

Saras Group
Interim
Financial
Report as of
31st March 2022



SARAS

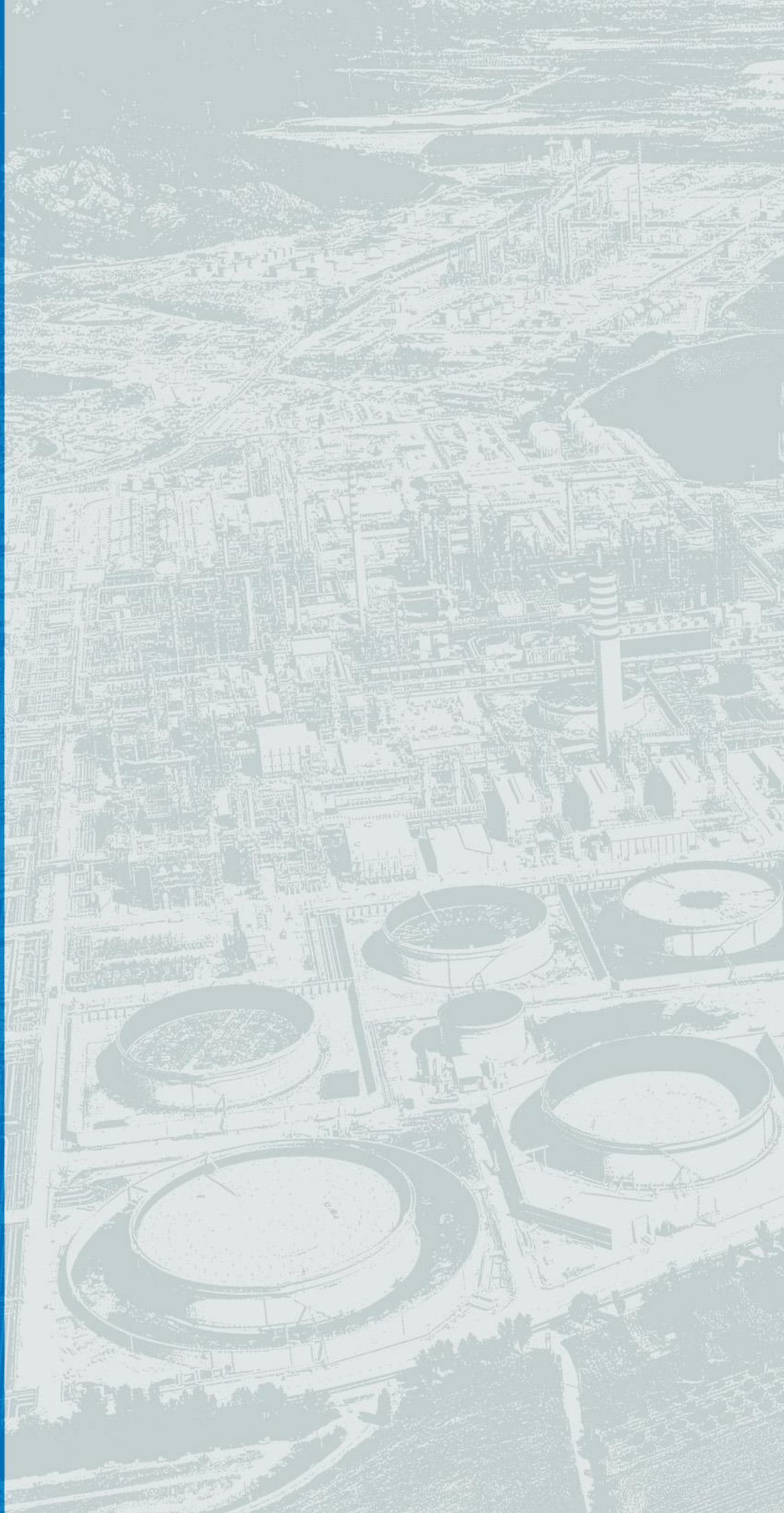


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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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 and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GIOVANNI EMANUELE MORATTI	Director
DARIO SCAFFARDI	Chief Executive Officer, General Manager and Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director
FRANCESCA STEFANIA LUCHI	Independent Director
GIOVANNI (also known as GIANFILIPPO) MANCINI	Independent Director
PATRIZIA RADICE	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

FRANCO BALSAMO	Chief Financial Officer
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INDEPENDENT AUDITING FIRM

EY SpA

Group Activities

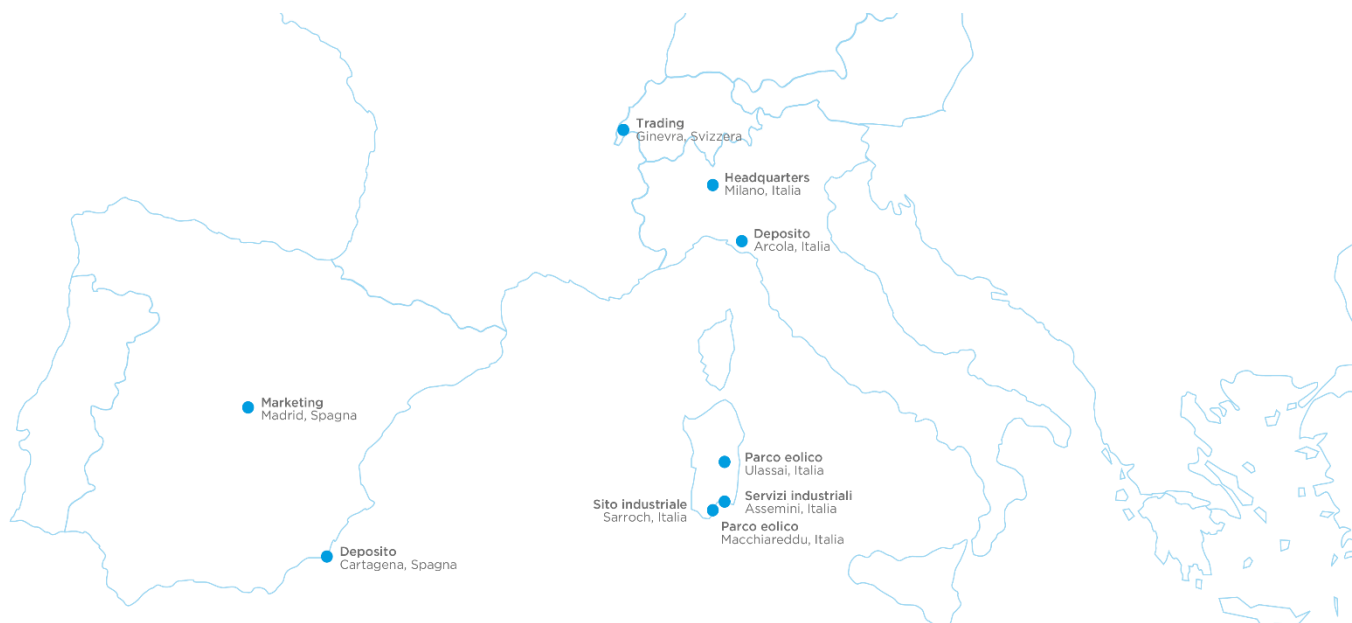
The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the largest in the Mediterranean in terms of production capacity (15 million tonnes per year, or 300,000 barrels per day) and 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 fifty 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 commercial 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, diesel fuel for heating, liquefied petroleum gas (LPG), virgin naphtha, fuel for aviation and bunkering, mainly on the Italian and Spanish 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 575MW. The plant, which since April 2021 has been recognized by ARERA as one of the essential plants for the safety of the Italian electricity system, uses heavy refining products and transforms them into approximately 3.5 billion kWh/year of electricity, contributing to about 40% of the electricity needs of Sardinia.

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 Saras Group's activity in the renewable sources sector is expected to expand significantly in the medium term, with an installed capacity target of 500MW by 2025.

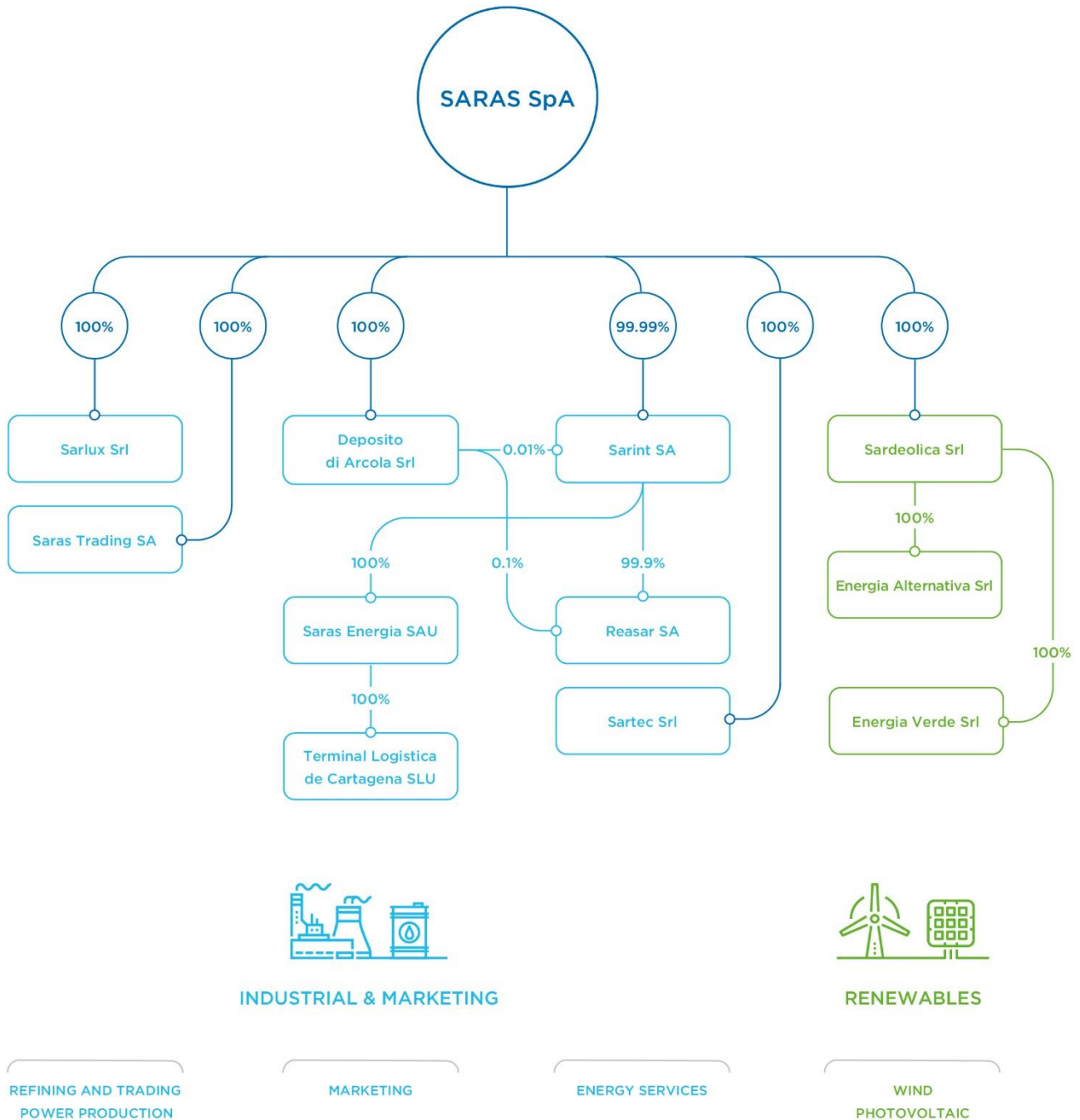
Lastly, the Group provides industrial engineering and research services to the petroleum, energy and environment industries, via its subsidiary Sartec Srl.



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 31st March 2022.

It should be noted that from January 1st, 2021, the segment called "Industrial & Marketing" includes all activities relating to the refining and power generation as well as activities relating to "Marketing". The "Renewables" segment includes the activities previously included in the "Wind" segment which was renamed in view of potential developments in the photovoltaic and green hydrogen sectors.



Saras Stock Performance

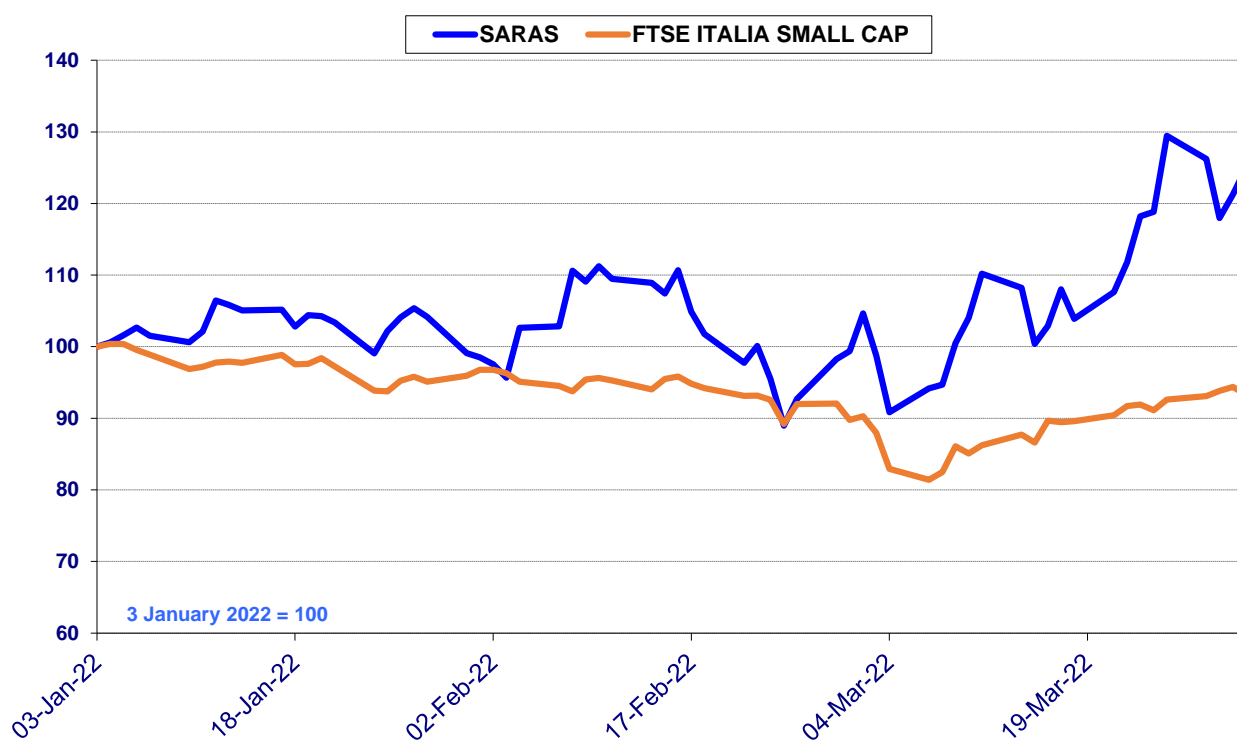
The following data relate to Saras' share prices and the daily volumes, traded during the first three months of 2022.

