencies and the Ministry of Defense.

7.3 Related-party transactions

The transactions carried out by the Saras Group with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. There were no new types of transactions with related parties during the period. The impact of these transactions or positions on the statement of financial position, income statement and cash flow statement is not significant and is substantially in line with previous periods.

7.4 Subsequent events

For information on subsequent events after the end of the reporting period, please refer to the relevant section of the Report on Operations.