Saras Group
Interim Financial
Report as of
30th September 2021

SARAS

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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
DARIO SCAFFARDI	Chief Executive Officer, General Manager and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GIOVANNI MORATTI	Director
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
MONICA DE VIRGILIIS	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director
FRANCESCA LUCHI	Independent Director

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FRANCO BALSAMO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

EY SpA

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast southwest of Cagliari, is one of the biggest in the Mediterranean in terms of production capacity (15 million tonnes per year, equal to 300,000 barrels per day) and among the most advanced plants in terms of complexity (11.7 on the Nelson Index). 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 know-how, and technological expertise acquired in 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 context also includes the subsidiary Saras Trading SA, based in Geneva, one of the world's leading oil commodity trading hubs, which acquires crude and other raw materials for refinery, sells its refined products and performs 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 in the Italian and Spanish markets, but also in various other European and non-European countries.

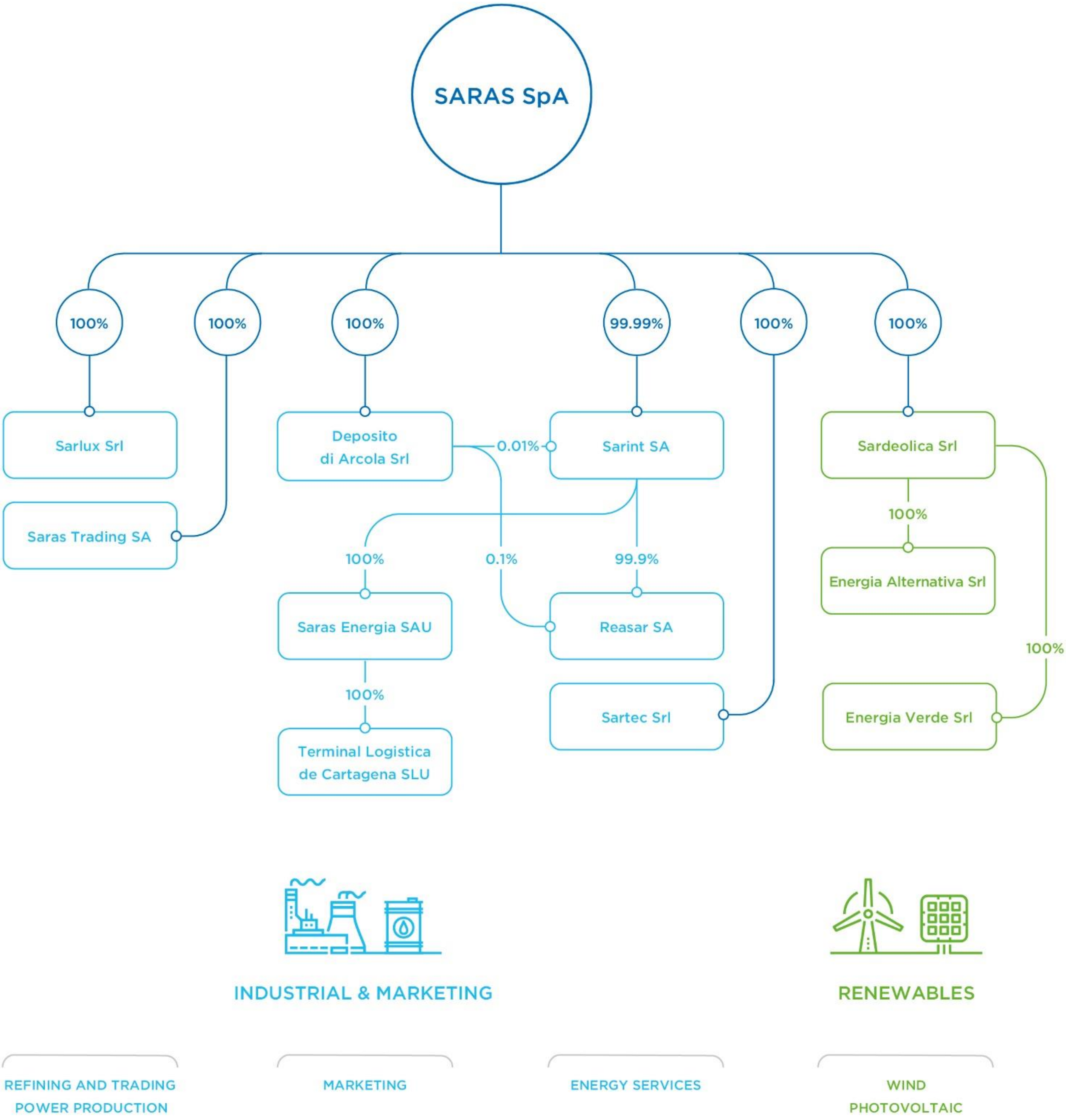
The Saras Group is also active in producing and selling electricity by means of the IGCC plant (Integrated Gasification Combined Cycle), integrated into the refinery, and also managed by the subsidiary Sarlux which has an installed power of 575 MW. The IGCC plant uses the refinery's heavy products as feedstock and generates over 4 billion kWh of electricity each year, which corresponds to approximately 48% of the electricity requirements in Sardinia.

In Sardinia, the Group produces and sells electricity from renewable sources through three wind farms managed by the subsidiary Sardeolica Srl and based in Sardinia in Ulassai and Macchiareddu, Cagliari (Sardinia), for a total installed capacity of 171 MW. The Saras Group's activity in the renewable sources sector is expected to significantly expand in the medium term, with an installed capacity target of 500 MW in 2024.

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 30th September 2021.
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

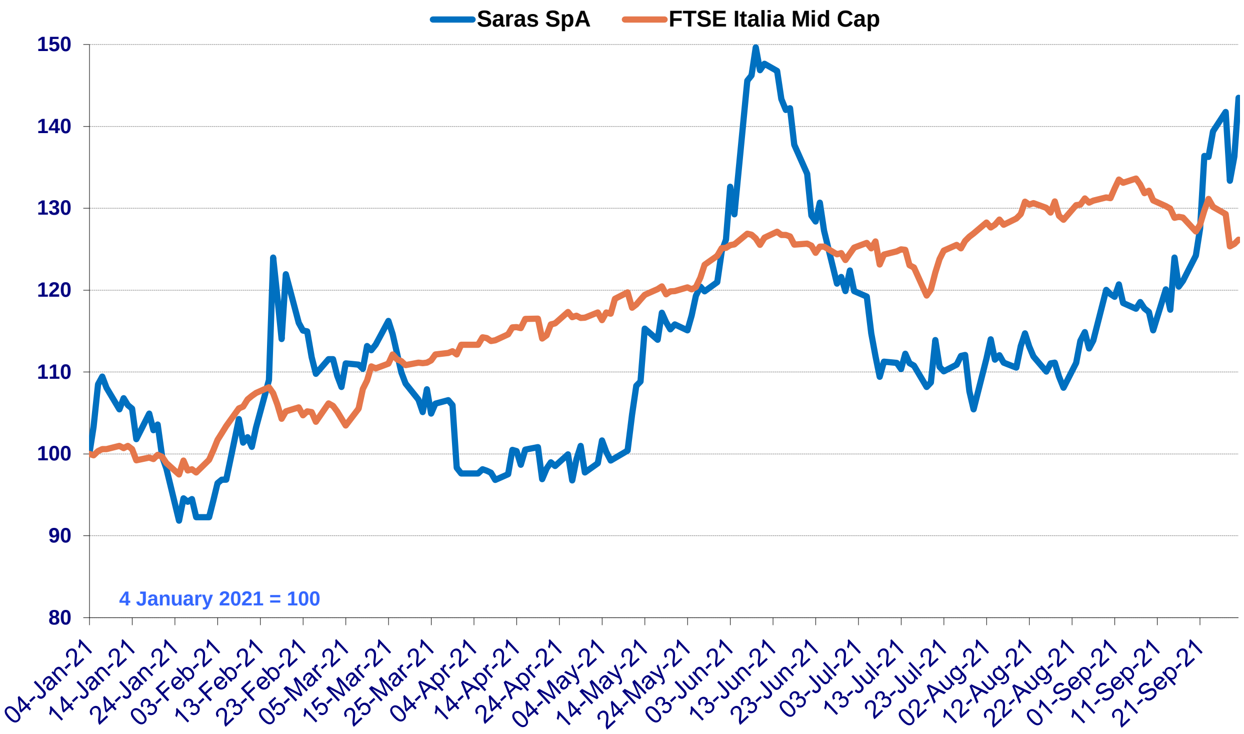
The following data relate to Saras' share prices and the daily volumes, traded during the first nine months of 2021.

SHARE PRICE (EUR)	9M/21
Minimum price (25/01/2021)	0.54
Maximum price (09/06/2021)	0.88
Average price	0.6629
Closing price at the end of the first nine months of 2021 (30/09/2021)	0.8438

DAILY TRADED VOLUMES	9M/21
Maximum traded volume in EUR million (07/06/2021)	45.5
Maximum traded volume in number of shares (million) (07/06/2021)	53.2
Minimum traded volume in EUR million (27/08/2021)	1.3
Minimum traded volume in number of shares (million) (27/08/2021)	2.0
Average traded volume in EUR million	7.0
Average traded volume in number of shares (million)	10.3

The Market capitalization at the end of the first nine months of 2021 was equal to approximately EUR 802 million and the total number of shares were 951 million.

The following graph shows the daily performance of Saras' share price during the first nine months of 2021, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Covid-19 Impact

The mid-October projections in the International Monetary Fund's (IMF) World Economic Outlook essentially confirmed expectations of sustained global GDP growth of 5.9% in 2021 (6% in the previous forecast at the end of July) and 4.9% in 2022. The slight downward revision for 2021 reflects a downgrade for advanced economies, partly due to tensions in commodity supply and, for low-income developing countries, largely due to worsening pandemic dynamics, partially offset by the improved near-term outlook for some raw material exporting emerging markets and developing economies.