SHARE PRICE (EUR)	Q1/22
Minimum price (24/02/2022)	0.4966
Maximum price (25/03/2022)	0.7226
Average price	0.5845
Closing price at the end of the first three months of 2022 (31/03/2022)	0.6978

DAILY TRADED VOLUMES	Q1/22
Maximum traded volume in EUR million (25/03/2022)	26.2
Maximum traded volume in number of shares (million) (04/02/2022)	39.4
Minimum traded volume in EUR million (11/01/2022)	1.8
Minimum traded volume in number of shares (million) (11/01/2022)	3.1
Average traded volume in EUR million	8.4
Average traded volume in number of shares (million)	14.2

The Market capitalization at the end of the first three months of 2022 was equal to approximately EUR 664 million and the total number of shares were 951 million.

The following graph shows the daily performance of Saras' share price during the first three months of 2022, compared to the "FTSE Italia Small Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

GAAP and Non-GAAP measure

Alternative performance indicators

To present the Group's operating performance in a way that best reflects the most recent market trends, in line with generally accepted practices in the oil sector, the operating profit and comparable net profit, non-accounting values processed in this report on operations, have been stated with the measurement of stocks using the FIFO method, but excluding unrealised gains and losses on stocks resulting from scenario changes calculated by measuring opening stocks (including the related derivatives) at the same unit values as closing stocks (when quantities increase in the period), and closing stocks at the same unit values as opening stocks (when quantities decrease 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 profit.

The results thus calculated, which are referred to as "comparable", are not indicators defined by the International Accounting Standards (IAS/IFRS) and are unaudited. Non-GAAP financial measures should be read together with information determined by applying the International Accounting Standards (IAS/IFRS) and do not stand in for them..

Key financial and operational Group Results

EUR Million	Q1/22	Q1/21	Change %
REVENUES	2,950	1629.4	81%
Reported EBITDA	156.3	27.1	477%
Comparable EBITDA	62.0	(11.2)	n.s.
Reported EBIT	110.7	(20.0)	n.s.
Comparable EBIT	16.4	(58.3)	n.s.
NET RESULT reported	76.6	(23.8)	n.s.
Comparable NET RESULT	13.3	(47.0)	n.s.

EUR Million	Q1/22	Q1/21	Year 2021
NET FINANCIAL POSITION ANTE IFRS 16	(445.2)	(436.9)	(453.1)
NET FINANCIAL POSITION POST IFRS 16	(488.8)	(474.7)	(494.5)
CAPEX	24.1	21.7	84.0

Comments on the Group Results for the first three months of 2022

In order to present the Group's business performance in a consistent manner, the information of the individual companies is attributed to the business segments identified; note that the "Industrial & Marketing" segment includes all refining and electricity generation activities as well as marketing activities, while the "Renewables" segment includes the activities previously included in the "Wind" segment, which was renamed in view of developments in the photovoltaic and green hydrogen segment. Note that, with regard to the "Industrial & Marketing" segment and the relative electricity generation activities, following resolution 630/2021 of 28 December 2021, ARERA accepted the request for admission to the cost reintegration regime for the Sarlux plant, entered by TERN in the list of essential plants for the electricity system for 2022.

In the first quarter of 2022, Group revenues amounted to EUR 2,950 million, compared to EUR 1,629 million in the first three months of last year. The change is mainly due to the significant appreciation of the main oil products and the

increase in the sales price of electricity compared to the same period of last year. Specifically, the average price of diesel in the first three months of 2022 was USD 906/tonne (vs USD 488/tonne in 2021), while that of gasoline was USD 934/tonne (vs USD 562/tonne in 2021), the cost of electricity (PUN - single national price) was EUR 248/MWh (compared to EUR 88.7/MWh of the CIP6 tariff recognised for the sale of electricity in 2021). In addition to the trend in the prices of the main products sold, the EUR/USD exchange rate trend, which in the first three months of 2022 was 1.12 (vs 1.21 in 2021) also had a positive effect, as did the higher electricity production (influenced in the first quarter of 2021 by significant maintenance interventions). Less processing and sales linked to higher maintenance in January and February partially offset this scenario, while in March, processing and sales were penalised by the limits in the movement of material into and out of the production site, due to the prolonged period of closure of the port as a result of adverse weather conditions.

The Group's reported EBITDA amounted to EUR 156.3 million in the first three months of 2022, up from EUR 27.1 million in the first three months of 2021. The positive change is primarily due to the increase in ordinary operations between the two periods. This increase is mainly due to the improvement in the crack spread for diesel, the effects of which were partly offset by a more costly maintenance plan, a more complex market scenario in terms of raw material procurement and the reduced optimisation induced by the port closures in March. In addition, as regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives) in the first quarter of 2022, these benefited from an appreciation of EUR 87.8 million compared to an appreciation of EUR 38.2 million in the same period of 2021. Lastly, for non-recurring items, there was a negative impact of EUR 1.1 million in 2022 compared to EUR 7.0 million in 2021, with the difference attributed to the cost of CO2 emissions pertaining to 2020. It should be noted that the reported EBITDA in the first quarter of 2022 benefited from EUR 16.0 million attributable to the tax discount on the purchase cost of energy and was penalised by a reduction in revenues of EUR 7.2 million due to the limitation of the sales tariff applied to the relevant wind power generation.

The Group's reported net profit stood at EUR 76.6 million The reported net result does not currently include the impacts of the taxation of "extra-profits" being defined.

The Group's comparable EBITDA amounted to EUR 62.0 million in the first three months of 2022, an increase over the loss of EUR 11.2 million achieved in the first three months of 2021. With respect to reported EBITDA, this result does not include the above-mentioned positive effect of the scenario on changes in inventories between the start and end of the period, includes the impact of currency derivatives (reclassified under core business) and excludes non-recurring items. The higher result compared to the first three months of 2021 is made up of a positive variance in both the "Industrial & Marketing" and "Renewables" segments, which will be described in more detail in the "Segment Review" section.

The Group's comparable net profit for the first three months of 2022 was EUR 13.3 million, compared to EUR - 47.0 million in the same period last year.

Investments in the first three months of 2022 amounted to EUR 24.1 million compared to EUR 21.7 million in the same period of 2021. The increase is attributable to the Industrial & Marketing segment and is due to the increased maintenance activities carried out in 2022.

Calculation of the Group comparable EBITDA

EUR Million	Q1/22	Q1/21	Change %
Reported EBITDA	156.3	27.1	477%
Gain / (Losses) on Inventories and on inventories hedging derivatives	(87.8)	(38.2)	-130%
Derivatives FOREX	(7.7)	(7.1)	-8%
Non-recurring items	1.1	7.0	n.s.
Comparable EBITDA	62.0	(11.2)	n.s.

Calculation of the Group comparable Net Result

EUR Million	Q1/22	Q1/21	Change %
Reported NET RESULT	76.6	(23.8)	n.s.
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(63.3)	(27.6)	-130%
Non-recurring items net of taxes	-	4.4	n.s.
Comparable NET RESULT	13.3	(47.0)	n.s.

Net Financial Position

The Net Financial Position at 31 March 2022, before the effects of applying IFRS 16, was negative by EUR 445.2 million, compared to a negative reported net financial position of EUR 453.4 million at 31 December 2021.

In the first quarter of 2022, operating management generated EUR 155.4 million, of which EUR 87.8 million attributable to price changes in inventories and relative hedging derivatives. The change in working capital absorbed EUR 121.0 million. This was mainly due to the increases in the value of inventories (attributable to the above-mentioned effect of the price trend and to the increase in quantities stored due to the closure of the port in March). The increase in inventories was only partially offset by the increase in trade payables and the impacts of advance payment of excise duties and VAT made in the fourth quarter of 2021. Investments absorbed EUR 24.1 million, and the payment of interest and financial charges and taxes absorbed EUR 4.5 million.

The SACE loan (residual at 31 December 2022) and the Unicredit loan of EUR 50 million were carried under medium-term bank loans, in light of the receipt of the waivers issued by the banks at 31 March 2022.

The Net Financial Position before the application of IFRS 16 was EUR -445.2 million and EUR -488.8 million considering the effect of application of IFRS 16.

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

<i>EUR Million</i>	31-Mar-22	31-Dec-21
Medium/long-term bank loans	(230)	(6)
Bonds	-	-
Other medium/long-term financial liabilities	(5)	(5)
Other medium/long-term financial assets	4	4
Medium-long-term net financial position	(230)	(7)
Short term loans	(330)	(385)
Medium/long-term bank loans (maturity date within 12 months)	-	(200)
Banks overdrafts	(321)	(163)
Other short term financial liabilities	(20)	(114)
Fair value on derivatives and realized net differentials	(33)	(9)
Other financial assets	146	58
Cash and Cash Equivalents	343	367
Short-term net financial position	(215)	(446)
Total net financial position ante lease liabilities ex IFRS 16	(445)	(453)
Financial lease liabilities ex IFRS 16	(44)	(41)
Total net financial position post lease liabilities ex IFRS 16	(489)	(495)

Oil Market

Oil Market:

Provided below is a short analysis of the trends followed by crude oil quotations, by the crack spreads of the main refined oil products, and also by the reference refining margin (EMC Benchmark) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

	Q1/22	Q1/21
Quotations and crude differentials (\$/bl)		
Brent Dated (FOB Med)	102.5	61.0
Urals (CIF Med)	91.9	59.7
"Heavy-light" differential	-10.6	-0.5
Crack spreads products (\$/bl)		
Crack spread ULSD	19.0	4.3
Crack spread Gasoline	9.4	6.2
Reference Margin (\$/bl)		
Reference margin (NEW Benchmark)	-0.5	-2.2

Source: "Platts" for prices and crack spreads. For the new Saras benchmark margin, refer to the next chapter "Refinery Margins and Saras Industrial & Marketing Integrated Margin".

Crude Oil Prices

In the first quarter of 2022, Brent DTD recorded an average price of 102.5 USD/bl compared to an average price of 61.1 USD/bl in the first quarter of 2021. The comparison must take into account a profoundly changed scenario in the two periods. In particular the first quarter of 2021 was still influenced by the pandemic and by reduced oil consumption, instead the beginning of 2022 was affected by a demand at pre-Covid levels and, starting from the end of February, by the reduction of imports from Russia impacted by the Russian-Ukrainian conflict. In the first quarter of 2022, the Brent price rose from an average of 87.2 USD/bl in January to an average of 118.8 USD/bl in March.

In particular, the block on Russian imports announced by the United States, Canada and the UK at the beginning of March, and the European threat to adopt similar measures, have strongly affected the flow of imports from Russia which, prior to the conflict, guaranteed around 5 million barrels of crude oil per day to the global market, and 30% of crude oil imports by the European OECD countries. After the invasion of Ukraine by Russia, the majority of European operators in the sector (including Saras) have gradually decided to boycott Russian exports, also in light of the risk of introduction of sanctions, and to turn to other producing countries. The shortage of shipowners willing to carry out shipments from the Black Sea and the unwillingness of a growing number of credit institutions to issue letters of credit guaranteeing sales with Russia contributed to further reducing exports.

This scenario led to an increase in demand for crude oil as an alternative to the Russian Urals crude oil, against which Brent prices quickly exceeded 100 USD/bl, reaching peaks of over 138 USD/bl in the first week of March. The lack of Russian crude oil was added to the already pre-existing tensions for a market "short" supply, with stocks already becoming depleted before the Russian-Ukrainian crisis (at the end of January, they were at record lows for the last eight years). Despite the lack of Russian crude oil, the OPEC+ countries increased their March production only marginally, by just 40kb/day, a significantly lower increase than the previous commitments (400kb/day). Outside of the OPEC+ alliance, an increase in supply was announced by the USA, Canada, Brazil and Guyana, but with a limited potential increase in the short term.

In light of this situation, the 31 member countries of the International Energy Agency (IEA) decided between the beginning of March and the beginning of April to release over 180 million barrels of emergency stocks, to be made available in just two months, representing the biggest emergency measure adopted in the history of the Agency.

These announcements, together with a reduction in market volatility and concerns related to a resurgence of the pandemic of Covid in China and the growth in inflation in the USA and Europe, contributed to bringing the prices of ICE Brent at the end of March back to more contained values of less than 110 USD/bl.

Price differential between heavy and light crude oils (“Urals” vs. “Brent”)

The “heavy-light” spread (i.e. between “Urals” and “Brent” crude oils) in the first quarter of 2022 recorded an average discount of 10.6 USD/bl compared to the average discount of 0.5 USD/bl in the same period of the previous year. In the fourth quarter of 2021, the discount was instead at an average of -1 USD/bl. The market dynamics described above, which led to the collapse of demand for Russian crude oil, resulted in the sharp expansion of the Urals MED discount and greater demand for other raw materials, in particular alternative sour crude oils, whose discount on Brent fell during the period. The average Urals discount in March was -28 USD/bl.

“Crack spreads” of the main refined products (i.e. the difference between the value of the product and the cost of crude oil)

The **gasoline crack** in the first quarter of 2022 recorded an average of 9.4 USD/bl. Gasoline margins remained slightly weaker at the beginning of the year compared to the first quarter of 2021, when gasoline, compared to other refined products, was already recovering from the effects of the pandemic crisis thanks to the recovery in circulation and, in particular, individual mobility. With the outbreak of the Ukrainian crisis, unlike what happened for diesel, margins remained essentially stable, as Europe is not an importer but an exporter of gasoline, with small volumes coming from Russia.