Among the advanced economies, the exception is the Eurozone where, in 2021, thanks to the upwardly revised growth trend for Italy and France, GDP is expected to grow by +5% (+4.6% in previous projections), while in 2022 it remains confirmed at +4.3%.

Likewise, according to the latest report from the International Energy Agency (IEA), the positive trend in global oil demand, which started in late 2020 and continued into 2021, continued into the third quarter of 2021, leading to forecasts of oil demand of 96.3 mb/d in 2021 (slightly lower than the IEA's previous July estimate of 96.5 mb/d) and 99.6 mb/d in 2022 (99.5 mb/d in the previous forecast), reaching levels in 2022 equal to, if not slightly above, pre-covid levels. These estimates also include a partial increase in oil demand (estimated at about 0.5 mb/day compared to normal conditions) as a substitute for natural gas for electricity production. Shortages of natural gas, LNG and coal supplies, resulting from the growing global economic recovery, have in fact triggered a rapid rise in energy supply prices in recent months, leading to a massive switch to oil products and crude oil in energy generation. On the other hand, the same oil demand forecasts are tempered by the prospect of weaker GDP due to tensions in supply markets and fears of an energy crisis, resulting in a prolonged inflation in the medium term that dampens the economic outlook.

As far as the refining sector is concerned, it should be noted that the margins of the main oil products improved significantly in the third quarter: gasoline crack, also in the wake of the lack of production in the Gulf of Mexico due to Hurricane Ida, reached peaks in the quarter of $17/bl, and then stabilised at values close to $12-13/bl; diesel recovered margins and is now around $12-13/bl. In particular, middle distillates benefited from a partial recovery in domestic and international air traffic, and a consequent increase in demand for jet fuel, which helped to reduce stocks of these products globally. We recall, in fact, how the collapse in demand for jet fuel following the pandemic crisis led, starting from the emergency in 2020, to an accumulation of stocks of middle distillates (the refineries, unable to remodel their production assets beyond certain limits, allocated a large part of the share of crude oils previously used in the production of jet fuel to the production of diesel and gas oil), leading to a global oversupply of these products never seen before, which negatively affected their margins.

According to the IEA's latest estimates, demand for jet fuel is expected to stand at 5.3 million barrels per day this year (5.4 million barrels per day projected demand for 2021 in July), which is about 3 million barrels per day lower than average consumption in 2019. In particular, European air traffic[1] shows a slow recovery compared to the US, with passenger seat capacity in September 40% to 50% below pre-Covid levels, while in the US it was 15% below pre-pandemic levels. A further recovery is expected in the fourth quarter of 2021 and thereafter in 2022, although 2019 levels are not expected to be reached before the end of next year.

As for the crude market, in the third quarter of 2021, oil prices marked the highest average recorded since 2018, at $73.5/bl (+6.5% vs. the Q2 average of $69/bl), bolstered by recovering consumption and mobility data, but also as a result of production reductions in the US, following Hurricanes Ida and Nicholas, which hit the Gulf of Mexico, shutting down platforms and refineries in the area, and causing a large part of offshore production to be suspended for entire weeks. In addition, OPEC+ members in mid-July agreed to increase production by 400k/bl per day in each month from the beginning of August until the end of September 2022, confirming this strategy in early October for the following months - despite calls from major consuming countries for a more substantial increase - until production cuts are zero (expected at the end of 2022).

Lastly, affecting the rise in oil prices is the current shortage of natural gas and coal, which has increased the demand for fuel oil, crude oil and middle distillates for power plants in many countries, including China, Japan and Pakistan in Asia; Germany and France in Europe; and Brazil.

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[1] Source OAG, the world's leading provider of air traffic data and insights.

Looking at the quarter in progress, and at the current values of the margins of the main refined products (diesel and gasoline), despite the high values of brent, it is reasonable to expect a scenario of the oil market in progressive consolidation with possible improvements deriving from an increase in the air traffic in the case of middle distillates. This scenario remains subject to determining variables such as an increase in the supply on the crude oil market, the risk of new restrictions related to the pandemic, and the global state of the economy. In particular, it should be noted that the surge in energy costs could offset the benefit deriving from the consolidation of refining margins, with electricity prices and CO2 emissions significantly higher than historical averages. In particular the cost of electricity in Italy (PUN) in fact recorded in September 2021 an average price higher than € 158 MWh, more than tripled compared to the average recorded in the period 2015-2010, equal to approx. 50 €/ MW/h. The most recent trend has shown a further appreciation with PUN values that exceeded 200 € MWh in October and stood at approx. 170 €/MWh.

GAAP and Non-GAAP measure
Alternative performance indicators

In order to provide a representation of the Group's operating performance that better reflects the most recent market dynamics, in line with established practice in the oil sector, the results at operating level and at comparable Net Profit level, which are non-accounting measures prepared in this management report, are shown by valuing inventories on the basis of the FIFO method, however, excluding the unrealised gains and losses on inventories resulting from scenario changes calculated by valuing opening inventories (including associated derivatives) at the same unit values as closing inventories (with increasing quantities in the period), and closing inventories at the same unit values as opening inventories (with decreasing quantities in the period). Non-recurring items of a non-recurring nature, materiality and frequency are excluded from both the operating and comparable net result.

The results thus obtained, referred to as "comparable", are indicators that are not defined in international accounting standards (IAS/IFRS) and are not subject to audit. 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.
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Key financial and operational Group Results

EUR Million	9M 2021	9M 2020	Change %	Q3/21	Q3/20	Change %
REVENUES	5,839	3,960	47%	2,083	1,218	71%
Reported EBITDA	113.5	(78.1)	n.s.	4.8	36.3	n.s.
Comparable EBITDA	**10.6**	**10.2**	**4%**	**2.3**	**(61.5)**	**n.s.**
Reported EBIT	(33.0)	(234.7)	86%	(46.6)	(19.7)	n.s.
Comparable EBIT	**(135.9)**	**(146.5)**	**7%**	**(49.1)**	**(117.5)**	**58%**
NET RESULT reported	(34.9)	(174.0)	80%	(35.4)	6.7	n.s.
Comparable NET RESULT	**(109.7)**	**(111.1)**	**1%**	**(38.8)**	**(69.6)**	**44%**

EUR Million	9M 2021	FY 2020
NET FINANCIAL POSITION ANTE IFRS 16	**(503)**	**(505)**
NET FINANCIAL POSITION POST IFRS 16	**(547)**	**(545)**
CAPEX	**71**	**256**

Comments on the Group Results for the First Nine Months of 2021

In order to present the Group's business performance in a consistent manner, the information of the individual companies is allocated to the identified business segments; it should be noted that, as of 1 January 2021, the "Industrial & Marketing" segment includes all activities related to refining and electricity generation as well as activities related to "Marketing". While the "Renewables" segment includes the activities previously included in the "Wind" segment, which has been renamed in view of potential developments in photovoltaics and green hydrogen.

In the first nine months of 2021, with regard to the "Industrial & Marketing" segment and the related power generation business, following Resolution 598/2020/R/eel of 29 December 2020 and the consequent inclusion of the Sarlux Srl IGCC combined cycle power plant among the plants essential to the safety of the electricity system for operation, the transition from the CIP6/92 convention to the essentiality regime was finalised and the consequent change in the technical and economic parameters to be considered for its operation was implemented. Furthermore, in relation to the "Renewables" segment, on 4 June 2021, Sardeolica Srl acquired from GWM Renewable Energy SpA 100% of the shares of Energia Verde Srl and Energia Alternativa Srl, which own two wind farms located in Macchiareddu, Cagliari (Sardinia), with a total installed capacity of 45 MW, thus bringing the Saras Group's installed wind power capacity to 171 MW.

In the first nine months of fiscal year 2021, Group revenues amounted to Euro 5,839 million compared to Euro 3,960 million in the first nine months of last year. The change is due, in one respect, to the significant appreciation of the main oil products compared to the same period last year, which was characterised by a strong reduction in prices due to the impact of the pandemic; specifically, the average price of gasoline in the nine months of 2021 was $644/mt (vs. $377/mt in 2020), while that of diesel was $546/mt (vs. $361/mt in 2020). Other factors that contributed positively to the increase in revenues were higher processing and sales; in fact, it should be remembered that in the first nine months of 2020, production was affected by the impact of the FCC plant's multi-year maintenance and by the adverse scenario conditions. Partially offsetting these effects are the negative impacts of the €/$ exchange rate, which in the first nine months of 2021 was 1.20 (vs. 1.12 in 2020), and lower sales of electricity mainly due to the different set-up required by the essentiality regime as well as some production events in the first half of the year.

The Group's reported EBITDA of Euro 113.5 million in the first nine months of 2021, up from Euro -78.1 million in the first nine months of 2020. The positive change is primarily attributable to the different impact of commodity price dynamics on oil inventories; in the first nine months of 2021, the change in inventories (net of related hedging derivatives) benefited from an appreciation of Euro 105.8 million compared to a depreciation of Euro 83.6 million in the same period of 2020. In addition, with regard to the remaining portion, there was a substantial realignment of the impact of the oil scenario on margin generation (with the improvement in the third quarter of 2021 vs. 2020 offsetting a first half in which 2021 had been more unfavourable than 2020), a negative impact of both higher electricity and CO2 prices that increased variable costs (only partly offset by essentiality reimbursements). For other management comments, please refer to the "Segment Review" section.

The Group's reported Net Result was negative for Euro 34.9 million, compared to a negative result of Euro 174.0 million in the first nine months of 2020, mainly due to the same trends in EBITDA.

The Group's *comparable* EBITDA amounted to Euro 10.6 million in the first nine months of 2021, in line with the Euro 10.2 million achieved in the first nine months of 2020. Compared to reported EBITDA, this result does not include the above-mentioned positive effect of the scenario on inventory differences between the beginning and the end of the period, includes the impact of exchange rate derivatives (reclassified in the ordinary operation), and excludes non-recurring items relating to CO2 from the previous year. The overall result in line with the first nine months of 2020 is composed of a positive variance in the "Renewables" segment, which offsets a negative variance of the same magnitude in the "Industrial & Marketing" segment.

The Group's *comparable* Net Result for the first nine months of 2021 was Euro -109.7 million, compared to Euro -111.1 million in the same period last year.

Investments in the first nine months of 2021 amounted to Euro 70.5 million significantly lower than 2020 levels due to the lower shutdown activities planned between the two periods and the initiatives taken to contain investments.

Comments to Third Quarter 2021 Group Results

In the third quarter of 2021, Group's revenues amounted to Euro 2,083 million compared to Euro 1,218 million in the third quarter of last year. The significant change is attributable to the same dynamics highlighted in the commentary on the results for the first nine months of the year, in fact, in the third quarter of 2020 oil prices were characterised by a limited recovery compared to the drastic drop in the second quarter. Therefore, with reference to the prices of the main products, the average price of gasoline in the third quarter of 2021 was $719/mt (vs. $396/mt in 2020), while that of diesel was $600/mt (vs. $354/mt in 2020), while processing in the third quarter of 2021 amounted to 2,937 Kton, substantially in line with that of 2020 (approx. 2,903 Kton). In 2021, these values are linked to a quarter characterised by some planned and partly unplanned maintenance work (FCC plant shutdown at the beginning of August), while 2020 was characterised by low margins and some planned maintenance work**.**

The Group's *reported* EBITDA in the third quarter of 2021 was a positive Euro 4.8 million, down from Euro 36.3 million in the third quarter of 2020. This change was due, on the one hand, to the different impact of commodity price dynamics on oil inventories: in the third quarter of 2021, the change in inventories (net of the related hedging derivatives) benefited from an appreciation of Euro 4.7 million compared to an appreciation of Euro 107.5 million in the same period of 2020 (characterised by a more pronounced increase in oil prices after the drastic drop recorded in the second quarter). In addition, for the remainder, in the third quarter there was a significant positive impact from the oil scenario and a negative impact from the increase in electricity and CO2 prices (with an impact on variable costs and only partially offset by essentiality refunds). For other management comments, please refer to the "Segment Review" section

The Group's *reported* Net Result was negative for Euro 35.4 million, compared to a negative of Euro 6.7 million in the third quarter of 2020, mainly due to the same trends in EBITDA and to a negative impact of Euro 7 million deriving from exchange rate dynamics in 2021.

The Group's *comparable* EBITDA amounted to Euro 2.3 million in the third quarter of 2021, compared to Euro - 61.5 million in the third quarter of 2020. Compared to *reported* EBITDA, this result does not include the positive effect of the scenario on change in inventories, includes the impact of exchange rate derivatives (reclassified in the core business result) and excludes some non-recurring items. The difference in the third quarter compared to the same period in 2020 is mainly attributable to improved results in the Industrial & Marketing segment.

The Group's *comparable* Net Result for the third quarter of 2021 was negative for Euro 38.8 million compared to a negative result of Euro 69.6 million in the same period of the previous year.

Capital expenditure in the third quarter of 2021 amounted to Euro 12.5 million, lower than the levels of the third quarter of 2020 (Euro 37.5 million) due to the different shutdown activities planned between the two periods and to the initiatives taken to contain investments.

Calculation of the Group comparable EBITDA

EUR Million	9M 2021	9M 2020	Q3/21	Q3/20
Reported EBITDA	**113.5**	**(78.1)**	**4.8**	**36.3**
Gain / (Losses) on Inventories and on inventories hedging derivatives	(105.8)	83.6	(4.7)	(107.5)
Derivatives FOREX	(3.3)	1.1	0.9	8.1
Non-recurring items	6.2	3.6	1.3	1.7
Comparable EBITDA	**10.6**	**10.2**	**2.3**	**(61.5)**

Calculation of the Group comparable Net Result

EUR Million	9M 2021	9M 2020	Q3/21	Q3/20
Reported NET RESULT	**(34.9)**	**(174.0)**	**(35.4)**	**6.7**
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(76.3)	60.3	(3.4)	(77.5)
Non-recurring items net of taxes	1.5	2.6	-	1.2
Comparable NET RESULT	**(109.7)**	**(111.1)**	**(38.8)**	**(69.6)**

Net Financial Position

The Net Financial Position at 30 September 2021, before the effects of the application of IFRS 16, was negative for Euro 503.0 million, compared to the negative position of Euro 504.6 million reported at 31 December 2020. In the first nine months of the year, operations, apart from the positive price dynamics on inventories, did not compensate for capital expenditures and financial charges. As regards working capital, in addition to the aforementioned impact of inventory revaluations, there was an increase in trade and tax payables (VAT and excise duties) that more than offset the increases related to changes in inventory quantities and the increase in trade receivables (within which the impact of reimbursement related to essentiality should be noted).

The Net Financial Position before the effect of the application of IFRS 16 was negative for Euro 503.0 million and negative for Euro 546.9 million considering the effect of the application of IFRS 16.

For further details, please refer to the Notes.

EUR Million	**30-Sep-21**	**31-Dec-20**
Medium/long-term bank loans	(289.7)	(399.2)
Bonds	(202.1)	(199.3)
Other medium/long-term financial liabilities	(13.4)	(13.2)
Other medium/long-term financial assets	4.4	6.0
Medium-long-term net financial position	**(500.8)**	**(605.7)**
Short term loans	(138.0)	(19.1)
Medium/long-term bank loans (maturity date within 12 months)	-	-
Banks overdrafts	(541.4)	(456.1)
Other short term financial liabilities	(20.1)	(38.9)
Fair value on derivatives and realized net differentials	(19.0)	(6.2)
Other financial assets	66.1	62.4
Cash and Cash Equivalents	650.2	559.0
Short-term net financial position	**(2.1)**	**101.1**
Total net financial position ante lease liabilities ex IFRS 16	**(503.0)**	**(504.6)**
Financial lease liabilities ex IFRS 16	(44.0)	(40.3)
Total net financial position post lease liabilities ex IFRS 16	**(546.9)**	**(544.9)**

Market

Oil Market:

Here below there 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

	Q1/20	Q2/20	Q3/20	9M/20		Q1/21	Q2/21	Q3/21	9M/21
Quotations and crude differentials ($/bl)									
Brent Dated (FOB Med)	50.2	29.6	42.9	41.1		61.1	69.0	73.5	67.9
Urals (CIF Med)	48.4	31.8	43.1	41.2		60.6	67.8	71.7	66.7
"Heavy-light" differential	-1.9	2.2	0.2	0.1		-0.5	-1.2	-1.8	-1.2
***Crack spreads* products ($/bl)**									
Crack spread ULSD	11.2	6.4	4.4	7.3		4.3	4.8	7.0	5.4
Crack spread Gasoline	5.3	2.4	4.5	4.1		6.2	8.9	12.6	9.3
Reference margin ($/bl)									
EMC Benchmark	+1.3	-0.7	-1.8	-0.4		-1.4	-1.6	1.0	-0.7

Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the EMC Benchmark reference margin

Crude Oil Prices

In the third quarter of 2021, oil prices averaged the highest recorded since 2018, at $73.5/bl (+6.5% vs. the second quarter average of $69/bl), thanks to the very positive economic outlook, with consumption and mobility data recovering strongly.

On the supply side, prices in early September also reflected the production reductions in the US that followed Hurricanes Ida and Nicholas, which struck the Gulf of Mexico in August and September, damaging platforms, pipelines and processing centres, and causing the suspension of much offshore production for weeks at a time. Also on the supply side, OPEC+ members agreed in mid-July to increase production by 400k/bl per day every month from the beginning of August until the end of September 2022, confirming this strategy at the beginning of October for the following months - despite the requests of the main consumer countries for a more substantial increase - until the production cuts are reduced to zero (expected at the end of 2022). Finally, affecting the rise in oil prices is the current shortage of natural gas and coal, which has increased the demand for fuel oil, crude oil and middle distillates by up to 500k/bl per day for power plants in many countries, including China, Japan and Pakistan in Asia; Germany and France in Europe; and Brazil.

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

The "heavy-light" differential widened further in the third quarter. The Ural MED discount, which was already on the rise in the first quarter of the year and then increased in the second quarter of 2021 due to the gradual reduction in OPEC+ Russian production cuts, *and* an increase in availability for maintenance at Russian refineries, saw a further widening in July, mainly as a result of unfavorable margins for middle distillates - which process *sour* crude oil - in the month and reduced buying interest from Eastern buyers (particularly Chinese independent refineries). Conversely, the reduction in Russian export programmed in September resulted in a compression of the discount. The average for the quarter thus stood at -1.8$/bl (vs. -1.2$/bl in the second quarter).

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

In the third quarter of 2021, the margins of the main products recovered significantly, particularly the more reactive products such as gasoline.

Demand for the product most affected by the pandemic, **jet fuel**, is still well below pre-covid levels. However, in the summer season, the increase in air traffic, both domestic and international, made a substantial contribution to consumption: as a result, the crack of jet fuel recorded an average value of +$4.1/bl (vs. $+2/bl in the second quarter). In the same period in 2020, the crack in jet fuel still averaged negative and amounted to -2$/bl.

The **gasoline** crack benefited from a robust increase in car traffic during the summer season. In addition, between 26 August and 4 September, Hurricane Ida shut down several refineries on the west coast of the USA. Their restart, after the hurricane passed, took several weeks; therefore, the resulting reduction in production gave further support to the gasoline crack, which touched values above $17/bl (in 2019, the average gasoline crack stood at $7/bl). Overall, the average gasoline crack in the third quarter was +$12.6/bl, up significantly from the second quarter average (+$8.9/bl) and significantly higher than the same period in 2020 (+$4.5/bl).