The **diesel crack** in the first quarter of 2022 recorded an average of 19.0 USD/bl. The comparison between the first quarter of 2021 and 2022 should take into account a scenario that changed significantly over the two periods, and in particular was still heavily penalised by the effects of the pandemic crisis and the slow recovery in diesel consumption at the beginning of 2021. Conversely, in the first two months of the first quarter of 2022, diesel margins were substantially in line with the levels at the end of 2019 (+11.5 USD/bl) thanks to recovering demand at pre-Covid levels, up until the last week of February, when the conflict in Ukraine generated extreme volatility in prices. Indeed, before the crisis, around 10% of the structural shortage of middle distillates in Europe was compensated with imports from Russia. In addition, many European refineries that typically used sour Urals crude oil, and in particular middle distillates due to processing restrictions in the use of other grades of crude oil, were forced to reduce processing. This was accompanied by the pre-existing low unused capacity of hydrotreating in Europe, which did not allow an increase in processing such as to at least partially offset the shortage of supplies from Russia.

The **jet fuel crack** in the first quarter of 2022 recorded an average of +15.3 USD/bl. In the pre-conflict period, air traffic continued the recovery trend recorded in particular in the last quarter of 2021. Following the invasion of Ukraine, jet fuel received additional support from the previously described tensions that involved middle distillates. Moreover, although the cancellations of Russian flights reduced some European air traffic, the closure of Russian and Ukrainian air space increased the duration of numerous intercontinental flights between Europe and Asia, resulting in greater consumption of jet fuel.

The **VLSFO crack** in the first quarter recorded an average of +3.8 USD/bl (compared to an average of 4.5 USD/bl in the first quarter of 2021 and 1.6 USD/bl in the last quarter of 2021). The VLSFO margins had followed a rather constant trend in the pre-conflict period, compared to the recovering values recorded in the last quarter of 2021, following the increase in maritime traffic and consumption of fuel oil used for electricity generation instead of gas. After the Russian invasion of Ukraine, the prices of VLSFO increased, due to the above-mentioned reasons affecting the middle distillates, and this was also reflected in the freight costs.

The **LSFO crack**, used as a “blendstock” in the formulation of VLSFO, recorded an average value in the first quarter of -5 USD/bl (compared to +2.2 in the first quarter of 2021 and -0.5 USD/bl in the last quarter of 2021).

On the other hand, the **HSFO crack** collapsed to -32 USD/bl in the first week of the conflict, as Western operators drastically cut supplies of Russian fuel oil, bringing the crack to an average of -21.0 USD/bl in the first quarter of 2022 (compared to an average of -8.3 USD/bl in the first quarter of 2021 and -13.6 USD/bl in the fourth quarter of 2021).

Marketing

According to data from Unione Energie per la Mobilità (UNEM), oil consumption in Italy in the first quarter of 2022 was up by 13.2% compared to the first three months of 2021, still marked by increasing containment measures linked to the third wave of the pandemic. The consumption of transport fuels (gasoline and diesel) amounted to 7.3 million tonnes, an increase of 15.6% compared to 2021 (25.9% for gasoline and 12.9% for diesel).

In the first quarter of 2022, new car registrations decreased by 24.4%. Gasoline-powered cars accounted for 27.2% of the total (vs. 33.3% in 2021), diesel-powered cars for 20.1% (vs. 25.0% in 2021), and hybrid cars for 33.3% (vs. 26.9% in 2021).

Moving on to the analysis of the Spanish market, the data compiled by CORES show that compared to the first quarter of 2021, motorway fuel consumption in the first quarter of 2022 fell by -5.1%; gasoline consumption was up by +4.6% while that of diesel fell by -7.1%.

Energy market (electricity and CO2)

The strongly upward trend that impacted the price of natural gas and the related increase in electricity starting from the second half of 2021 continued in 2022 and culminated in the days subsequent to 24 February 2022, day in which the conflict in Ukraine began, when the spot price of natural gas on the TTF (the European reference market for natural gas) reached 208 EUR/MWh and the PUN (Single National Price of electricity) reached a record daily average of 588 EUR/MWh. In fact, the alarm has increased for a possible extension of the sanctions adopted against Russia to the energy sector, with the risk of a partial or total interruption of Russian gas supplies. In this scenario, the **PUN (Single National Price)** recorded an average of 308 EUR/MWh in March and 248.1 EUR/MWh in the first quarter of 2022, up further compared to the already very high values recorded in the last quarter of 2021, when the average was 241.6 EUR/MWh. In the first quarter of 2021, the PUN stood at an average of 50 EUR/MWh, to then appreciate in 2021.

The **EUA prices of European permits for carbon dioxide emissions**, despite a decline recorded since the beginning of the Russian-Ukrainian conflict, recorded a consistently high average in the first quarter of 84.3 EUR/tonne (+23% compared to the fourth quarter of 2021). In the first quarter of 2021, the price of CO2 stood at an average of 37.6 EUR/tonne.

Refining margins and Saras Industrial & Marketing margin

With regard to analysis of the profitability of the Industrial & Marketing segment, Saras has traditionally used the refining margin “EMC benchmark” calculated by EMC (Energy Market Consultants), representing the margin of a medium complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made up of 50% Brent and 50% Urals crude oils.¹

Compared to this benchmark, which is a function of specific market conditions, the Industrial & Marketing segment of the Saras Group typically achieves a higher margin thanks to the high flexibility and complexity of its plants, as well as the performance of industrial and commercial operations.

In the current context, the EMC benchmark is no longer representative because: (i) the strong devaluation of the Urals crude oil following the Russian-Ukrainian crisis, which represented 50% of the crude oil slate used in the EMC, did not impact the Saras margin (as well as that of most of the Western refineries that have chosen not to purchase it); (ii) the increase in energy costs recorded from the second half of 2021 is not reflected in the EMC margin, which determines the variable costs, including those of electricity, based on a fixed percentage of the price per barrel of the LSFO. Moreover, the variable costs of EMC don't include the cost of CO2.²

Therefore, Saras has proceeded to update with Energy Market consultants the EMC benchmark, which makes it possible to overcome the main critical issues afore mentioned. The new benchmark, called, “EMC Reference Margin”, has the following characteristics:

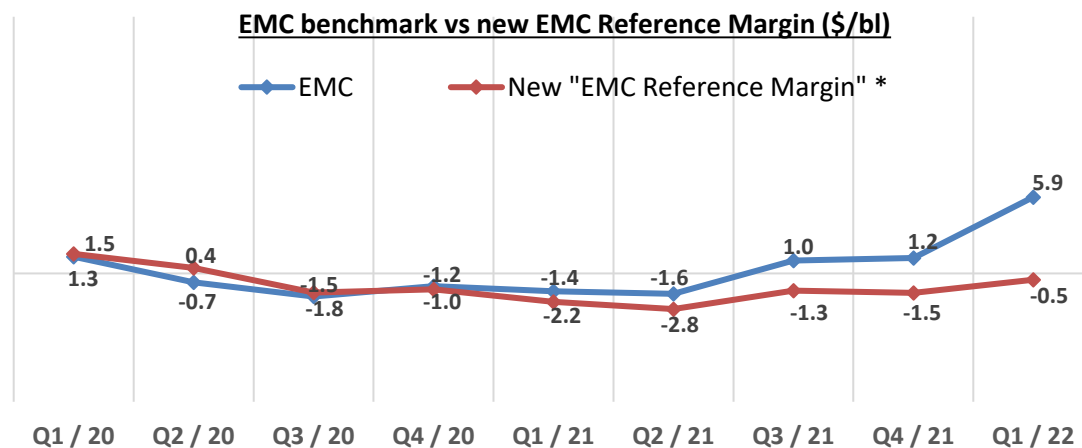
- **the slate of crudes** is priced at 100% at Brent Dtd (while the EMC benchmark considered a crude slate composed of 50% Brent and 50% Ural); in this way, the reference to the Ural crude is eliminated, and its prices are sharply distorted by the Russian-Ukrainian conflict;
- **the yield of refined products** have been updated compared to the old EMC Benchmark to better represent the balance between light, middle and heavy distillates of a coastal refinery of medium-high complexity in the Mediterranean, and to also introduce the new marine bunker VLSFO (VLSFO 0.5%);
- **variable costs has been reformulated to** include the electricity consumed and the CO2 emitted in excess of the free allocations in order to correctly represent the price fluctuations of these variables;
- **in analogy with the previous Benchmark, the IGCC electricity production under the Essentiality regime** (which includes the reimbursement of variable costs and fixed costs incurred to produce electricity recognised as “essential” and a return on invested capital) is not represented in the new Reference Margin, and therefore constitutes a part of the final premium.

¹ The margin of the Industrial & Marketing segment of the Saras Group incorporates and adds the margins of the segments as separately represented until 31 December 2020, namely “Refining”, “Power”, “Marketing” and “Other activities”.

² By way of example, consider that the average EMC in the first ten days of March recorded an extremely high value, equal to approximately 13.6 USD/bl, including about 12 USD/bl relating to the reduction in the Urals price, which recorded an average discount of 24 USD/bbl vs Brent during the period and around 2 USD/bl relative to the differential of variable costs (Saras vs EMC) mainly due to the PUN, which was 390 EUR/MWh.

The new **EMC Reference Margin**, similarly to what was the case for the old EMC benchmark, will be published weekly by the Company starting from the date of publication of this quarterly report, 16 May 2022.

The following table compares the trend of the new EMC Reference Margin to that of the EMC benchmark from 2020 to date: it shows a substantial alignment between the two benchmarks until the first half of 2021³, moment from which the increase in energy costs highlights a deviation between the two indicators.

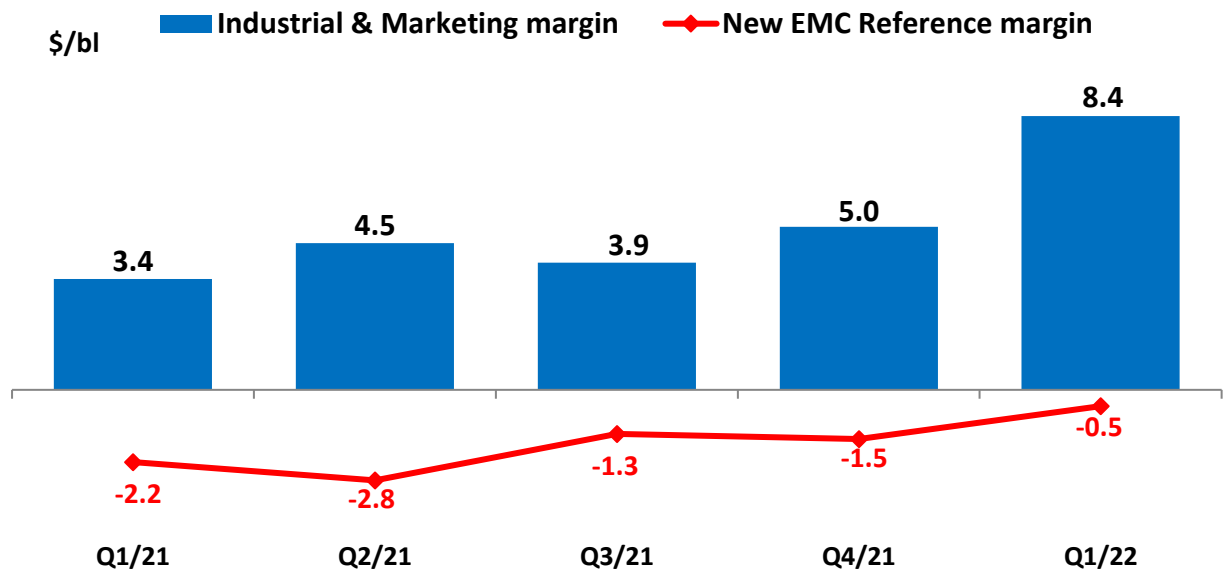


In the first quarter of 2022, the EMC Reference Margin, in light of the market context described in the previous chapter, stood at an average of -0.5 USD/bl. The Saras margin was 8.4 USD/bl, with a premium of +8.9 USD/bl.

During the same period of the previous year, the EMC Reference Margin was -2.2 USD/bl, compared to a Saras margin of 3.4 USD/bl, highlighting a Saras premium of +5.5 USD/bl.

Note that this result is affected by lower processing in the first quarter of 2022 due to the more expensive maintenance program compared to the first quarter of 2021 and to the days of closure of the Cagliari port in March.

³ The average quarterly deviation from 2017 was 0.04 USD/bbl, with offsetting effects on product yields, the cost of raw materials and variable costs.



In the table in 2021, the benchmark was "restated" considering the new EMC Reference margin instead of the EMC benchmark.

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 centre of the Mediterranean and has a processing capacity of 15 million tonnes/year, corresponding to about 17% of the total distillation capacity in Italy, and an installed power generation capacity of 575 MW.

EUR Million	Q1/22	Q1/21	Change %
Reported EBITDA	140.9	22.6	523%
Comparable EBITDA	46.6	(15.7)	n.s.
<i>of which relative to Marketing sales</i>	5.7	(0.1)	n.s.
Reported EBIT	97.4	(22.9)	n.s.
Comparable EBIT	3.1	(61.2)	n.s.
CAPEX	19.0	16.9	12%

Processing, electricity production and margins

		Q1/22	Q1/21	Change %
CRUDE RUNS	<i>Tons (thousand)</i>	2,804	3,185	-12%
	<i>Barrels (million)</i>	20.5	23.2	-12%
	<i>Bl/day (thousand)</i>	227	258	-12%
COMPLEMENTARY FEEDSTOCK	<i>Tons (thousand)</i>	323	215	50%
ELECTRICITY PRODUCTION	<i>GWh</i>	840	615	37%
TOTAL SALES	<i>Tons (thousand)</i>	835	755	11%
of which: in Italy	<i>Tons (thousand)</i>	558	483	16%
of which: in Spain	<i>Tons (thousand)</i>	278	272	2%
EXCHANGE RATE	<i>EUR/USD</i>	1.12	1.21	-7%
NEW BENCHMARK MARGIN	<i>\$/bl</i>	(0.1)	(2.2)	
SARAS IND & MKTG MARGIN	<i>\$/bl</i>	8.4	3.4	

Comments on the results for the first three months of 2022

Crude oil processing in the first quarter of 2022 was 2.80 million tonnes (20.5 million barrels, corresponding to 227 thousand barrels/day) lower than in the first quarter of 2021. Processing of complementary charges to crude oil was 0.3 million tonnes, up slightly from 0.2 million tonnes in the first quarter of 2021. The trend in processing is primarily due to the greater maintenance interventions scheduled in the first quarter of 2022, as well as to the limitations imposed by the port closures in March, which hindered the movement of material in and out of the production site, affecting optimisation of the maximum capacity of the plants.

Electricity production amounted to 840 GWh, up by 37% compared to the first quarter of 2021, mainly due to the significant maintenance interventions that penalised production in the first quarter of 2021 and the essential production levels required in the first quarter of 2022.