The **diesel** crack, which until the second quarter of 2021, continued to show only a modest recovery, affected in particular by the reduced demand for jet fuel, after an initial downturn in July, in particular in September, marked the strongest post-Covid monthly increase, of about $3/bbl recovery, supported by the increase in air traffic both in the US and in Europe; in the old continent, then, the volumes of imported middle distillates dropped, as a consequence of the already mentioned shutdown of US refineries, due to hurricane Ida. Inventories therefore reached values below historical averages, with diesel crack averaging +$7/bl in the quarter (vs. +$4.8/bl in Q2) and an average of +$4.44/bl over the same period in 2020.

The **VLSFO crack** , which had recorded a significant decrease between May and June, with values just above zero, due to maritime traffic still below the usual seasonal levels, after initially touching negative values in July, recovered between August and September, reaching values around +2$/bl, mainly due to a recovery in maritime traffic, especially dry-bulk and containers. The average VLSFO crack in the third quarter was therefore +$0.8/bl (vs. $+1.3/bl in the second quarter). In the same period in 2020, the VLSFO crack had an average negative value of -1.24/bl.

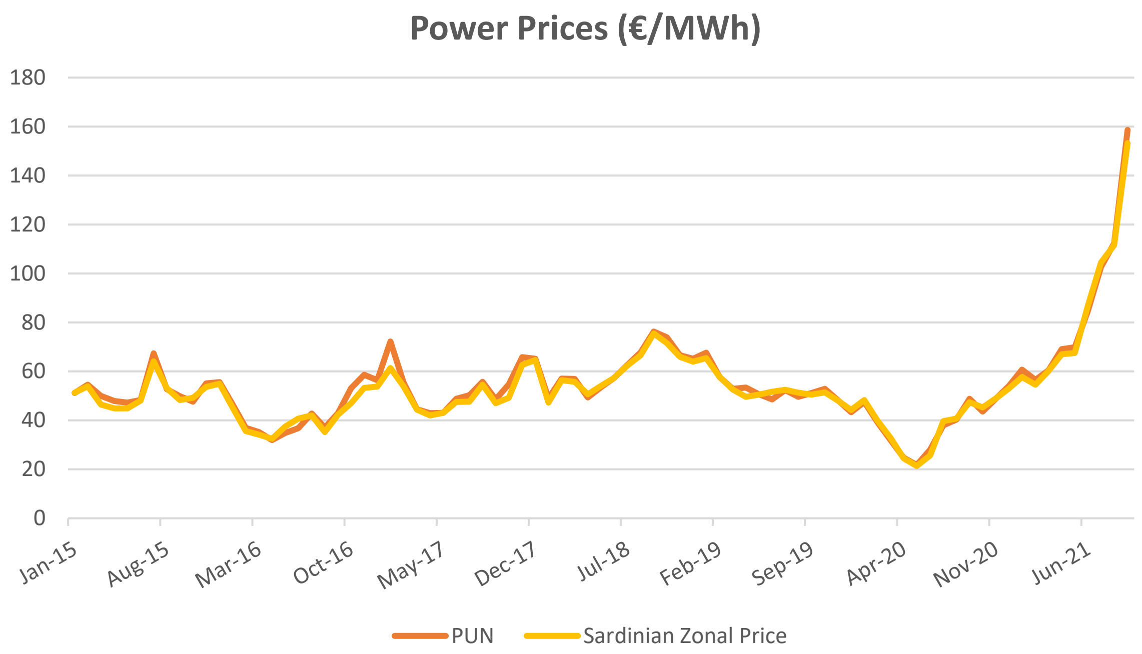
The crack of the **LSFO**, used as a "blendstock" in the formulation of the VLSFO, averaged $-0.7/bl in the third quarter (up from an average of $-1.8/bl in Q2) compared to a negative average of $-1.2/bl in the third quarter in 2020.

Although the reduction in OPEC+ Russian production cuts has boosted ATZ crude oil production, helping to bring the **HSFO** crack down to lower and closer to pre-pandemic levels, high natural gas prices have diverted a significant portion of HSFO volumes to power generation. This helped to keep the average HSFO crack in the third quarter at -$11.6/bl (vs. -11.7$/bl in Q2). In the same period in 2020, the HSFO crack averaged $-5.6/bl (mainly due to the reduction in availability of ATZ crude oils as a result of both OPEC+ and Russian production cuts).

Energy Market

The global lack of natural gas, LNG and coal supplies registered globally in recent months, resulting from the rapid economic recovery, has triggered a surge in energy supply prices.

The cost of electricity in Italy (PUN) recorded an average of 125 €/MWh in the third quarter, compared to an average of 42 €/MWh in the same period of 2020. In September, the average PUN recorded an average of over 158 €/MWh, more than tripled compared to the average recorded in the 2015-2010 period, equal to approx. 50 €/MWh. The most recent trend has shown a further appreciation with PUN values that exceeded 200 €/MWh in October and stood at approx. 170 €/MWh to current date.



A further determining variable of the energy scenario today is the price of permits for carbon dioxide emissions traded in the European Emission Trading Scheme (ETS) (the so-called "quotas").

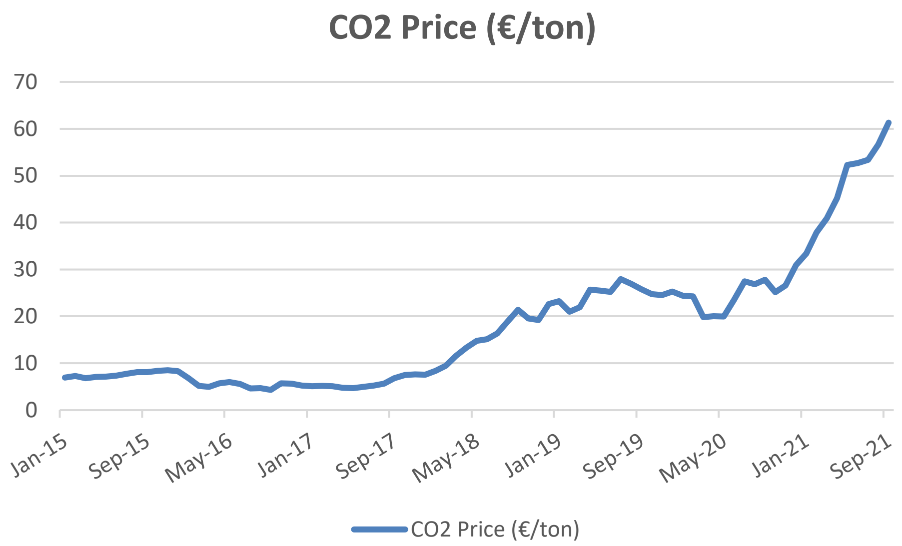
The prices of European permits for carbon dioxide emissions have reached their all-time highs in recent months, with an average of € 61.02 / tons in September, compared to a pre-covid average of € 20 / tons.

This trend is determined by the combination of a series of factors, including the start, from 2021 to 2030, of the "phase 4" of the ETS system, for which the European Union expects a greater reduction, at the annual rate of 2.2% compared to the previous 1.74%, of the total quantity of emission allowances. This helps to reduce the excess supply, with consequent upward pressures on prices, together with another mechanism established by the European Union with the same objective: the so-called "market stabilizing reserve", a fund where the carbon emission quotas in excess converge, most of which will then be eliminated starting in 2023.

In addition, last 14 July the European Commission approved the "Fit for 55" climate package, which provides for a series of measures aimed at reducing greenhouse gas emissions by at least 55% (compared to the previous 40%) by 2030 with respect to at the levels reached in 1990, with the aim of supporting the ecological transition process contemplated in the Green Deal, which affect various sectors from the economy to transport, from renewable energies to energy efficiency.

Alongside this, the sudden post-pandemic recovery, at least in part, has also contributed by pointing out a correlation between the increase in commodity prices and that of the ETS.

Finally, there is a speculative component, based on the expectation that the price may rise further, at least in the short term.



Refining Margin and Saras Industrial & Marketing integrated Margin[2]:

As regards the profitability analysis, Saras traditionally uses the refinery margin calculated by EMC (Energy Market Consultants) as a reference for a medium complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made up of 50% Brent and 50% Urals crude oils.

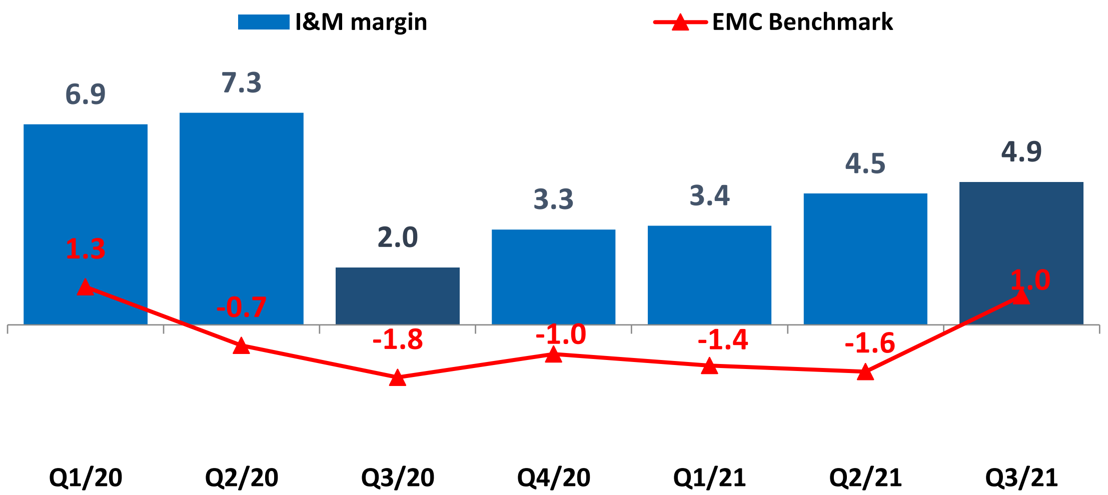
The reference margin (called "EMC Benchmark") in the third quarter of 2021 - after a negative average for six consecutive quarters - recorded an average of +1 $/bl, (compared to an average of -1.8 $/bl in the third quarter of 2020) and in the first nine months of 2021 an average of -0.7 $/bl (compared to an average of -0.4 $/bl in the first nine months of 2020).

In the third quarter of 2021, the margin of the Industrial & Marketing segment recorded a value of + 4.9 $/bl, with an integrated premium of + 3.9 $/bl compared to EMC. In the first nine months of 2021, the margin of the same segment recorded a value of 4.2 $/bl with an integrated premium of 4.9 $/bl compared to EMC.

It should be noted that the EMC benchmark, determining the variable costs - including energy costs - on the basis of a fixed percentage of the price per barrel of the LSFO[3],, and therefore does not incorporate the significant appreciation of energy costs (power) recorded starting from June, which instead impacted the I&M Saras Margin together with the sharp rise in the price of CO2. In particular, with reference to power, it is noted that the PUN in the third quarter recorded an average value of 125 €/MWh, compared to the month of June when it recorded a significantly lower average value equal to 80 €/MWh. This appreciation had an impact on the variable costs of the Industrial & Marketing segment, estimated on the basis of the processing and electricity[4] requirements of the I&M segment in the period, equal to -0.5 $/bl.

Based on this consideration, it should be noted that the EMC in the third quarter, if inclusive of this impact, would have recorded a lower value equal to + 0.5 $/bl (instead of 1 $/bl), compared to which the Saras premium Industrial & Marketing would have shown a value of 4.4 $/bl (instead of 3.9 $/bl).

Finally, it should be noted that the guidance on the premium for the year 2021 shared with the market last August 2, during the presentation of the half-year results, stood at an annual premium vs EMC of 4.7 ÷ 5.2 $/bl with an implicit premium for the third quarter of 4.1 $/bl. The reasons behind the lower premium achieved in the third quarter compared to the guidance are described in the Segment Analysis / Industrial & Marketing chapter on one side take into account the lower than expected operating performance realised in the quarter (with an estimated impact of -0.4 $/bl on the premium). On the other side higher energy costs incurred in the period (in particular with reference to electricity) determined an estimated impact of-0.3 $/bl. Alongside these impacts, the contribution on the Marketing channel premium in the period should be considered, which compared to the previous guidance stood at + 0.5 $/bl.



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[2] The margin of the Industrial & Marketing segment of the Saras Group incorporates the margins of the segments reported up to 31.12.2020, "Refining", "Power", "Marketing" and "Other activities".

[3] In calculating the EMC margin, variable costs are determined on the basis of a fixed percentage of the LSFO, according to the following formula: EMC Variable Costs ($/bl) = 2% * LSFO price + 0.3 $/bl. Based on this formula, in Q3 / 21 the variable costs included in the EMC benchmark amounted to € 31.9 million.

[4] Reference is made to the electricity needs of the I&M segment which is not included in the variable costs incurred for the production of essential electricity, and as such reimbursed by Terna under the essentiality regime.

Segment Review

Industrial & Marketing

The Sarroch production site, located on the south-west coast 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.

With regard to electricity generation activities, on 21 April 2021, following Resolutions 598/2020/R/eel of 29 December 2020 and 152/2021 of 13/04/2021, with the consequent inclusion of the Sarlux Srl IGCC combined-cycle power plant among the plants essential for the safety of the electricity system for 2021, the transition from the CIP6/92 convention to the essential status was finalised and the resulting change in the technical and economic parameters to be considered for its operation was implemented.

In addition, it should be noted that for the "Industrial & Marketing" segment, the results include the sum of the "Refining", "Power", "Marketing" and "Other Activities" segments, as defined in the 2020 Budget.

EUR Million	9M 2021	9M 2020	Change %	Q3/21	Q3/20	Change %
Reported EBITDA	97.6	(82.1)	n.s.	0.0	35.6	n.s.
Comparable EBITDA	**(4.6)**	**6.3**	**n.s.**	**(2.5)**	**(62.2)**	**96%**
of which relative to Marketing sales	24.6	18.3	34%	15.3	5.7	167%
Reported EBIT	(43.5)	(233.9)	81%	(49.5)	(18.8)	-163%
Comparable EBIT	**(145.7)**	**(145.5)**	**0%**	**(52.0)**	**(116.6)**	**55%**
CAPEX	**39.8**	**221.9**	**-82%**	**7.3**	**36.7**	**-80%**

Margins and refinery runs

		9M 2021	9M 2020	Change %	Q3/21	Q3/20	Change %
CRUDE RUNS	*Tons (thousand)*	9,489	8,333	14%	2,937	2,903	1%
	Barrels (million)	69.3	60.8	14%	21.4	21.2	1%
	Bl/day (thousand)	254	224	13%	233	233	0%
COMPLEMETARY FEEDSTOCK	*Tons (thousand)*	582	573	2%	180	130	39%
ELECTRICITY PRODUCTION	*GWh*	2,454	3,007	-18%	977	1,021	-4%
TOTAL SALES	*Tons (thousand)*	2,496	2,170	15%	934	837	12%
of which: in Italy	*Tons (thousand)*	1,589	1,394	14%	583	545	7%
of which: in Spain	*Tons (thousand)*	907	776	17%	351	292	20%
POWER SALE PRICE	Eurocent/KWh	10.4	7.6	37%	13.0	7.6	71%
EXCHANGE RATE	*EUR/USD*	1.20	1.12	6%	1.18	1.17	1%
EMC BENCHMARK MARGIN	*$/bl*	(0.7)	(0.4)	-66%	1.0	(1.8)	n.s.
SARAS IND & MKTG MARGIN	*$/bl*	4.2	5.4	-22%	4.9	2.0	140%

Comments to First nine months 2021 Results

Crude oil processing in the first nine months of 2021 amounted to 9.49 million tonnes (69.3 million barrels, corresponding to 254 thousand barrels/day), higher than in the first nine months of 2020, which were affected by significant maintenance at the FCC plant and overall less favourable market conditions from the third quarter onwards. The processing of complementary feedstocks in crude oil amounted to 0.58 million tonnes, in line with 0.57 million tonnes in the same period of 2020.

Electricity production amounted to 2,454 GWh, down 18% compared to the first nine months of 2020, mainly due to some significant production shutdowns involving electricity generation plants in the first half of 2021 and the changed production set-ups required under the new essentiality regime.

The *comparable* EBITDA was Euro -4.6 million in the first nine months of 2021, with a Saras Industrial & Marketing margin of +4.2 $/bl, within which the contribution of the Marketing channel was 0.5 $/bl (as usual, already net of the impact of the maintenance activity carried out in the period). This compares with a *comparable* EBITDA of Euro 6.3 million and a Saras Industrial & Marketing margin of +5.4 $/bl (within which the contribution of the Marketing channel was 0.5 $/bl) in the same period last year.

More specifically, focussing on the industrial segment, the comparison must take into consideration: market conditions, the specific performances of the Saras Group (both from an operational and commercial management point of view) and the scheme for costs reimbursement, regulated by the legislation for power plants essential to the safety of the electricity system (i.e. in the essentiality regime). This regime provides that, where the revenues generated from the sale of essential electricity are lower than the costs incurred for its production (including the costs of procuring the raw material, variable of other nature, fixed and the share relating to the return on capital) these must be supplemented by appropriate reimbursement by the competent authorities. Conversely, in cases where the revenues generated from the sale of electricity exceed these costs, the greater margin generated is returned as per current agreements.

With regard to market conditions, the impact on margins was positive for approximately Euro 40 million and it is mainly due to the strengthening of gasoline crack spread, equal to 9.3 $/bl (vs 4.1 $/bl in 2020) and to the raise of electricity price equal to 104 €/MWh (vs 76 €/MWh in 2020), partially compensated by the increased Brent price and the weakening of diesel crack spread. However, since the electricity generation plant is included within the essentiality regime, this greater electrical margin is then adjusted as per current legislation.

Operational performance in the first nine months of 2021 was approximately Euro 40 million lower than in the same period in 2020. This variation is mainly related to the lower commercial contribution (which concerns the procurement of crude oil and complementary raw materials, the sale of finished products, tanker charter costs, and inventory management, including compulsory stocks) that contributed negatively for about Euro 25 million; this deviation is due to the particularly positive performance that trading had generated in 2020, also due to the particular characteristics of the market that cannot be replicated in the changed context of 2021.

Production planning (which consists of optimising the mix of crude oils brought in for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) made a negative contribution of around Euro 5 million due to some negativity relating to the optimisation of the crude oil pool (changes in the quality of certain crude oil grades and difficulties in procuring certain other grades available in 2020).

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 certain "utilities" such as fuel oil, steam, electricity and fuel gas) had a worse performance than last year's by approximately Euro 10 million, within which the benefits of a less onerous maintenance plan were balanced by a lower production performance compared to last year's.

Industrial variable costs in the first nine months of 2021 increased by approximately Euro 135 million, this increase is attributable on the one hand to the changed scenario conditions (mainly the increase in the price of electricity and the cost of CO_2) with an estimated overall impact of approximately Euro 40 million and on the other hand to the reduction in free allocations and CO_2 refunds following the exit from the CIP6 regime with an estimated overall impact of approximately Euro 95 million. With regard to this increase, it should be noted that approximately Euro 85 million is the portion of the variable cost subject to reintegration.

In relation to the trend in fixed costs in the first nine months of 2021, these recorded a reduction of approximately Euro 30 million compared to the same period of the previous year thanks to the cost containment initiatives launched from the end of 2020. In particular, it is worth mentioning the plan to contain industrial and investment costs by internalising engineering activities through its subsidiary Sartec, and the plan to contain labour costs, implemented through the joint use of the redundancy fund and a pension plan.

It should also be noted that the recognition of essentiality within the revenues of the "Industrial & Marketing" segment includes the reimbursement of costs (for the procurement of raw materials, other variable costs and fixed costs) and the remuneration of capital relating to "essential" electricity production activities, as per the resolution approved by the competent authorities.