Comparable EBITDA stood at EUR 46.6 million in the first quarter of 2022, with a Saras Industrial & Marketing margin of +8.4 USD/bl, within which the contribution of the Marketing channel was 0.5 USD/bl (as usual, already net of the impact of the maintenance activity carried out in the period). This against a comparable EBITDA of EUR -15.7 million and a Saras Industrial & Marketing margin of +3.4 USD/bl (within which the contribution of the Marketing channel was 0.2 USD/bl) in the same period of the previous year.

As far as **market conditions** are concerned, the impact on margin generation was positive by approximately EUR 136 million. This positive result is mainly attributable to the strengthening of diesel crack and gasoline, only partly offset by the strengthening of Brent prices.

Operating performance in the first quarter of 2022, if compared with the same period of 2021, was lower by approximately EUR 42 million. This change includes the contribution for the remuneration of the capital used by the plants subject to the essentiality regime, equal to EUR16 million in the quarter. In particular:

- **Commercial 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 lesser extent for approximately EUR 28 million compared to the same period of the previous year. This reduction is due, on the one hand, to the negative effects induced by the market structure in *backwardation* and, on the other, to performance of the differentials between the prices of physical products and the related derivative instruments. These phenomena negatively influenced the effectiveness of the hedges carried out both for the purchase of raw materials, as well as for the sale of some products and for the management of inventory risk. The phenomenon was particularly marked due to the effects induced on the differentials by the Russian-Ukrainian crisis, as well as to bad weather conditions and to the closure of the port, which affected the possibility of accurately establishing the actual movement and purchase or sale of raw materials and products.
- **Production planning** (consisting of the optimisation of the mix of raw materials 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 17 million compared to the same period of the previous year. This difference is mainly due to the unavailability and different qualities of some light crude oils and to the difficulty of offsetting these changes in a context characterised by high complexity in terms of raw material procurement.
- **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 13 million compared to the same period of the prior year. This difference is attributable to the maintenance plan for the first quarter of 2022, which was more onerous, offset by better production performance (in this regard, note that the first quarter of 2021 was penalised for maintenance on electricity generation plants).

Variable costs of an industrial nature, net of components relating to the essentiality regime, were EUR 33 million higher in the first quarter of 2022 compared to the same period in 2021. As a result of the increase in unit costs, electricity contributed with an increase in costs of EUR 29 million, only partially offset by the benefits of the tax credit due to the TER Support Decree (of EUR 16 million). Carbon dioxide emissions contributed with a cost increase of EUR 14 million due to both the negative effect of the scenario and the reduction of free emissions assigned for 2022. The remaining incremental cost is attributable to higher demurrage due to weather conditions and closure of the port, and to the higher cost of nitrogen, whose unit cost is related to the trend in the price of electricity.

The trend in **fixed costs** in the first quarter of 2022 recorded an increase of approximately EUR 22 million compared to the same period of the previous year. This deviation is mainly due to higher maintenance costs (due to the different maintenance plan envisaged between the two years) and to the impact of the redundancy fund on personnel costs in 2021. It should also be noted that, within the final costs, approximately EUR 17 million is the amount subject to reimbursements relating to the essentiality regime not present in the previous year.

The contribution of the Marketing channel to the comparable EBITDA amounted to EUR 5.7 million, versus the loss of EUR 0.1 million in 2021. This change is mainly due to higher margins on sales in Italy and Spain. In Italy, the increase in the margin is due on the one hand to the increase in unit margins and on the other to the increase in sales volumes, which amounted to 558 thousand tonnes, up 16% compared to the previous year. In Spain, the increase in the margin is mainly due to the increase in unit margins and only in part to the increase in sales volumes, which amounted to 278 thousand tonnes, up by 2% compared to the previous year. Note that this contribution should be considered together with the industrial one because their technical and commercial expertise, on which the Group's business model is based, is closely coordinated.

Crudes processed and yields of finished products

The mix of crudes that the Sarroch refinery processed in the first three months of 2022 had an average density of 33.3°API, heavier than the average density processed in the first three months of 2021. Analysing the classes of crude oil used in greater detail, there is an increase in the percentage of heavy crude oils with both low and high sulphur content (“heavy sour/sweet”); this increase is linked to greater use of the gasification cycle due to the effect of the production structures required by the essentiality regime in 2022 and the fewer shutdowns compared to the same period of 2021.

	Q1/22	Q1/21	Year 2021
Light extra sweet	41%	45%	42%
Light sweet	10%	8%	7%
Medium sweet/extra sweet	0%	4%	5%
Medium sour	23%	27%	28%
Heavy sour/sweet	26%	16%	18%
Average crude gravity	°API	33.3	34.2
			33.9

Looking at the yields of finished products, in line with the reference yields defined in the new benchmark, the production yields were reclassified. Specifically, a class dedicated to 0.5% low sulphur content fuel oil (VLSFO) was defined and the material allocated to the electricity production plant was included in the “other” category. The 100% complement of the indicated yields consists of consumption and losses from refining activities only.

Analysing the performance of yields in the first quarter of 2022, these were substantially aligned with those of the same period of 2021, with a higher production of middle distillates against a reduction in VLSFO. These changes are due to the different plant structures between the two periods, as well as to changed market conditions.

		Q1/22	Q1/21	Year 2021
LPG	Tons (thousand)	79	77	269
	yield (%)	2.5%	2.3%	2.0%
NAPHTHA + GASOLINE	Tons (thousand)	902	990	4,023
	yield (%)	28.8%	29.1%	29.2%
MIDDLE DISTILLATES	Tons (thousand)	1,561	1,617	6,683
	yield (%)	49.9%	47.6%	48.5%
VERY LOW SULFUR FUEL OIL	Tons (thousand)	62	146	728
	yield (%)	2.0%	4.3%	5.3%
OTHERS	Tons (thousand)	307	366	1,245
	yield (%)	9.8%	10.8%	9.0%

Note: Balance to 100% of the production is “Consumption and Losses” (related to refining and power generation activities)

Renewables

The Saras Group is active in the production and sale of electricity from renewable sources. In 2021, the acquisition of two wind farms with an installed capacity of 45 MW was completed, bringing the total installed wind capacity to 171 MW. The Group's development objectives envisage an increase in installed capacity up to 500 MW; in this regard, on 30 March 2022, the Autonomous Region of Sardinia approved the Single Authorisation in favour of Sardeolica S.r.l. for the construction and operation of a 79 MW photovoltaic plant in the industrial area of Macchiarreddu.

EUR million	Q1/22	Q1/21	Change %
Reported EBITDA	15.4	4.5	242%
Comparable EBITDA	15.4	4.5	242%
Reported EBIT	13.3	2.9	359%
Comparable EBIT	13.3	2.9	359%
CAPEX	5.1	4.8	n.s.

Other figures

		Q1/22	Q1/21	Change %
ELECTRICITY PRODUCTION	MWh	94,733	80,895	17%
POWER TARIFF	EURcent/KWh	17.4	5.4	221%
INCENTIVE TARIFF	EURcent/KWh	4.3	10.9	-61%

Comments on the results for the first three months of 2022

In the first three months of 2022, the Renewables segment's comparable EBITDA amounted to EUR 15.4 million, higher than the EUR 4.5 million achieved in the first three months of 2021. The increase in EBITDA between the two periods is attributable for EUR 5.0 million to the contribution of the new plants and for the remaining part to the contribution of the existing wind farms.

In relation to the existing wind farms, production was down by EUR 0.3 million due to lower wind speeds, while the remaining portion is attributable to the increases in the electricity tariff between the two periods. The percentage of incentivised production in the two periods was respectively 17% in 2022 and 7% in 2021, with the difference due to the incentivised production relating to the Energia Alternativa srl plant.

In terms of the impacts relating to application of the TER Support Decree, the production affected by the application of the sale price limit of 61 EUR/MWh is 42% of the total and the application of this limit reduced the economic result by EUR 7.2 million.

Investments by business segment

EUR Million	Q1/22	Q1/21
INDUSTRIAL & MARKETING	19.0	16.9
RENEWABLES	5.1	4.8
Total	24.1	21.7

Investments made by the Saras Group in the first three months of 2022 amounted to EUR 24.1 million, up slightly compared to EUR 21.7 million in 2021.

For the **Industrial & Marketing segment**, investments in the first three months of 2022 amounted to EUR 19.0 million, up compared to the first three months of 2021, mainly due to the greater maintenance activities envisaged in the maintenance plan.

For the **Renewables segment**, investments in the first three months of 2022 amounted to EUR 5.1 million and mainly relate to the purchase of land for development of the new photovoltaic park.

Outlook

In updating its World Economic Outlook in mid-April, the International Monetary Fund revised global economic growth forecasts downwards, mainly due to the outbreak of the Russian-Ukrainian conflict, which led to a drastic downward revision of GDP growth in the Eurozone countries, due to their dependence on energy imports from Russia.

In particular, the IMF expects global growth of 3.6% in 2022 and 2023 (compared to previous estimates in January, which envisaged growth of 4.4% and 3.8% respectively) and in the Eurozone, 2.8% in 2022 and 2.3% in 2023.

In light of this scenario, the International Energy Agency (IEA) further reduced its forecasts for 2022 on global oil demand by 0.26 million barrels per day, compared to what had already been revised downwards in the previous report in March, when global oil demand was expected to fall by 1 million barrels per day in 2022.

For 2022, the IEA expects oil demand to grow by 1.9 million barrels per day on an annual basis for a total of 99.4 million barrels per day in oil consumption at the global level in 2022 (demand in 2019, the last year before Covid, stood at an annual average of 100.4 million barrels/day). On the supply side, the lower level of exports from Russia (-1.5 mb/day expected in April and -3 mb/day in May) should be offset by higher production from OPEC+, the USA and the introduction on the market of strategic stocks.

As regards the **Industrial & Marketing segment**, the volatility and uncertainty currently recorded on the commodities markets prevent a reliable quantification of the economic and financial impacts linked to the evolution of the scenario. However, with regard to 2022, the trend observed from the beginning of April, together with the estimates of the main sector analysis companies,⁴ resulted in formulation of the following assumptions:

- refining margins still high in the case of diesel, due to the current unavailability of imports from Russia. Gasoline crack increased compared to the values observed at the end of March: in fact, there was a lower supply of the product on the market, due to the tendency of European refineries to maximise the yields of diesel compared to that of gasoline;
- with regard to energy costs, the PUN is expected to remain as a function of the volatility of the prices of natural gas prices

For purely explanatory purposes, it is highlighted that the EMC Reference margin from the beginning of April was 16 \$/bl.

In light of these forecasts and the performance recorded in the first quarter, the Company expects to be able to achieve in 2022 an average annual premium compared to the EMC Reference margin of between 6 and 7 \$/bl.

Note that the assumptions adopted by the Company for the 2022 budget prior to the Ukraine crisis resulted, under various conditions, in the consideration of an average EMC in 2022 of approximately 1.6 USD/bl, on the basis of which management has estimated an average annual premium for the Industrial & Marketing segment of between 4.0 and 4.5 USD/bl.

As regards the **Renewables segment**, starting from the month of February, the valorisation of the segment's production takes into account the provisions of Decree-Law no. 4 of 27 January 2022, the so-called "TER support", which establishes a "compensation" mechanism for non-incentivised renewable sources, under which producers must repay, up until the end of 2022, 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. For Sardeolica, the compensation is based on a historical average price of about 61 EUR/MWh, to be applied to the non-incentivised production sections which became operational prior to 2010 (around 85% of the installed capacity).

Again, with regard to Renewables, the Group continues, through the subsidiary Sardeolica, with the authorisation activities for the development of new *greenfield* plants, and it expects to obtain during 2023 new authorisations for the development of additional wind and photovoltaic capacity, with the objective of reaching a total installed renewable capacity of 500 MW by 2025, including through possible new partnerships.

The new Helianto 80 MW photovoltaic park recently authorised is also in the planning phase and is expected to be operational by the end of 2023.

⁴ Oil Sources: HIS (Mar '22); FGE, Nomisma, Energy Aspects, Platts and WMC (Apr '22); FWD curves at 12/04. Electricity and Gas Sources: AFRY-Pöyry (Dec '21); Ref4e (Mar '22); Nomisma (Apr '22).

As far as the **Group's investments** are concerned, an amount of EUR 150 million is confirmed for 2022. In the Industrial & Marketing segment in particular, investments of EUR 123 million are planned, which are necessary, after the reduction in expenditure in 2021, to maintain the level of efficiency and competitiveness of the refinery's plants. In the Renewables segment, investments of EUR 27 million are planned, mainly for the execution of the 80 MW photovoltaic park in the Macchiareddu area.

With regard to the expected performance of the Group's **Net Financial Position**, it should be noted that the scenario assumptions prior to the current high volatility of the markets generated by the Russian-Ukrainian crisis allowed us to forecast a partial reduction in debt in 2022 compared to that at the end of the 2021 financial year: the reduction in electricity prices and the improvement in refining margins would have allowed a gradual reduction of debt, also due to the development plan in the Renewables area. Today, the effects of recent geopolitical events on the reference markets, albeit subject to high volatility and uncertainty that do not permit quantification of the economic and financial impacts for the year 2022, suggest an improvement in the Net Financial Position in the second quarter. In particular, despite higher energy costs, given the increase in refining margins, a positive impact on working capital is expected following the appreciation of crude oil and petroleum products.

Lastly, with regard to the other projects launched by the Group as part of its energy transition strategy, green hydrogen and "Carbon Capture and Storage" (CCS) projects are expected to progress during 2022.

In fact, the project for which Saras launched a partnership in February 2021 with Enel Green Power and comprising a project company (SardHy), is designed to supply green hydrogen to the Saras refinery through the use of an approximately 20 MW electrolyser, powered exclusively by renewable energy. The activities for the authorisation process began in the first quarter, and those for obtaining the loan requested as part of the IPCEI (Important Projects of Common European Interest) program continue.

With regard to the Carbon Capture and Storage project, after the conclusion in 2021 of the first phase aimed at evaluating different plant solutions for the capture of CO₂, a second phase was launched with Air Liquide, to achieve a better definition of the aspects relating to the entire development chain including logistics and transport aspects, together with an estimate of costs and timing.

In the biofuel sector, Saras continues to monitor the possibility of expanding the current production capacity of Hydrogenated Vegetable Oil in co-processing from around 100kt/year to 250 kt/year with reduced investment, depending on the cost-effectiveness of crude vegetable oils.

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Risk Analysis

The Saras Group bases its risk management policy on the identification, assessment and possible mitigation with reference to the strategic, operational and financial areas. The principal 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 the risk of variations in results and in cash flows, due to interest payments. 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 variations in results and in cash flows deriving from interest.

Credit risk

The refining sector represents the Group's reference market and it is principally made up of multinational companies operating in the oil sector. Transactions are generally settled in a very short time and they are often guaranteed by primary lenders. Sales that take place outside of the network are of individually small amounts and are also often guaranteed or insured, with a very low risk of non-recoverability. Following the economic crisis caused by the Covid-19 emergency, the Group's credit risk profile has not changed. Please note that the Group is not directly exposed to Russian counterparties.

Liquidity risk

The Group finances its activities both through the cash flows generated by its operations and through the use of 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 phenomena (such as economic, social and political factors).

From 2020 onwards, the spread of Covid-19 has had a significant negative impact on the oil market. Operating cash generation therefore deteriorated, affecting the level of financial debt. In order to mitigate the liquidity risk, new medium/long term credit lines were obtained, such as the EUR 350 million loan granted in December 2020 and expiring in September 2024, backed by a government guarantee for 70% of the value.

Saras has obtained from a group of banks a new loan guaranteed at 70% by the government, in compliance with the Decree-Law no. 23 of 8th April 2020 - "Liquidity Decree" - whose term has been extended until 30th June 2022. The new loan is mainly aimed at the early repayment of the bond maturing in December 2022 and the medium-term loan

of EUR 50 million maturing in August 2023. In accordance with the general conditions of the Italian Guarantee provision, the new loan will be equal to 125% of the debt subject to refinancing.

It should also be noted that the financial parameters on existing loans subject to review are complied with.

Finally, it should be noted that the cashflow generation could undergo changes due to the trend in working capital, strongly affected by the considerable volatility of the prices of oil and energy commodities caused by the Ukrainian crisis.

OTHER RISKS

Price fluctuation risk

The Saras Group results are influenced 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 through the use of 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. The selling price of electricity sold by our subsidiaries Sarlux and Sardeolica is also prone to fluctuations, as are the prices of Energy Efficiency Certificates and of the CO2 emission quotas. The Russia-Ukraine crisis is leading to a shortage of crude oil on the market and thus to a liquidity crunch on the market itself, with an impact on the volatility of oil product 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 Russia-Ukraine crisis is causing increased difficulties of supplying crude oil which are added to the limitation of imports of crude oil from countries subject to restrictions and embargoes.

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 systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accidents to a minimum: in addition, Saras has a major programme of insurance cover in place to offset such risks. However, under certain circumstances, this programme may not be sufficient to prevent the Group from incurring costs in the event of accidents and/or interruption to production.

Environmental risk

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 influenced 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 researching joint activities and promptly evaluating the applicable normative 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;
- the view of the European Commission and the ARERA (Italian Regulatory Authority for Energy, Networks

and Environment) implementing documents in relation to the recognition of the Sarlux subsidiary as an energy consuming enterprise;

- regulatory provisions related to energy efficiency certificates for the Power sector and incentives for the Wind sector and their consequences for the G.S.E.;
- reference regulations relating to the fact that the Sarlux Srl subsidiary has sold, until April 2021, the electricity generated to the G.S.E. under the conditions specified by the legislation in force (Law no. 9/1991, Law no. 10/1991, CIP Decision 6/92 as amended, Law no. 481/1995), which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the costs avoided and time limited incentives, linked to the actual production;
- regulations and implementing documents issued by Terna and ARERA regarding the “essentiality” requirements of the IGCC plant in Sarlux, as provided for by ARERA Resolution no. 111/06, 598/20 and 152/2021 and the cost reimbursement regime;
- measures taken to contain electricity costs, such as for example “TER supports” which impact on the one hand the system charges and the variable energy components for the “energy-intensive” companies (Sarlux) and on the other the sales prices of electricity from renewable sources (Sardeclica).
- measures adopted by the Italian Government against the energy sector as “solidarity contributions” of a fiscal nature on the so-called “extra profits” of the sector

Dependencies on third parties

The IGCC plant, owned by the Sarlux Srl subsidiary, depends on oxygen supplied by Air Liquide Italia in addition to raw materials derived from crude oil supplied by Saras. Should these supplies fail, Sarlux would have to locate alternative sources, which it may not be able to find or to source at similar financial terms and conditions.

Climate Change Risk

The energy transition, i.e. the transition from an energy mix based on fossil fuels to one with net zero carbon emissions, represents a strategic risk for the core business of oil & gas companies. The decarbonisation initiatives implemented by the governments of many industrialised countries, in particular in the OECD area, the impetus provided by civil society and the international community, the changing consumer preferences and the growing awareness of climate change and the importance of protecting ecosystem are all factors that could, in the medium to long term, displace demand for hydrocarbons from other energy carriers. The Covid-19 pandemic of 2020 and the serious economic and social crisis that ensued have helped to accelerate this process, as governments have launched major fiscal stimulus measures with the aim of rebuilding economies on a more sustainable and lowcarbon basis, allocating most of the financial resources to the renewable energy, smart mobility and electrification sectors. States can pursue the goal of decarbonization through regulations aimed at limiting the consumption of hydrocarbons, such as the taxation of carbon dioxide (CO₂) emissions. These regulations can suppress oil demand and increase the operating costs of oil & gas companies.

In 2021, the cost of purchasing “emission allowances” under the European CO₂ taxation system “ETS” – Emission Trading Scheme – more than doubled compared to the corresponding period a year ago, not only for the recovery of industrial activity but also and above all for the agreement on the European law on climate which establishes the EU commitment to achieve climate neutrality by 2050 with a more ambitious intermediate emission target than the previous one (-55% of emissions of greenhouse gases by 2030 vs. 1990 baseline). In the medium to long term, these trends could lead to a structural decline in demand for hydrocarbons and an increase in operating costs and cost of capital for oil and gas companies with significant negative effects on growth prospects, operating results, cash flow and shareholder returns. Saras is implementing a long-term strategy aimed at transforming the business model in a sustainable way, in line with the energy transition path of the states and the economy.

On the other hand, the current crisis in Ukraine is focusing attention on security of supply, to which the oil refining system is making a positive contribution.

Saras has developed a road map based on some business cases: (i) the development of the production capacity of electricity from renewable sources such as wind and photovoltaic to reach 400 MW of installed power (ii) increase in production of biofuel (iii) development of green hydrogen production from renewable sources (iv) construction of a CO₂ Carbon Capture & Storage plant in order to reduce the Group's CO₂ emissions into the atmosphere.

Protection of Personal Data

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 25th May 2018 the new

Regulation (EU) 2016/679 ("GDPR") on the protection of personal data entered in force. The Saras Group launched a project aimed at implementing the new measures required by the GDPR and aligning 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 that are specialised on the subject and adopting the international standard IEC 62443.

Covid-19 Risk

The intensification of the economic and financial crisis unleashed by the Covid-19 emergency has resulted, starting from April 2020, in a drastic and widespread drop in demand for oil products, along with the volatility of commodity prices and in particular oil prices, with a subsequent strong contraction of refinery margins. These extended effects have resulted in reduced profitability and increased short term liquidity requirements for the Saras Group and for the refining sector as a whole: should such conditions last in the mid-term, they would be unbearable. In addition, a situation of uncertainty remains regarding the evolution of the pandemic, even though the high vaccination rates at national, European and global level have led to an increase in consumer confidence and a recovery in oil consumption. However, in the first quarter of 2022, the resurgence of the pandemic in China slowed the recovery with consequences that could impact the recovery in profitability to 2022.

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, Saras Group made appropriate allocations to provisions for risks and charges included in balance sheet liabilities.

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 risks for disputes 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 litigation 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 judgements by management. Violations of the Code of Ethics, laws and regulations, including anticorruption rules, 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 Explanatory Notes to the Consolidated Financial Statements.

Other Information

Treasury shares

In the course of 2022, Saras SpA has not bought or sold any treasury shares.

Research and Development

Saras did not undertake meaningful "Research and Development" activities in the period; therefore, no significant cost was capitalized or accounted in the Income Statement during the first three months of 2022.

Non-recurring and unusual Transactions

In the first three months 2022, no significant transactions were carried out and no open positions originated from any nonrecurring and/or unusual transactions are being carried out.

Main events after the end of the First Nine months of 2021

On April 2nd were published the New Shareholders' Agreement relating to Massimo Moratti S.a.p.A., Angel Capital Management S.p.A. and Stella Holding S.p.A..

On April 7th Saras S.p.A. announces that on March 30th the Autonomous Region of Sardinia approved the Authorization in favor of Sardeolica Srl, a company operating in the renewable energy sector and wholly owned by Saras SpA, for the construction and operation of a photovoltaic plant of 79 MW in the industrial area of Macchiareddu, located in the municipality of Uta (Cagliari). The farm, named "Helianto" represents a significant improvement in the strategy of Saras Group's in the renewable energy field, adding to the existing 171MW wind farms in Sardinia, and bringing the total renewable power of Saras Group to 250 MW. The Helianto farm has optimal characteristics in terms of insolation and configuration and will be integrated into Sardeolica's industrial processes, in particular by exploiting the synergies with the adjacent Macchiareddu wind farms, acquired in June 2021. In this way, the Saras Group continues its journey towards a mixed business model of sustainable refining and renewables, generating power to enable modern life.

On May 13th Saras S.p.A. announces to have entered into a new loan agreement of EUR 312.5 million, assisted for 70% of the amount by the guarantee issued by SACE, thanks to the provisions of the «DL Sostegni bis». The new loan is intended to restructure the Group's debt maturity profile. The loan was organized and entered by a pool of leading Italian financial institutions, consisting of Banco BPM, Intesa Sanpaolo - Divisione IMI Corporate & Investment Banking and UniCredit as Mandated Lead Arrangers and Lending Banks. Intesa Sanpaolo - Divisione IMI Corporate & Investment Banking will cover the role of Depository bank, Agent Bank and SACE Agent. The disbursement will take place in a single instalment and the repayment plan provides for a pre-amortization period of 36 months and a repayment in 12 constant quarterly instalments starting from June 30th, 2025, and until March 31st, 2028, the expiry date of the loan. The income will be used to repay in advance the EUR 200 million bond, expiring on December 28th, 2022, and the medium-long term loan of EUR 50 million, expiring August 14th, 2023. The remaining EUR 62.5 million will be used to support the Company's working capital, in line with the provisions of the SACE regulation.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 31st March 2022

Thousands of EUR		31/03/2022	31/12/2021
ASSETS	(1)		
Current financial assets	5.1	3,045,314	2,284,904
Cash and cash equivalents	5.1.1	343,325	366,680
Other financial assets	5.1.2	298,978	115,268
Trade receivables	5.1.3	657,619	546,511
Inventories	5.1.4	1,541,343	1,169,172
Current tax assets	5.1.5	62,725	32,954
Other assets	5.1.6	141,324	54,319
Non-current assets	5.2	1,389,779	1,414,691
Property, plant and equipment	5.2.1	1,208,901	1,227,395
Intangible assets	5.2.2	40,895	41,510
Right-of-use of leased assets	5.2.3	47,060	44,585
Other investments	5.2.4	745	507
Deferred tax assets	5.2.5	87,780	96,555
Other financial assets	5.2.6	4,398	4,139
Total assets		4,435,093	3,699,595
LIABILITIES AND EQUITY			
Current liabilities	5.4	3,058,278	2,683,506
Short-term Financial liabilities	5.4.1	857,129	928,683
Trade and other payables	5.4.2	1,920,475	1,580,564
Current tax liabilities	5.4.3	213,859	110,397
Other liabilities	5.4.4	66,815	63,862
Non-current liabilities	5.5	506,347	222,371
Long-term financial liabilities	5.5.1	278,340	51,845
Provisions for risks and charges	5.5.2	215,937	159,718
Provisions for employee benefits	5.5.3	7,752	6,883
Deferred tax liabilities	5.5.4	3,730	3,734
Other liabilities	5.5.5	588	191
Total liabilities		3,564,625	2,905,877
EQUITY	5.6		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		728,317	718,828
Net result		76,595	9,334
Total equity attributable to the parent company		870,468	793,718
Third-party minority interests		-	-
Total equity		870,468	793,718
Total liabilities and equity		4,435,093	3,699,595

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

(2) Please refer to the Notes, section 3.2 "Summary of accounting standards and policies"

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the periods 1st January – 31st March 2022

Consolidate Statement of Income for the period 1st January - 31st March 2022

Thousands of EUR	(1)	1 January 31 March 2022	of which non- recurring	1 January 31 March 2021	of which non- recurring
Revenues from ordinary operations	6.1.1	2,941,992		1,603,605	
Other income	6.1.2	7,634		25,814	
Total revenues		2,949,626	0	1,629,419	0
Purchases of raw materials, consumables and supplies	6.2.1	(2,319,291)		(1,377,568)	
Services and other costs	6.2.2	(436,026)		(192,612)	
Personnel costs	6.2.3	(38,097)		(32,129)	
Depreciation/amortisation and write-downs	6.2.4	(45,602)		(47,155)	
Total costs		(2,839,016)	0	(1,649,464)	0
Operating result		110,610	0	(20,045)	0
Financial income	6.3	42,196		20,115	
Financial charges	6.3	(46,379)		(35,408)	
Result before taxes		106,427	0	(35,338)	0
Income taxes	6.4	(29,832)		11,565	
Net result		76,595	0	(23,773)	0
Net result attributable to:					
Shareholders of the parent company		76,595		(23,773)	
Third-party minority interests		0		0	
Net earnings per share – base (euro cents)		8.05		(2.52)	
Net earnings per share – diluted (euro cents)		8.05		(2.52)	

Consolidate Statement of Comprehensive Income for the period 1st January - 31st March 2022

Thousands of EUR	1 January 31 March 2022	1 January 31 March 2021
Net result (A)	76,595	(23,773)
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	155	(466)
Items that will not be restated to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits	0	(215)
Other profit/(loss), net of the tax effect (B)	155	(681)
Total consolidated net result (A + B)	76,750	(24,454)
Total consolidated net result attributable to:		
Shareholders of the parent company	76,750	(24,454)
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 31st March 2022