Before analysing in detail the contribution made by the sales of the Marketing channel, it is necessary to highlight some relevant market trends.
In Italy, according to data collected by Unione Energie per la Mobilità (UNEM), oil consumption in the first nine months of 2021 was up 9.2% compared to the same period in 2020, but still 9.8% below pre-pandemic levels. In particular, the consumption of transport fuels (petrol and diesel) amounted to 22.1 million tonnes, an increase of 16.3% compared to 2020 (an increase of 18.5% for gasoline and 15.7% for diesel). In the first nine months of 2021, new car registrations showed an increase of 20.6%, although the comparison was affected by the lockdown in the months of the previous year. Gasoline cars accounted for 30.8% of the total (vs. 40.3% in 2020), diesel cars for 23.1% (vs. 34.6% in 2020), and hybrids for 28.2% (vs. 13.0% in 2020). In this context, the Saras Group recorded a sales volume of 1,589 million tonnes, up 14% on the previous year.

Turning to the analysis of the Spanish market, in the first nine months of 2021, the data compiled by CORES show motor fuel consumption increasing by 15.3% compared to 2020, with a more evident increase for gasoline of 24.2% compared to diesel of 13.3%. In this context, the Spanish subsidiary Saras Energia recorded a sales volume of 0.907 million tonnes, up 17% on the previous year.

The contribution of sales in the marketing channel to the *comparable* EBITDA amounted to Euro 24.6 million, compared to Euro 18.3 million in the first nine months of 2020. This variance is mainly due to higher sales margins in Italy (due to increased volumes) and in Spain (due to increased volumes and unit margins) and to lower fixed costs in Spain. This contribution should be considered together with the industrial one because of the strong coordination between the technical and commercial competences on which the Group's business model is based.

Comments to Third quarter of 2021 Results

Crude oil processing in the third quarter of 2021 was 2.94 million tonnes (21.4 million barrels, corresponding to 233 thousand barrels/day) in line with the third quarter of 2020. Processing of complementary feedstocks was 0.18 million tonnes, slightly higher than the 0.13 million tonnes in the third quarter of 2020.

Electricity production totalled 977 GWh, down 4% compared with the third quarter of 2020, mainly due to the different set-up required by the essentiality regime and a different maintenance plan compared with the same period of comparison.

The *comparable* EBITDA was Euro -2.5 million in the third quarter of 2021, with a Saras Industrial & Marketing margin of + 4.9 $/bl, within which the contribution of the Marketing channel was 0.9 $/bl (as usual, already net of the impact of the maintenance activity carried out in the period). This result compares with a *comparable* EBITDA of Euro -62.2 million and a Saras Industrial & Marketing margin of +2.0 $/bl (within which the contribution of the Marketing channel was 0.5 $/bl) in the same quarter of the previous year**.**

With regard to market conditions, the impact on the generation of the margin was positive for approx. Euro 110 million. This value includes both the impacts related to the oil market and those relating to the energy market. With regard to the oil market, the increase in the crack of gasoline 12.6 $/bl (vs 4.5 $/bl in 2020), of the diesel crack 7.0 $/bl (vs 4.4 $/bl in 2020) they were only partially offset by the strengthening of the Brent price, while for the energy market the increase in the price of electricity 130 €/MWh in 2021 (vs 76 €/MWh in 2020) contributed for approx. Euro 50 million. However, since the electricity generation plant is included within the essentiality regime, this greater electrical margin is then adjusted as per current legislation.

Operational performance in the third quarter of 2021 was approximately Euro 30 million lower than in the same period of 2020.

This variation is linked to the lower commercial contribution (which concerns 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), which contributed negatively for approx. Euro 10 million; this difference is due to the lower results achieved in trading and in part to the lower optimizations made during the purchase of raw materials.

Production planning (which consists of optimising the mix of raw materials brought in for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) had a negative impact of approximately Euro 10 million, due to some negative factors relating to the optimisation of the raw material pool and delays in the formulation of certain products (the latter impacts will be recovered by sales in the fourth quarter).

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 certain "utilities" such as fuel oil, steam, electricity and fuel gas) was worse than last year by approximately Euro 10 million, partly due to higher consumption and losses and partly due to lower production performance linked to the shutdowns at the end of June with impacts in the third quarter and in the period at the beginning of August (FCC plant shutdown).

Industrial variable costs in the third quarter of 2021 were Euro 80 million higher than in the same period of 2020, this increase being attributable on the one hand to the changed scenario conditions (the same dynamics as shown in the commentary on the first nine months) with an estimated impact in the quarter of around Euro 20 million and on the other hand to the reduction in free allocations and CO2 refunds resulting from the exit from the CIP6 regime with a total estimated impact of around Euro 60 million. With regard to this increase, it should be noted that approximately Euro 55 million is the portion of the variable cost subject to reintegration.

With regard to fixed costs in the third quarter of 2021, these are approximately Euro 5 million lower than in the same period of the previous year thanks to the cost containment initiatives launched from the end of 2020.

It should also be noted that the recognition of essentiality within the revenues of the "Industrial & Marketing" segment includes the reimbursement of costs (for the procurement of raw materials, other variable costs and fixed costs) and the remuneration of capital relating to "essential" electricity production activities, as per the resolution approved by the competent authorities.

The contribution of the Marketing channel sales to the *comparable* EBITDA amounted to Euro 15.3 million, higher than the Euro 5.7 million recorded in the third quarter of 2020. This variance is mainly due to the higher margins generated by the higher volumes sold compared to the same period of the previous year both in Italy and Spain, to the better unit margins realised mainly in the Spanish market and to the reduction in fixed costs in Spain.

Crudes processed and yields of finished products

The crude oil mix processed by the Sarroch refinery in the first nine months of 2021 has an average density of 33.8°API, which is lighter than the mix processed in the first nine months of 2020. A more detailed analysis of the classes of crude oils used at shows an increase in the percentage of light crude oils with low and very low sulphur content ("lightsweet" and "light extra sweet") (it should be noted that the first half of 2020 was characterised by the turnaround maintenance of the FCC plant), as opposed to a reduction in high-sulphur medium crude oils (“medium sour”) and heavy crude oils with both low and high sulphur content (“heavy sour/sweet”), mainly due to the shutdowns involving the gasification cycle and the different production set-ups of the plant required by the essentiality regime.

		9M 2021	9M 2020	Q3/21
Light extra sweet		43%	22%	45%
Light sweet		6%	16%	5%
Medium sweet/extra sweet		6%	4%	6%
Medium sour		25%	33%	15%
Heavy sour/sweet		20%	26%	29%
Average crude gravity	°API	33.8	33.0	33.4

Turning to the yields of finished products, it can be noted that in the first nine months of 2021 the yield of light distillates (29.1%) was higher than in the first nine months of 2020. By contrast, the average distillate yield (48.3%) was lower than in the same period last year, as was the fuel oil yield (7.8%). These changes are due to the different plant set-ups between the two periods, as well as to changed market conditions.

		9M 2021	9M 2020	Q3/21
LPG	Tons (thousand)	211	131	57
	yield (%)	2.1%	1.5%	1.8%
NAPHTHA + GASOLINE	Tons (thousand)	2,935	2,176	869
	yield (%)	29.1%	24.4%	27.9%
MIDDLE DISTILLATES	Tons (thousand)	4,866	4,484	1,540
	yield (%)	48.3%	50.3%	49.4%
FUEL OIL & OTHERS	Tons (thousand)	790	796	204
	yield (%)	7.8%	8.9%	6.5%

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 through its subsidiary Sardeolica Srl, owners of two wind farms located in Ulassai and Perdasdefogu (Sardinia).

On 4 June 2021, the company Sardeolica Srl acquired from GWM Renewable Energy SpA 100% of the shares of Energia Verde Srl and Energia Alternativa Srl, which own two wind farms located in Macchiareddu, Cagliari (Sardinia), with a total installed capacity of 45 MW, thus bringing the Saras Group's installed wind power capacity to 171 MW. The economic and financial data relating to the acquisition have been consolidated from 1 June 2021.

It should be noted that for the "Renewables" segment, the 2020 results coincide with the "Wind" segment, as defined in the 2020 Budget.

EUR million	9M 2021	9M 2020	Change %	Q3/21	Q3/20	Change %
Reported EBITDA	15.9	4.0	n.s.	4.8	0.7	n.s.
Comparable EBITDA	**15.2**	**4.0**	**n.s.**	**4.8**	**0.7**	**n.s.**
Reported EBIT	10.5	(0.9)	n.s.	2.9	(0.9)	n.s.
Comparable EBIT	**9.8**	**(0.9)**	**n.s.**	**2.9**	**(0.9)**	**n.s.**
CAPEX	**30.7**	**1.6**	**n.s.**	**5.3**	**0.8**	**n.s.**

Other figures

		9M 2021	9M 2020	Change %	Q3/21	Q3/20	Change %
ELECTRICITY PRODUCTION	MWh	175,612	149,357	18%	47,438	30,339	56%
POWER TARIFF	EURcent/KWh	7.0	3.3	112%	10.2	4.1	149%
INCENTIVE TARIFF	EURcent/KWh	10.9	9.9	10%	10.9	9.9	10%

Comments to first nine months of 2021 Results

In the first nine months of 2021, *comparable* EBITDA of the Renewables segment amounted to Euro 15.9 million, higher than the Euro 4.0 million achieved in the first nine months of 2020. It should be noted that the result for the first half of 2021 benefits from approximately Euro 3.5 million related to the purchase transaction carried out with the two new parks.

Other aspects that contributed positively to the result for the first nine months of 2021 are: production up 18% compared to the same period of 2020 (of which approximately 16 GWh is attributable to the production of the new wind farms), increases in the energy sales tariff (+3.7 Eurocent/kWh compared to the first nine months of 2020) and increases in the incentive tariff (+1.0 Eurocent/kWh compared to the first nine months of 2020). It should be noted that the share of incentivised production in the first nine months of 2021 was approximately 8% of the total.