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) for the period	Total equity attributable to the Parent Company	Third-party Minority Interests	Total 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
Translation 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>			(751)	9,196	8,445	0	8,445
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
Translation effect of financial statements in foreign currency			155		155		155
Net result				76,595	76,595		76,595
<i>Total net result</i>			0	9,196	9,196	0	9,196
Balance at 31/03/2022	54,630	10,926	728,317	76,595	870,468	0	870,468

Consolidated Statement of Cash Flows for the period to 31st March 2022

Thousands of EUR	(1)	1/1/2021- 31/03/2022	1/1/2021- 31/12/2021
A - Opening cash and cash equivalents		366,680	558,997
B - Cash flow from (for) operating activities			
Net result	5.5	76,595	9,334
Unrealised exchange rate differences on bank current accounts		(6,864)	(14,178)
Amortisation, depreciation and write-downs of assets	6.2.4	45,602	198,525
Net change in risk provisions	5.4.2	56,219	(84,447)
Net change in provision for employee benefits	5.4.3	869	(2,018)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	8,771	25,293
Net interest		5,517	19,708
Income tax set aside	6.4	21,061	(2,419)
Change in the fair value of derivatives	5.1.2 - 5.3.1	32,719	9,117
Other non-monetary components	5.5	155	(138)
Profit for the year before changes in working capital		240,644	158,777
(Increase)/Decrease in trade receivables	5.1.3	(111,108)	(289,870)
(Increase)/Decrease in inventories	5.1.4	(372,171)	(431,783)
(Increase)/Decrease in trade and other payables	5.3.2	339,911	663,970
Change other current assets	5.1.5 - 5.1.6	(116,776)	47,073
Change other current liabilities	5.3.3 - 5.3.4	85,354	28,287
Interest received		1	47
Interest paid		(5,518)	(19,755)
Change other non-current liabilities	5.4.5	397	(189)
Total (B)		60,734	156,557
C - Cash flow from (for) investment activities			
(Investments) in PPE and intangible assets	5.2.1-5.2.2	(24,018)	(100,050)
(Investments) in Right-of-use of leased assets		(4,950)	(11,146)
(Increase)/Decrease in other financial assets and other investments	5.1.2	(31,092)	97,889
Total (C)		(60,060)	(13,307)
D - Cash flow from (for) financing activities			
Increase/(decrease) m/l-term financial payables	5.4.1	226,495	(600,219)
Increase/(decrease) short-term financial payables	5.3.1	(257,388)	250,473
Total (D)		(30,893)	(349,746)
E - Cash flows for the period (B+C+D)		(30,219)	(206,496)
Unrealised exchange rate differences on bank current accounts		6,865	14,178
F - Closing cash and cash equivalents		343,325	366,680

(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 AS AT 31 MARCH 2022

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1. Foreword

The publication of the condensed consolidated financial statements of the Saras Group for the period ended 31 March 2022 was authorised by the Board of Directors on 16 May 2022.

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), SS195 "Sulcitana" Km. 19. The Company is jointly controlled by Massimo Moratti SAPA (20.01%), Angel Capital Management S.p.A (10.005%) and Stella Holding S.p.A. (10.005%), which in total represent 40.02% of the Share Capital of Saras S.p.A. (without considering treasury shares in the portfolio), based on the shareholders' agreement signed by these parties on 24 September 2019, subsequently amended on 30 March 2022 (for further details, please refer to what has already been posted on www.saras.it). The Company duration is until 31 December 2056, as per the Articles of Association.

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 produced from both the integrated combined cycle gasification plant of the subsidiary Sarlux Srl, and the wind farms of the subsidiaries Sardeolica Srl, Energia Verde Srl and Energia Alternativa Srl.

These condensed consolidated interim financial statements at 31 March 2022 are presented in Euro, the currency valid in 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. Basis of presentation of the Consolidated Financial Statements

The condensed consolidated interim financial statements of the Group at 31 March 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 draft consolidated and separate 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;
- Statement of Changes in Consolidated 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 31 March 2022, 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 Standard 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 2021 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 31 March 2022 are consistent with those used to prepare the consolidated financial statements at 31 December 2021 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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB published Property, Plant and Equipment — Proceeds before Intended Use, which prohibits an entity from deducting from the cost of property, plant and equipment any amounts received from selling items produced during the period while the entity is preparing the asset for it to be used in the way the entity's management intended. Instead, an entity will recognise such sales proceeds from such products and related costs to produce such products, in the Income Statement. The amendment will be effective for financial years beginning on or after 1 st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the start date of the period preceding the period in which the entity first applies such amendment.

No material effects are expected for the Group with respect to these amendments.

It should also be noted that on 31 March 2021 an Amendment to IFRS 16 - Leases: Covid-19-Related Rent Concessions beyond 30 June 2021- was issued, which should have been effective from 1 April 2021 but it is still awaiting endorsement. With that amendment, the IASB further amended IFRS 16 to extend the time limit on one of the criteria that a lessor must meet to be able to apply the practical expedient to the leases received (exempting the lessees from the requirement to determine whether a lease concession is a leasing amendment), namely that any reduction in lease payments could only affect payments originally due on or before 30 June 2021.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB published amendments to IAS 37 to specify what costs should be considered by an entity when assessing whether a contract is onerous or at a loss.

The amendment provides for the application of an approach called the “directly related cost approach”. Costs that relate directly to a contract for the supply of goods or services include both incremental costs as well as costs directly attributed to contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly rechargeable to the counterparty on the basis of the contract.

The amendments will be effective for financial years beginning on 1 January 2022 or later. The Group will assess the effects of such amendments in the event of contracts for which it has not yet fulfilled all its obligations at the beginning of the first financial year application.

Annual Improvements 2018-2020

As part of the improvement cycle, the IASB has issued an amendment to IFRS 1 First-time Adoption, which allows a subsidiary that elects to apply paragraph D16(a) of IFRS 1, to account for cumulative translation differences on the basis of the amounts recognised by the parent company, considering the parent company's date of transition to IFRSs. This amendment also applies to associated companies or joint ventures. The IASB then proposed an amendment to IFRS 9, clarifying the fees that an entity must include in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. An entity applies such amendment to financial liabilities that are amended or exchanged subsequent to the date of the first financial year in which the entity first applies the

amendment. These amendments will be effective for the financial years beginning on 1 January 2022 and early adoption is permitted.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of the 2018-2020 annual improvement process of IFRS standards, the IASB published an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences on the basis of the amounts accounted for by the parent company, taking into account the date of transition to IFRS by the parent company. This amendment also applies to affiliated companies or joint ventures that choose to apply paragraph D16 (a) of IFRS 1.

The amendment will be effective for financial years beginning on or after 1 st January 2022 and early application is permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of the 2018-2020 annual improvement process of IFRS standards, the IASB published an amendment to IFRS 9. This amendment clarifies the fees that an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. An entity applies such amendment to financial liabilities that are amended or exchanged subsequent to the date of the first financial year in which the entity first applies the amendment.

The amendment will be effective for financial years beginning on or after 1 January 2022 and early application is permitted. The Group will apply such amendment to financial liabilities that are amended or exchanged subsequent to the date of the first financial year in which the entity first applies such amendment.

No material effects are expected for the Group with respect to such amendment.

IAS 41 Agriculture – Taxation in fair value measurements

As part of the 2018-2020 annual improvement process of IFRS standards, the IASB published an amendment to IAS 41 Agriculture. The amendment removes the requirements in paragraph 22 of IAS 41 relating to the exclusion of cash flows for taxes when the fair value of an asset is assessed for the purpose of IAS 41.

An entity applies this amendment prospectively to the fair value measurement starting from financial years beginning on or after 1 January 2022, early application is permitted.

No material effects are expected for the Group with respect to such amendment.

IASB also approved two amendments to IAS 1 and IAS 8 in relation to the information on relevant accounting policies and with the definition of an estimate and modification of accounting estimates.

Standards issued but not yet in force

IAS 8.30 requires disclosure for those standards that have been issued but are not yet in force; it is required for the purpose of providing known or reasonably estimable information that is relevant to enable users to assess the possible impact of the application of these standards on an entity's financial statements. Below, standards and interpretations are illustrated which, at the Group's reporting date, had been issued but were not yet in force. The Group intends to adopt these standards and interpretations, if applicable, once they come into force.

IFRS 17 – Insurance contracts

In May 2017, the IASB published IFRS 17 Insurance Contracts (IFRS 17), a new comprehensive standard which covers insurance contracts' recognition and measurement, presentation and disclosure. Once in force, IFRS 17 will replace IFRS 4 Insurance Contracts, published in 2005. IFRS 17 applies to all types of insurance contracts (e.g., life and non-life, direct insurance and re-insurance), regardless of the nature of the entity that issues them, as well as some guarantees and financial instruments with discretionary participation features.

The standard will provide for some limited exceptions. The scope of IFRS 17 is to introduce an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the provisions of IFRS 4 which largely maintain the previous accounting policies, IFRS 17 introduces an exhaustive model for all insurance contracts, covering all significant accounting issues. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation characteristics (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

IFRS 17 will apply to reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, in which case the entity must also have adopted IFRS 9 and IFRS 15 on the date of first application of IFRS 17 or previously.

The standard has no significant impacts on the Group's consolidated financial statements.

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 period 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 period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. These amendments will apply from 1 January 2023, subject to endorsement.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to defer a maturity
- That the right to defer must exist at the end of the financial year
- The classification is not affected by the likelihood that the entity will exercise its right to defer
- The liability's maturity will have no impact on its classification only if an embedded derivative in a convertible liability is itself a capital instrument.

The amendments will be effective for financial years beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact that the amendments will have on the current situation and whether the renegotiation of existing loan contracts would become necessary; it also keeps updated on the IFRIS, IC and IASB discussions on this topic.

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 introduced to clarify the process for establishing material policies, which may be material by their very nature, although the amounts involved may be intangible. 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. These amendments apply, subject to endorsement, from 1 January 2023.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB published amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the requirements of the standard.

The Board has also added an exception to the valuation standards of IFRS 3 to avoid the risk of potential losses or gains "of the day after" arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately.

At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be affected by the update of the references to the Framework for the Preparation and Presentation of Financial Statements.

The amendments will be effective for financial years beginning on 1 January 2022 and are to be applied prospectively.

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

Issued on 7 May 2021, pending endorsement. 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 recognise 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 recognise 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 recognise 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 amendments are effective for financial years beginning on 1 January 2023 and early adoption is permitted.

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 31 March and are generally those specifically prepared 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%
Saras Ricerche e tecnologie Srl	100%
Sarint SA and subsidiaries	100%
Saras Energia SAU	100%
Terminal Logistica de Cartagena SLU	100%
Reasar SA	100%
Sardeolica Srl	100%
Energia Verde Srl	100%
Energia Alternativa Srl	100%
Saras Trading SA	100%
Other investments: measured at cost as not significant	
Sardhy Green Hydrogen Srl	50.00%
Sarda Factoring	4.01%
Consorzio La Spezia Utilities	5%

There is no change from 31 December 2021.

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 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 on a stand-alone basis 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 evolution of market variables, in the medium to long term and in the short term, including the price and supply of crude oil and the

worldwide demand for finished products compared to the processing capacity that can also significantly affect the Group's performance, is one of the critical assumptions for the evaluation processes including in particular for the measurement of fixed assets and the recoverable amount of inventories as well as the volatility of the current fair values of financial instruments. The underlying measurement 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 judgement

on the part of Company Management which, for this purpose, also considers scenarios formulated by independent experts of the sector.

Estimates and judgements are reviewed periodically and the effects of each are recognised in the income statement. A summary of the most significant estimates is presented in the Group's consolidated financial statements at 31 December 2021, to which reference should be made.

4. Information by business segment and geographical area

4.1 Introduction

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 business segments, which from 2021 are as follows:

- Industrial & Marketing;
- Renewable.

4.2 Segment information

In light of what has been described in the previous paragraph, starting from the first quarter of 2021, information by business segment has undergone a profound review, in the direction of a substantial aggregation of the segments previously identified, based on the aforementioned changes in the Group's business model.

Given the above, the format previously used to provide segment information in these notes is no longer appropriate and the information provided in the Report on Operations by segment, to which reference should be made, is considered much clearer and more explanatory.

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:

Cash and cash equivalents	31/03/2022	31/12/2021	Change
Bank and postal deposits	343,270	366,629	(23,359)
Cash	55	51	4
Total	343,325	366,680	(23,355)

Bank deposits are mainly attributable to Saras SpA for EUR 214,567 thousand, Saras Trading S.A. for EUR 83,624 thousand and Saras Energia for EUR 30,729 thousand. These deposits are not subject to constraints or restrictions.

It should be noted that the item "Bank and postal deposits" includes an amount not immediately available of EUR 1,044 thousand set up by the subsidiary Energia Alternativa S.r.l. in favour 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 summarised in the statement of cash flows.

5.1.2 Other financial assets

The other financial assets held for trading comprise the following:

Current financial assets	31/03/2022	31/12/2021	Change
Current financial derivatives	153,115	57,652	95,463
Deposits to secure derivatives	144,264	56,087	88,177
Other assets	1,599	1,529	70
Total	298,978	115,268	183,710

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

The item Derivative guarantee deposits includes the balance at 31 March 2022 of deposits to guarantee open positions in derivative instruments required by the counterparties with which the Group enters into these transactions.

5.1.3 Trade receivables

Trade receivables amounted to EUR 657,619 thousand, an increase of EUR 111,108 thousand compared to the same figure at 31 December 2021. This item is shown net of the allowance for doubtful receivables, which amounted to EUR 18,205 thousand (EUR 18,193 thousand at 31 December 2021). The increase in receivables is mainly due to the increase in the prices of petroleum products. For further comments on sales performance, please refer to the Report on Operations.

5.1.4 Inventories

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

Inventories	31/03/2022	31/12/2021	Change
Raw materials, consumables and supplies	402,187	262,819	139,368
Unfinished products and semi-finished products	122,969	124,561	(1,592)
Finished products and goods	910,222	675,178	235,044
Spare parts and raw materials, supplies	105,965	106,614	(649)
Total	1,541,343	1,169,172	372,171

The increase in the value of oil inventories is mainly attributable to the increasing trend in prices compared to 31 December 2021.

In accordance with the accounting standards, the Group valued inventories at the lower of purchase or production cost and recoverable market value: this comparison showed the need to recognise inventories at a lower value for approximately EUR 1 million.

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/03/2022	31/12/2021	Change
VAT credit	6,337	2,131	4,206
IRES credits	33,925	27,482	6,443
IRAP credits	80	(2,879)	2,959
Other amounts due from the tax authorities	22,383	6,220	16,163
Total	62,725	32,954	29,771

IRES credits refer to receivables for which reimbursement has been requested.

Sundry Receivables include taxes for which reimbursement has been requested or provisionally paid; the increase in the period refers to the recognition of the tax credit in favour of energy companies in accordance with the provisions of the TER support decree.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/03/2022	31/12/2021	Change
Accrued income	237	109	128
Prepaid expenses	25,338	5,801	19,537
Other short-term loans	115,749	48,409	67,340
Total	141,324	54,319	87,005

Prepayments mainly relate to prepaid insurance premiums and charges for the biofuel regulations by the Parent Company.

"Other receivables" mainly comprises:

- Advances paid to suppliers for EUR 83,922 thousand related to the purchase of raw materials;
- the receivable of EUR 24,138 thousand due to the subsidiary Sarlux S.r.l. from the Equalisation Fund for the Electricity Sector for the payment, pursuant to Title II, paragraph 7-bis, CIP Regulation no. 6/92, of charges resulting from Directive 2003/87/EC (Emissions Trading), in application of Authority for Electricity and Gas Resolution ARG/elt 77/08 of 11 September 2008, referred to the first months of 2021 that still benefited from the CIP 6/92 scheme;
- white certificates of EUR 5,682 thousand, related to the benefits granted to the subsidiary Sarlux in respect of the energy savings achieved through specific projects preliminarily authorised by GSE and carried out at the Sarroch refinery (EUR 30,978 thousand in 2021); for additional information, reference should be made to section 7.1.

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	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/03/2022
Land and buildings	179,831	2	0	0	(1)	179,832
Plant and machinery	3,918,932	5,735	(228)	0	8,782	3,933,221
Industrial and commercial equipment	38,483	0	0	0	0	38,483
Other assets	681,218	12	0	0	12,715	693,945
Property, plant and equipment under construction	173,008	17,941	0	0	(21,705)	169,244
Total	4,991,472	23,690	(228)	0	(209)	5,014,725

Depreciation Provision	31/12/2021	Depreciation	Use	Write-downs	Other changes	31/03/2022
Land and buildings provision	107,850	852	0	0	56	108,758
Plant and machinery fund	3,101,580	34,677	(228)	0	0	3,136,029
Industrial and commercial equipment provision	34,812	368	0	0	(10)	35,170
Other assets	519,835	6,065	0	0	(33)	525,867
Total	3,764,077	41,962	(228)	0	13	3,805,824

Net Value	31/12/2021	Increases	Decreases	Depreciation	Write-downs	Other changes	31/03/2022
Land and buildings	71,981	2	0	(852)	0	(57)	71,074
Plant and machinery	817,352	5,735	0	(34,677)	0	8,782	797,192
Industrial and commercial equipment	3,671	0	0	(368)	0	10	3,313
Other assets	161,383	13	0	(6,065)	0	12,747	168,078
Property, plant and equipment under construction	173,008	17,941	0	0	0	(21,705)	169,244
Total	1,227,395	23,691	0	(41,962)	0	(223)	1,208,901

The item "Land and buildings" chiefly include industrial buildings, offices and warehouses with a net value of EUR 31,898 thousand, office buildings in Milan and Rome belonging to the Parent Company with a carrying amount of EUR 2,168 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 37,008 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" reflect costs incurred mainly for investments in tanks and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

Increases for the period amounted to EUR 23,691 thousand and mainly refer to technological interventions on refinery plants and the extension of the wind farm, as mentioned previously.

The main depreciation rates used, unchanged comparing to 2021, 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 (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.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/03/2022
Industrial patent and original work rights	55,086	2	0	0	209	55,297
Concessions, licences, trademarks and similar rights	24,542	0	0	0	0	24,542
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible assets	531,235	91	0	0	0	531,326
Intangible assets under construction	1,265	306	0	0	0	1,571
Total	633,147	399	0	0	209	633,755

Fondi Ammortamento	31/12/2021	Amortisation	Use	Write-downs	Other changes	31/03/2022
Industrial patent and original work rights	52,018	712	0	0	3	52,733
Concessions, licences, trademarks and similar rights	13,701	10	0	0	286	13,997
Goodwill and intangible assets with indefinite life	0	0	0	0	0	0
Other intangible assets	525,836	443	0	0	(149)	526,130
Total	591,555	1,165	0	0	140	592,860

Net Value	31/12/2021	Increases	Decreases	Amortisation	Write-downs	Other changes	31/03/2022
Industrial patent and original work rights	3,068	2	0	(712)	0	206	2,564
Concessions, licences, trademarks and similar rights	10,841	0	0	(10)	0	(286)	10,545
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	5,399	91	0	(443)	0	231	5,278
Intangible assets under construction	1,265	306	0	0	0	0	1,571
Total	41,510	399	0	(1,165)	0	151	40,895

The decrease compared to 31 December 2021 was mainly due to amortisation for the period, which amounted to EUR 1,165 thousand and was determined using the annual rates, unchanged with respect to 2021 as reported 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, licences, 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, the amortisation of which will end in 2035.

Goodwill and intangible assets with indefinite life

This item relates mainly to the goodwill recognised for the subsidiary Sardeolica Srl (EUR 20,937 thousand), paid for the purchase of the subsidiary Parco Eolico di Ulassai Srl (merged by incorporation into Sardeolica): this goodwill is justified by the projection of future cash flows expected by the subsidiary Sardeolica Srl over a time horizon extended until the term of the concessions obtained thereby.

Other intangible assets

These amount to EUR 5,278 thousand, almost unchanged compared to 31 December 2021

Intangible assets under construction and advance payments

The item includes investments underway to purchase software licences. There are no intangible assets with a finite useful life held for disposal.

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	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/03/2022
Leased land and buildings	41,070	3,874	0	0	0	44,944
Leased plant and equipment	11,952	0	0	0	0	11,952
Other leased assets	19,500	1,076	0	0	0	20,576
Total	72,522	4,950	0	0	0	77,472

Amortisation Fund	31/12/2021	Amortisation	Use	Write-downs	Other changes	31/03/2022
Leased land and buildings provision	15,118	1,319	0	0	0	16,437
Leased plant and machinery provision	4,621	363	0	0	0	4,984
Other goods	8,198	793	0	0	0	8,991
Total	27,937	2,475	0	0	0	30,412

Net Value	31/12/2021	Incrementi	Decrementi	Ammortamento	Svalutazioni	Altri movimenti	31/03/2022
Leased land and buildings	25,952	3,874	0	(1,319)	0	0	28,507
Leased plant and equipment	7,331	0	0	(363)	0	0	6,968
Other leased assets	11,302	1,076	0	(793)	0	0	11,585
Total	44,585	4,950	0	(2,475)	0	0	47,060

The balance at 31 December 2022, of EUR 47,060 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 increase compared to the end of the previous year, amounting to EUR 4,950 thousand, essentially refers to contract renewals that took place during the period.

5.2.4 Other investments

Other equity investments break down as follows:

Other investments	31/03/2022	31/12/2021	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
Sardhy Green Hydrogen	243	5	238
Total	745	507	238

The increase for the period relates to a capital contribution made to Sardhy Green Hydrogen.

5.2.5 Prepaid tax assets

The net deferred tax assets and liabilities of the Saras Group at 31 March 2022 amounted to EUR 84,050 thousand (consisting of deferred tax assets of EUR 87,780 recognised under non-current assets and deferred tax liabilities of EUR 3,730 thousand).

The Directors, based on the business forecasts, have assumed that the tax assets related to previous years losses are recoverable.

5.2.6 Other financial assets

At 31 March 2022, this item amounts to EUR 4,398 thousand (EUR 4,139 thousand in the previous year) and relates to medium/long-term receivables.

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	31/03/2022	31/12/2021	Change
Current bond loan	200,602	199,684	918
Current bank financing	129,868	385,252	(255,384)
Bank c/a	321,060	163,134	157,926
Financial derivatives	185,834	66,769	119,065
Other short-term financial liabilities	19,765	113,844	(94,079)
Total	857,129	928,683	(71,554)

The item "Current bond loan" includes a bond loan, with a total nominal value of EUR 200 million, maturing on 28 December 2022 and a fixed coupon of 1.70% on an annual basis represented by a private placement of bonds with the Austrian multilateral trading system, Third Market, which belongs to Wiener Börse AG.

The item "Current bank loans" includes the short-term portion of bank loans granted to the Group, which are valued at amortised cost. The terms and conditions of the loans and bonds are shown in the table below (amounts in EUR million):

Values expressed in millions of EUR	Loan acquisition / renegotiation	Original Amount	Base rate	Contractual Maturity	Residual at 31/12/2021	Residual at 31/03/2022	Maturities	
							1 year	over 1 to 5 years
Saras SpA								
Bond	December 2017	200	1.7%	December 22	199.7	200.6	200.6	
Unicredit	February 2020	50	6M Euribor	August 2023	50.0	50.0	50.0	
Sace loan	December 2020	350	0.95%	September 2024	320.8	291.7	117.3	174.4
Energia Alternativa Srl								
	January 2017	16	2.5% + 6M Euribor	June 2026	5.2	5.2	5.2	
Total liabilities to banks for loans					570.5	547.5	317.9	229.6

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 programme and intended to strengthen the capital structure of the Company. The loan was organised and underwritten by a pool of leading Italian financial institutions, including Banco BPM, Intesa Sanpaolo and UniCredit as Mandated Lead Arrangers and Lending Banks. Intesa Sanpaolo covers the role of Custodian Bank, Agent Bank and SACE Agent.

The transaction is part of a financial consolidation plan implemented by Saras to deal with the impact of the Covid-19 emergency, and, in line with the provisions of the "Liquidity Decree" of 9 April 2020 and the SACE regulations, is mainly aimed at supporting the Company's working capital.

The receipt by Saras SpA on 24 December 2021 of the notification of the termination of the investigations relating to the purchase of raw materials of Kurdistan origin (as better described in the specific section of this report on operations) and the possible involvement of the company as a liable party pursuant to Legislative Decree no. 231/2001, contractually determines the lender's right to request repayment of the credit lines (SACE loan, Unicredit loan and RCF loan) currently used or granted, and represents a critical issue for the granting of new lines in the authorisation process. Therefore, the SACE loan and the loan taken out with Unicredit for EUR 50 million, although contractually of medium-term duration, have been classified, in the financial statements at 31 December 2021, under short-term loans in application of the accounting standard IAS 1.74 which provides for this classification when a clause of a long-term loan agreement is violated, at the closing date or before the end of the financial year with the effect that the liability becomes a payable on request, as the unconditional right to defer its settlement for at least twelve months from that date ceases, even if the lender has agreed, after the closing date of the financial year, not to request payment as a result of the violation.

In order to mitigate this risk, it was necessary at the beginning of 2022 to request a waiver, actually granted on 31 March 2022, which also represents evidence of the bank's willingness to continue to provide financial support to the Group, also regarding the remaining short-term credit lines, as well as to the financing of the principal instalments and of the bond maturing in 2022. Therefore in the present accounts the original payment dates have been reset to medium and long-term.

It should also be noted that the financial parameters on existing loans subject to review at 31 December 2021 are complied with.

The item "Bank current accounts" includes the balance of the credit lines, as well as the "hot money" transactions that the Group uses in the normal course of business. The Parent Company Saras also has a Revolving Credit Facility for a maximum amount of EUR 305 million; the amount drawn-down at 31 March 2022 was EUR 205 million.

The item "Derivative financial instruments" includes the negative fair value of derivative financial instruments in place at 31 March 2022: the increase compared to 31 December 2021 is mainly due to the trend in crude oil and petroleum product prices.

The following table presents the assets and liabilities measured at fair value at 31 March 2022, broken down by type of underlying asset:

Financial derivative instruments	31/03/2022 Assets	31/03/2022 Liabilities	31/12/2021 Assets	31/12/2021 Liabilities
Interest rate swaps	8,650	879	0	65,185
Fair value derivatives on commodities	144,465	184,955	57,652	509
Fair value forward purchases and sales on exchange rates	0	0	0	970
Negative Fair value, derivative instruments	0	0	0	105
Total	153,115	185,834	57,652	66,769

"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

Trade payables amounted to EUR 1,920,475 thousand, an increase of EUR 339,911 thousand compared to the same figure at 31 December 2021. The increase is mainly due to the increase in prices during the period.

5.3.3 Tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/03/2022	31/12/2021	Change
Payables for VAT	49,075	20,638	28,437
IRES payables (and income tax foreign firms)	36,115	8,809	27,306
IRAP payables	5,580	2,505	3,075
Other tax payables	123,089	78,445	44,644
Total	213,859	110,397	103,462

IRES payables increased due to the recognition of taxes for the period.

“Other tax payables” mainly include payables for excise duties on products released for consumption by the Parent Company Saras SpA (EUR 104,299 thousand) and the subsidiary Saras Energia S.A.U. (EUR 4,227 thousand). The increase is mainly due to the effect of excise duty advances paid only in December, as required by Italian law.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below:

Other current liabilities	31/03/2022	31/12/2021	Change
Payables employee benefit and social security	10,830	12,306	(1,476)
Payables to employees	33,053	27,960	5,093
Other payables	13,878	16,037	(2,159)
Accrued liabilities	2,780	887	1,893
Deferred income	6,274	6,672	(398)
Total	66,815	63,862	2,953

Other current liabilities increased by EUR 2,953 thousand compared to those at year-end 2021; in particular, the item "Payables due to employees" includes salaries and wages for the month of March, not yet paid, and the accrued portion of additional monthly payments as well as any bonuses related to the achievement of company objectives.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/03/2022	31/12/2021	Change
Non-current bank loans	229,766	5,244	224,522
Other long-term financial liabilities	48,574	46,601	1,973
Total	278,340	51,845	226,495

The item includes the medium/long-term portions of bank loans taken out by the company of the Group.

As previously mentioned, the maturities of medium- and long-term loans, which in the previous year's financial statements had been reclassified under "Short-term financial liabilities", have been now reset to their original maturities. Please refer to what has already been described in paragraph 5.3.1.

The item "Other long-term financial liabilities" mainly includes the financial debt relating to contracts recognised 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	31/12/2021	Provisions	Use	Other changes	31/03/2022
Plant dismantling fund	19,038	0	0	0	19,038
Charges for CO2 quotas fund	133,307	55,974	0	0	189,281
Other prov. for risks and charges	7,373	805	(560)		7,618
Total	159,718	56,779	(560)	0	215,937

The provisions for decommissioning plants relate 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 CO₂ allowances (EUR 189,281 thousand) originates from the existence of quantitative limits to the CO₂ emissions of plants defined by Legislative Decree no. 216 of 4 April 2006; exceeding these limits entails the obligation to purchase, in the appropriate market, allowances covering the excess amount of CO₂. The provision relates to allowances, necessary to fulfil the obligation for the current period, which have not yet been purchased.