Comments to Third quarter of 2021 Results

In the third quarter of 2021, *comparable* EBITDA of the Renewables segment was Euro 4.8 million, higher than the Euro 0.7 million achieved in 2020 mainly due to the effects of increases in the electricity tariff and the incentive tariff.

In the third quarter, production was 56% higher than in the third quarter 2020 (of which approximately 8 GWh is attributable to production from the new farms). The energy sales tariff benefited from an increase of 3.7 Eurocent/kWh compared to 2020, while the incentive tariff increased by 1.0 Eurocent/kWh compared to 2020. It should be noted that the share of incentivised production in the first nine months of 2021 was approximately 8% of the total.

Investments by business segment

EUR Million	9M 2021	9M 2020	Q3/21	Q3/20
INDUSTRIAL & MARKETING	39.8	221.9	7.3	36.7
RENEWABLES	30.7	1.6	5.3	0.8
Total	70.5	223.5	12.5	37.5

Investments made by the Saras Group in the first nine months of 2021 amounted to Euro 70.5 million, down from Euro 223.5 million in 2020.

For the **Industrial & Marketing segment**, investments in the first nine months of 2021 amounted to Euro 39.8 million, a significant reduction compared to the Euro 221.9 million in the first nine months of 2020, due to both the initiatives to contain investments, implemented to mitigate the impacts of the Covid-19 pandemic, and the lower planned shutdown activities in the two periods (it should be noted that the first half of 2020 was characterised by the FCC turnaround).

For the **Renewables segment**, investments in the first nine months of 2021 amounted to Euro 30.7 million. These investments concerned both *reblading* activities, which were completed in the third quarter of 2021, and the acquisition of the new wind farms located in the Macchiareddu industrial area.

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Outlook

The mid-October projections in the International Monetary Fund's (IMF) World Economic Outlook essentially confirmed expectations of sustained global GDP growth of 5.9% in 2021 (6% in the previous forecast at the end of July) and 4.9% in 2022. The slight downward revision for 2021 reflects a downgrade for advanced economies, partly due to tensions in commodity supply and, for low-income developing countries, largely due to worsening pandemic dynamics, partially offset by the improved near-term outlook for some raw material exporting emerging markets and developing economies.

Among the advanced economies, the exception is the Eurozone where, in 2021, thanks to the upwardly revised growth trend for Italy and France, GDP is expected to grow by +5% (+4.6% in previous projections), while in 2022 it remains confirmed at +4.3%.

Analysing oil market dynamics, according to the latest International Energy Agency (IEA) report, the upward trend in global oil demand strengthened in the third quarter compared to the second quarter of 2021, also supported by seasonal dynamics that favour high consumption in the summer period. Compared to the second quarter, demand increased by around 3.1mb/d (Q2 growth compared to the first three months of the year was 1.2mb/d). Previous IEA estimates from July saw a slightly higher increase of 3.3 mb/d. On the back of these figures, the IEA's projected oil demand for 2021 stands at 96.3 mb/d (slightly lower than the IEA's previous July estimate of 96.5 mb/d), which is around 3 mb/d lower than pre-covid levels (in 2019, global daily demand for oil products stood at 99.7 mb/d), and mostly attributable to lower demand for jet fuel.

Looking at the last quarter, and at the current values of the margins of the main refined products (diesel and gasoline), despite the high values of brent, it is reasonable to expect a scenario of the oil market in progressive consolidation with possible improvements deriving from an increase in the air traffic in the case of middle distillates. This scenario remains subject to determining variables such as an increase in the supply on the crude oil market, the risk of new restrictions related to the pandemic, and the global state of the economy. In particular, it should be noted that the surge in energy costs could offset the benefit deriving from the consolidation of refining margins, with electricity prices and CO2 emissions significantly higher than historical averages. The cost of electricity in Italy (PUN) in fact recorded in September 2021 an average price higher than € 158 MWh, more than tripled compared to the average recorded in the period 2015-2010, equal to approx. 50 €/MWh. The most recent trend has shown a further appreciation with PUN values that exceeded 200 €/MWh in October and stood at approx. 170 € / MWh at current date.

In this context, with regard to the Industrial & Marketing segment, the Management's objective is to continue the efforts undertaken to contain costs and investments; this initiative will be modulated according to the evolution of the macroeconomic context and any operational and commercial opportunities that may arise. In this regard, it should be noted that the Company has chosen to extend, albeit in a reduced form, the use of the redundancy fund until the end of 2021. In addition, the focus on optimal plant management and maximising commercial opportunities remains unchanged, even though the latter are, as shown by the third quarter results, characterised by a more challenging market environment than in 2020.

From a scenario perspective, the expectation of a fourth quarter characterised by higher margins is confirmed, however, compared to what was previously assumed, the estimates on the main drivers of energy costs (i.e. electricity tariff and CO2 cost) are revised upwards, with an impact on Saras' margins and on the premium compared to the EMC Benchmark margin (it should be noted that in the EMC margin, unlike Saras, energy costs related to electricity and CO2 do not have an impact).

Therefore, the Saras Group, considering these impacts, estimates to achieve an average annual premium above the EMC Benchmark margin, at +4.3 ÷ +4.5 $/bl, including the Marketing channel result (of around +0.5 $/bl (compared to the previous guidance of an annual premium equal to 4.7-5.2 $/bl, of which 0.4 $/bl the contribution to the premium of the Marketing channel), in light of the lower than expected results of the third quarter (see the explanation in the chapter "Market / Refining margins") and for the higher energy costs (electricity and CO2) expected in the fourth quarter compared to previous forecasts.

As for the Renewables segment, after the completion of the acquisition of two wind farms located in Macchiareddu, Cagliari (Sardinia), and the reblading activities, authorisation activities continue for the development of new greenfield plants and the evaluation of the best options, including the opportunity of new partnerships with the aim of creating sustainable value in the long term.

Finally, regarding the expected trend of the Net Financial Position, in the remaining part of 2021, a level of indebtedness is expected that will not exceed that of the end of 2020, thanks to the improvement in cash generated from ordinary operations (as a result of the better market conditions expected) and the continuation of the cost containment and investment optimisation initiatives.

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Risk Analysis

Saras 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 controls the level of exposure to risk and the results of the actions to mitigate such risk. 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 executed 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 variation 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. The Group's credit risk profile has not changed following the economic crisis caused by the Covid-19 emergency.

Liquidity risk

The Group finances its activities both through the cash flows generated by operating activities and using externally sourced financing and it is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit, as well as to fulfil contractual obligations and respect covenants deriving from the financing contracts entered into.

Self-financing capacity and as a result the Group's level of debt, which has historically been limited, up to the pre Covid phase are 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).

As it is known, during FY 2020, the oil market shock (in terms of demand, supply and prices) due to the spread of the Covid-19 pandemic and the drastic pandemic containment measures enacted at a global level, inevitably negatively affected the Group's ability to generate cash from operating activities and therefore the Group's level of debt. In 2021, margins still remained at modest levels, even if the conditions of the oil market are returning to pre-covid levels; it is therefore expected that there will be a recovery in profitability starting from the next financial year.

In the previous year, the Group implemented a range of actions in order to mitigate the liquidity risk, by obtaining new credit lines both at short term and at medium\long term, one of which granted by the Government. The revisions of the financial parameters as of 31 December 2020 have been agreed with the financial institutions with which the main medium and long-term loans are in place. Currently, the failure to improve profitability in the short term entails a delay for the Group in the plan to improve the level of debt.
In this context, the Group has initiated interactions with the main credit institutions to define a review of the main maturities of the main loans, in order to capture the recovery in margins expected in the next few years.

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.

In the current context of extreme volatility of energy commodities, the results of the Saras Group, being a large energy-intensive operator are significantly influenced by the prices of electricity and CO_2 emission quotas with reference to the subsidiaries Sarlux and Sardeolica.

Risk related to the procurement of crude oil

A significant portion of the crude oil refined by Saras originates from countries exposed to a higher level of political, social and macroeconomic uncertainty; 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.

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 minimising 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 effect on the limits indicated in the current AIA permit
- the view of the European Commission and the ARERA (Italian Authority for Electricity, Gas and Water) implementing documents in relation to the recognition of the Sarlux subsidiary as an energy intensive enterprise
- regulatory dispositions relating 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 sold the electricity generated to the G.S.E. until the month of April 2021 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.
- regulatory provisions 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 and 598/20 and the cost reimbursement regime, with annual renewal

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.

Protection of Personal Data

The Saras Group operates in compliance with the current regulations on data protection regarding i t s 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 crisis has resulted, starting from April 2020, in a drastic and widespread drop in demand for oil products, with a consequent impact on the refining margin, along with the volatility of commodity prices and oil prices in particular. These extended effects 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 midterm, they would be unbearable. The recovery in consumption in the second and third quarters of 2021 negatively impacted the group due to the increase in the costs of energy commodities (electricity and CO2) and has not yet been reflected in an improvement in refining margins, shifting the expected recovery profitability to 2022, to then consolidate at more significant levels between 2023 and 2024.

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 (see Notes).

Other Information

Treasury shares

In the course of 2021, Saras SpA has not bought or sold any treasury shares.

As a result of the resolution of the Shareholders' Meeting of May 12th 2021 on the 2018-2021 Stock Grant Plan, Saras SpA assigned and delivered all treasury shares in its portfolio, equal to 9,220,216: therefore, the number of ordinary shares outstanding at 30 June 2021 were 951,000,000.

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 nine months of 2021.