"Other risk provisions" mainly refer to provisions accrued in respect of probable 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	31/03/2022	31/12/2021	Change
Post-employment benefits	7,752	6,883	869
Total	7,752	6,883	869

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.

5.4.4 Deferred tax liabilities

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

5.4.5 Other non-current liabilities

Other non-current liabilities amounted to EUR 588 thousand and increased by EUR 397 thousand compared to the previous year.

5.5 Shareholders' equity

Shareholders' equity is comprised of the following:

Total equity	31/03/2022	31/12/2021	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	728,317	718,828	9,489
Net profit/(loss) for the period	76,595	9,334	67,261
Total	870,468	793,718	76,750

Share capital

At 31 March 2022, 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-end balance, is equal to one-fifth of the share capital.

Other reserves

This item totals EUR 728,317 thousand, up by a net EUR 9,489 thousand compared with the previous year-end balance. The net increase was the combined result of:

- allocation of the result of the previous year (profit of EUR 9,334 thousand);
- positive effect of the translation of foreign currency financial statements by foreign subsidiaries for EUR 155 thousand;

In accordance with IAS 1, paras. 1 and 97, it is 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 76,595 thousand.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The "Revenues from operations" break down as follows:

Revenues from ordinary operations	31/03/2022	31/03/2021	Change
Revenues from sales and services	2,678,755	1,536,327	1,142,428
Sale of electricity	261,964	65,677	196,287
Other remunerations	1,273	2,006	(733)
Change in contract work in progress	0	(405)	405
Total	2,941,992	1,603,605	1,338,387

Revenues from sales and services increased by EUR 1,142,428 thousand due to the strong increase in average sales prices, partially offset by a slight decrease in sales volumes. For more details, please refer to the contents of the Report on Operations.

Revenues from the sale of electricity mainly comprise those relating to the IGCC plant (EUR 220,872 thousand) and those relating to the sale of RIUs (EUR 24,661 thousand) by the subsidiary Sarlux Srl, as well as those relating to the wind farm of the subsidiary Sardeolica (EUR 16,431 thousand, which also includes sales from the newly acquired wind farms).

It must be noted that on 28 December 2021 ARERA (Autorità di Regolazione per Energia Reti e Ambiente - Regulatory Authority for Energy, Networks and the Environment), following Resolution no. 630/2021/R/EEL, within the framework of the Essentiality regime, has granted SARLUX S.r.l.'s application for the reinstatement of costs for the 2022 period for its IGCC (Integrated Gasification Combined Cycle) power plant.

The revenues of the parent company Sardeolica take into account the Decree-Law no. 4 of 27 January 2022, the so-called "TER support", which establishes, inter alia, a "compensation" mechanism for non-incentivised renewable sources, under which producers must repay, for the period from 1 February up until the end of 2022, 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.

Other remuneration essentially includes the revenues earned by the subsidiaries Sartec Srl and Reasar S.A. in their respective business segments.

6.1.2 Other income

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

Other operating revenues	31/03/2022	31/03/2021	Change
Compensation for storage of mandatory stocks	381	823	(442)
Sale of various materials	51	17	34
Grants	478	469	9
Chartering	103	990	(887)
Recovery for claims and compensation	7	126	(119)
CO2 charges reimbursement	0	18,936	(18,936)
Other revenues	6,614	4,453	2,161
Total	7,634	25,814	(18,180)

The decrease refers primarily to the item "Repayment of CO2 charges" and comprises the revenues recognised by the subsidiary Sarlux S.r.l. following the recognition, pursuant to Title II, point 7-*bis* of CIP Measure no. 6/92, of the repayment of the charges incurred as part of the application of Directive 2003/87/EC (Emissions Trading) as per AEEG's Resolution no. 77/08, no longer included in the period due to the termination of the CIP 6/92 sales contract.

6.2 Costs

The following table shows a breakdown of the main costs

6.2.1 Purchases of raw materials, supplies and consumables

Purchases of raw materials, consumables and supplies	31/03/2022	31/03/2021	Change
Purchase of raw materials	1,712,916	792,234	920,682
Purchase of semi-finished products	64,098	59,667	4,431
Purchase of supplies and consumables	19,326	14,795	4,531
Increase in property, plant and equipment	(1,466)	(2,800)	1,334
Purchase of finished products	896,592	651,168	245,424
Change in inventories	(372,175)	(137,496)	(234,679)
Total	2,319,291	1,377,568	941,723

The costs for the purchase of raw materials increased by EUR 920,682 thousand compared to the same period of the previous year, due to the increase in prices; costs for the purchase of finished products increased by EUR 245,424 thousand mainly due to the increase in prices and to the greater quantities purchased. For more details, please refer to the contents of the Report on Operations.

In accordance with the provisions of the accounting standards, the Group has measured inventories at the lower of purchase or production cost and recoverable market value: this comparison showed the need to recognise inventories at a lower value of EUR 1 million.

6.2.2 Costs of services and sundry costs

Cost of services and sundry costs	31/03/2022	31/03/2021	Change
Costs for services	237,214	118,922	118,292
Capitalisations	(10,144)	(4,622)	(5,522)
Derivatives on crude oil products and CO2	140,297	4,496	135,801
Costs for use of third-party goods	1,196	1,025	171
Provisions for risks	55,974	65,382	(9,408)
Other operating costs	11,489	7,409	4,080
Total	436,026	192,612	243,414

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges. The increase in this item is essentially related to the sharp rise in utility prices: for more details, see the Report on Operations.

The "Capitalisation" item mainly refers to turn-around maintenance costs capitalised during the period.

The item "Provisions for risks and charges" mainly includes the provision for charges related to the application of Directive 2003/87/EC (Emission Trading). The decrease compared to 31 March 2021, despite the increase in the value of CO2 allowances due to the related prices, is to be primarily attributable to the price adjustment applied to the previous year's allowances not yet purchased, which had entailed costs of approximately EUR 34 million in the previous period.

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

6.2.3 Personnel expense

The breakdown of "Personnel costs" is as follows:

Personnel costs	31/03/2022	31/03/2021	Change
Salari e stipendi	27,259	24,124	3,135
Increases in fixed assets for internal work	(1,047)	(1,792)	745
Social security contributions	7,512	6,965	547
Post-employment benefits	1,735	1,456	279
Other long-term costs and incentives	2,123	865	1,258
Remuneration to the Board of Directors	515	511	4
Total	38,097	32,129	5,968

Labour costs increased compared to the same period of the previous year, mainly due to the lack of use of the redundancy fund.

6.2.4 Depreciation/amortisation and write-downs

"Amortisation/depreciation" are shown below:

Depreciation/amortisation and write-downs	31/03/2022	31/03/2021	Change
Amortisation of intangible assets	1,165	1,345	(180)
Depreciation of property, plant and equipment	41,962	43,510	(1,548)
Total	43,127	44,855	(1,728)

Depreciation of leased items	31/03/2022	31/03/2021	Variazione
Depreciation of leased property, plant and equipment	2,475	2,300	175
Total	2,475	2,300	175

Total Depreciation and amortisation	45,602	47,155	(1,553)
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The item "Amortisation of leased items" includes the amortisation 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	31/03/2022	31/03/2021	Change
Bank interest income	1	108	(107)
Unrealised differences on derivatives	3,508	2,884	624
Realised differences on derivatives	932	64	868
Profit on exchange rates	37,755	17,059	20,696
Totale	42,196	20,115	22,081

Financial charges	31/03/2022	31/03/2021	Change
Unrealised differences on derivatives	509	(418)	927
Realised differences on derivatives	(319)	(1,859)	1,540
Interest expenses on loans and other financial charges	(5,347)	(5,398)	51
Interest on rights of use on leases	(171)	(163)	(8)
Exchange rate losses	(41,051)	(27,570)	(13,481)
Total	(46,379)	(35,408)	(10,971)

The table below shows net income/charges by type:

Financial income e Financial charges	31/03/2022	31/03/2021	Change
Net interest	(5,517)	(5,453)	(64)
Result of derivative instruments, of which:	4,630	671	3,959
<i>Realised</i>	613	(1,795)	2,408
<i>Fair value of open positions</i>	4,017	2,466	1,551
Net exchange rate differences	(3,296)	(10,511)	7,215
Total	(4,183)	(15,293)	11,110

The entire fair value of the derivatives in place at 31 March 2022 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 summarised below:

Income taxes	31/03/2022	31/03/2021	Change
Current taxes	21,057	(16,551)	37,608
Net deferred tax liabilities (assets)	8,775	4,986	3,789
Total	29,832	(11,565)	41,397

Current taxes consist of IRAP and IRES calculated on the taxable income of the consolidated companies.

The present accounting situation does not reflect the effect of Legislative Decree no. 21 of March 31, 2022, considering that further legislative actions and guidelines are necessary for the implementation of the same decree and for the correct determination of the relative amount. This decree defines the extraordinary contribution to be paid by companies in the energy sector on the increase in the balance between active and passive operations carried out in the six-month period October 2021-March 2022 compared to the corresponding period 2020-2021, as part of the package of tax measures adopted by Italian government in March 2022 due to the economic and humanitarian effects of the Ukrainian crisis.

7. Other information

For information on subsequent events after the end of the financial year, 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 provisions for risks.

The company Saras S.p.A. is subjected to investigations in the context of criminal proceedings no. 9603/2021 RGNR mod. 21 DDAT, pending at the Cagliari District Attorney - District Anti-Mafia and Terrorism Directorate.

The claim against Saras - pursuant to art. 25-octies of Legislative Decree no. 231/2001 - concerns the administrative offence deriving from the crime of "use of money, goods or benefits of unlawful origin" (pursuant to art. 648 ter of the Italian Criminal Code) alleged against some of its managers.

Specifically, according to the indictment, as resulting from the notice of conclusion of the preliminary investigations pursuant to Article 415-bis of the Italian Criminal Code notified to the company on 24.12.2021, some Group's managers allegedly committed the crimes of "ideological misrepresentation committed by a public official in public deeds" (pursuant to art. 479 of the Italian Criminal Code) and of "use of money, goods or benefits of unlawful origin" (pursuant to art. 648-ter of the Italian Criminal Code) in relation to 52 purchase transactions, in 2015 and 2016, from Petraco Oil Company LLP, of crude oil of criminal origin – because it was not certified by S.O.M.O. ("State Oil Marketing Organization"), the oil company of the Federal Government of Baghdad, and therefore they allegedly misappropriated from the Republic of Iraq – which was used in the economic and financial refining activities of Saras and on which, in any case, operations were carried out to hinder the verification of its criminal origin, consisting, inter alia, of the falsification of the relevant contractual, travel and customs documentation.

For its part, Saras is being investigated for the administrative offence referred to in article 25-octies of Legislative Decree no. 231/2001 in relation to the crime referred to in article 648-ter of the Italian Criminal Code and allegedly committed by the Group's managers because, according to the accusation, in 2015 and 2016, it failed to adopt an effective Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 (hereinafter, the "Model 231"), given that:

- until 12 May 2016, the latter did not specifically provide for preventive measures to combat the offence under investigation;

- subsequently, although the 231 Model was updated, it would not have been effectively implemented. According to the indictment, these organisational shortcomings would have made it possible for the Group's managers to carry out the individual episodes of reutilisation that are the subject of the charges, from which Saras would have gained a significant economic advantage deriving, in particular, "from the purchase of oil products of unlawful origin and destined for refining, at a much lower price, quantifiable at no less than EUR 1,124,767,082.47, compared with the market value". On the other hand, no charges have been brought against the Company under Legislative Decree no. 231/2001 in relation to the offence of false ideology: indeed, Art. 479 of the Criminal Code did not constitute and still does not constitute a predicate offence for the administrative liability of entities under Legislative Decree no. 231/2001. The notice of conclusion of the investigations does not contain any criminal-law charges originally brought against the managers under investigation. As of today, there has been no formal communication of the prosecution by the Public Prosecutor. However, according to press reports, informally confirmed by the Public Prosecutor's Office, the prosecution appears to have taken place at the end of February 2022. The company believes that the evidence acquired by the Cagliari District Attorney's Office leaves ample room to refute - first and foremost - the thesis that the marketing of crude oil by the KRG was not legitimate and, in any case, to rule out the awareness of Saras' management. On 28 March 2022, the Company and the managers involved in the investigations related to the purchase of crude oil of Kurdish origin were notified of the notice of preliminary hearing date before the Cagliari GUP [Preliminary Hearing Judge] for 16 June 2022. Saras S.p.A. – Since it became aware of the existence of the criminal proceedings, Saras S.p.A. has issued five press releases, in which it has made its position known to the market, refuting all the accusations (see: press releases dated 8.10.2020, 9.10.2020, 24.1.2021, 26.2.2022, 28.3.2022 available on the Company's website). In light of the above considerations and based on an initial analysis, several elements have emerged to refute both the application of the tax rules on so-called criminal costs and the factual reconstruction of the alleged offences. Therefore, it is deemed that, as of today, it is not possible to estimate the risk related to the possible tax liability related to the potential dispute against the Company by the Public Prosecutor.

As regards the subsidiary Sarlux Srl, there are ongoing disputes with the about the non-recognition of the categorisation 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 recognise any expenses or revenue with reference to these regulations.

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 authorised by GSE. In 2016, the latter commenced its inspections on all projects, although they had been already preliminarily authorised. 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 initiated an administrative dispute challenging the outcome of the above inspections. Its assessment of the risk arising from the possible outcome of the dispute was reflected in the financial statements. In 2018 and 2020, the GSE partially accepted the claims put forward by the subsidiary for some projects, thus arriving at the final definition: the effects of these changes were adequately reflected in the respective financial statements.

The Parent Saras SpA and the subsidiaries Sarlux Srl and Sardeolica Srl were subject to a tax audit by the tax authorities which led, in some cases, to disputes pending before tax courts.

7.2 Commitments

At 31 December 2022 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 totalling EUR 266,269 thousand at 31 March 2022, mainly in favour of subsidiaries and entities, such as Customs Agencies and the Ministry of Defence.

7.3 Related-party transactions

The transactions carried out by the 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 balance sheet, income statement and cash flow statement is not significant and is substantially in line with previous periods.