Non-recurring and unusual Transactions

In the first nine months 2021, 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

There are no significant events that took place after the close of the first nine months of 2021

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 30th September 2021

Thousands of EUR		30/09/2021	31/12/2020
ASSETS	(1)		
Current financial assets	5.1	**2,444,522**	**1,841,050**
Cash and Cash equivalents	5.1.1	650,213	558,997
Other financial assets	5.1.2	202,706	153,677
Trade receivables from third parties	5.1.3	439,406	256,641
Inventories	5.1.4	1,061,659	737,389
Current tax assets	5.1.5	17,277	14,289
Other assets	5.1.6	73,261	120,057
Non-current assets	5.2	**1,478,233**	**1,529,138**
Property, plant and equipment	5.2.1	1,242,138	1,310,794
Intangible assets	5.2.2	42,350	47,225
Right-of-use of leased assets	5.2.3	46,951	42,801
Other investments	5.2.4	502	502
Deferred tax assets	5.2.5	141,844	121,844
Other financial assets	5.2.6	4,448	5,972
Total assets		**3,922,755**	**3,370,188**
LIABILITIES AND EQUITY			
Current liabilities	5.4	**2,395,067**	**1,676,426**
Short-term financial liabilities	5.4.1	856,307	611,441
Trade and other payables	5.4.2	1,291,475	916,594
Current tax liabilities	5.4.3	185,092	80,499
Other liabilities	5.4.4	62,193	67,892
Non-current liabilities	5.5	**775,783**	**909,240**
Long-term financial liabilities	5.5.1	547,997	652,064
Provisions for risks and charges	5.5.2	214,425	244,165
Provisions for employee benefits	5.5.3	9,242	8,901
Deferred tax liabilities	5.5.4	3,730	3,730
Other liabilities	5.5.5	389	380
Total liabilities		**3,170,850**	**2,585,666**
EQUITY	5.6		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		721,183	994,482
Net result		(34,834)	(275,516)
Total parent company equity		**751,905**	**784,522**
Third-party minority interests		-	-
Total equity		**751,905**	**784,522**
Total liabilities and equity		**3,922,755**	**3,370,188**

(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 – 30th September 2021

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD 1ST JANUARY - 30TH SEPTEMBER 2021

Thousands of EUR	(1)	1 JANUARY 30 SEPTEMBER 2021	*of which non-recurring*	1 JANUARY 30 SEPTEMBER 2020	*of which non-recurring*
Revenues from ordinary operations	6.1.1	5,780,209		3,838,047	
Other income	6.1.2	58,393		121,881	
Total returns		**5,838,602**	***0***	**3,959,928**	**0**
Purchases of raw materials, consumables and supplies	6.2.1	(4,934,997)		(3,604,549)	
Cost of services and sundry costs	6.2.2	(683,523)		(319,384)	
Personnel costs	6.2.3	(106,506)		(114,017)	
Depreciation/amortisation and write-downs	6.2.4	(146,636)		(156,812)	
Total costs		**(5,871,662)**	***0***	**(4,194,762)**	***0***
Operating result		**(33,060)**	***0***	**(234,834)**	***0***
Financial income	6.3	65,036		57,593	
Financial charges	6.3	(86,519)		(69,014)	
Result before taxes		**(54,543)**	***0***	**(246,255)**	***0***
Income tax	6.4	19,709		72,186	
Net result		**(34,834)**	***0***	**(174,069)**	***0***
Net result attributable to:					
Shareholders of the parent company		(34,834)		(174,069)	
Third-party minority interests		0		0	
Net earnings per share – base (euro cents)		**(3.69)**		**(18.48)**	
Net earnings per share - diluted (euro cents)		**(3.69)**		**(18.48)**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1ST JANUARY - 30TH SEPTEMBER 2021

Thousands of EUR	1 JANUARY 30 SEPTEMBER 2021	1 JANUARY 30 SEPTEMBER 2020
Net result (A)	**(34,834)**	**(174,069)**
Items that may be reclassified subsequently to profit or loss		
Effect of translation of the financial statements of foreign operations	(1,097)	(637)
Items that will not be reclassified subsequently to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits		
Other profit/(loss), net of the fiscal effect (B)	**(1,097)**	**(637)**
Total consolidated net result (A + B)	**(35,931)**	**(174,706)**
Total consolidated net result attributable to:		
Shareholders of the parent company	(35,931)	(174,706)
Third-party minority interests	0	0

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

Consolidated Statement of Changes in Equity to 30th September 2021

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) Financial year	Total Equity attibutable to the Parent Company	Third-party Minority Interests	Total Equity
Balance at 31/12/219	**54,630**	**10,926**	**967,129**	**26,154**	**1,058,839**	**0**	**1,058,839**
Allocation of previous period result			26,154	(26,154)	0		0
Conversion effect balances in foreign currency			(637)		(637)		(637)
Reserve for stock option plan			2,003		2,003		2,003
Net result				(174,069)	(174,069)		(174,069)
Total net result			*(637)*	*(174,069)*	*(174,706)*	*0*	*(174,706)*
Balance at 30/09/2020	**54,630**	**10,926**	**994,649**	**(174,069)**	**886,136**	**0**	**886,136**
Conversion effect balances in foreign currency			171		171		171
Actuarial effect IAS 19			(215)		(215)		(215)
Reserve for stock option plan			(123)		(123)		(123)
Net result				(101,447)	(101,447)		(101,447)
Total net result			*171*	*(101,447)*	*(101,276)*	*0*	*(101,276)*
Balance at 31/12/2020	**54,630**	**10,926**	**994,482**	**(275,516)**	**784,522**	**0**	**784,522**
Allocation of previous period result			(275,516)	275,516	0		0
Conversion effect balances in foreign currency			(1,097)		(1,097)		(1,097)
Reserve for stock option plan			3,314		3,314		3,314
Net result				(34,834)	(34,834)		(34,834)
Total net result			*(1,097)*	*(34,834)*	*(35,931)*	*0*	*(35,931)*
Balance at 30/09/2021	**54,630**	**10,926**	**721,183**	**(34,834)**	**751,905**	**0**	**751,905**

Consolidated Statement of Cash Flows for the period to 30th September 2021

Thousands of EUR	(1)	1/1/2021-30/09/2021	1/1/2020-30/09/2020
A - Initial cash and cash equivalents		**558,997**	**431,463**
B - Cash flow from (for) operating activities			
Net result	5.5	(34,834)	(174,069)
Unrealised exchange rate differences on bank current accounts		(14,265)	(6,230)
Amortisation, depreciation and write-downs of assets	6.2.4	146,636	156,812
Net change in risk provisions	5.4.2	(29,740)	(21,111)
Net change in provision for employee benefits	5.4.3	341	(243)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	(20,000)	(74,193)
Net interest		14,654	11,055
Income tax set aside	6.4	291	2,007
Change in the fair value of derivatives	5.1.2 - 5.3.1	18,982	(33,526)
Other non-monetary components	5.5	2,217	1,366
Profit (loss) for the period before changes in working capital		**84,282**	**(138,132)**
(Increase)/Decrease in trade receivables	5.1.3	(182,765)	90,540
(Increase)/Decrease in inventories	5.1.4	(324,270)	317,299
Increase/(Decrease) in trade and other payables	5.3.2	374,881	(732,752)
Change other current assets	5.1.5 - 5.1.6	43,808	47,792
Change other current liabilities	5.3.3 - 5.3.4	98,603	143,814
Interest received		110	1,252
Interest paid		(14,764)	(12,307)
Change other non-current liabilities	5.4.5	9	(25,777)
Total (B)		**79,894**	**(308,271)**
C - Cash flow from (for) investment activities			
(Investments) in tangible and intangible assets	5.2.1-5.2.2	(66,096)	(223,198)
(Investments) in Right-of-use of leased assets		(11,159)	(1,355)
(Increase)/Decrease in other financial assets	5.1.2	89,060	12,718
Increases in the sale of non-current assets held for sale	5.2.1-5.2.2	0	6,971
Total (C)		**11,805**	**(204,864)**
D - Cash flow from (for) financing activities			
Increase/(Decrease) m/l-term financial payables	5.4.1	(104,067)	55,956
Increase/(Decrease) short-term financial payables	5.3.1	89,319	192,340
Total (D)		**(14,748)**	**248,296**
E - Cash flows for the period (B+C+D)		**76,951**	**(264,839)**
Unrealised exchange rate differences on bank current accounts		14,265	6,230
F - Final cash and cash equivalents		**650,213**	**172,854**

(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”

For the Board of Directors
The Chairman

Massimo Moratti

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

1. Introduction

Publication of the condensed consolidated financial statements of Saras Group for the period ended 30 September 2021 was authorised by the Board of Directors on 10 November 2021.

Saras S.p.A. (the "Parent Company") is a company limited by shares listed on the Milan Stock Exchange. Its registered office is in Sarroch (CA), Italy, S.S. 195 "Sulcitana" Km. 19. It 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 together represent 40.02% of the share capital of Saras S.p.A. (excluding treasury shares) under the shareholders' agreement signed by these companies on 24 September 2019. The Company is established until 31 December 2056, as stated in its articles of association.

Saras S.p.A. operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. Saras Group's activities include refining of crude, and the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux S.r.l. and wind farms run by the subsidiaries Sardeolica S.r.l., Energia Verde S.r.l. and Energia Alternativa S.r.l.

These condensed consolidated half-year financial statements for the period ended 30 September 2021 are presented in euro, since this is the currency of the economy in which the Group operates. They consist of a Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and these Notes. All the amounts shown in these Notes to the Consolidated Financial Statements are expressed in thousands of euro, unless otherwise stated.

2. General preparation criteria for the Consolidated Financial Statements

The condensed consolidated half-year financial statements as at 30 September of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Article 6 of EC Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002, and in accordance with the measures adopted in implementation of Article 9 of Legislative Decree No. 38 dated 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 its Board of Directors, 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.

Taking into consideration the economic and financial situation for the first half of 2021, significantly influenced by the ongoing COVID-19 pandemic and its effects on the deterioration of the Group's overall profitability (further details of which are provided in the appropriate paragraph of the Report on Operations), the economic forecasts included in the budget and 2021/2024 Business Plan, approved by the Board of Directors during the first half of 2021 and revised by Management in the light of the contingent situation, and taking into account the forecasts of working capital and the financial position of the Group, the Directors decided to prepare these condensed consolidated half-year financial statements in accordance with the going concern principle.
The Directors determined that there are no financial, management or other indicators that could signal critical issues in the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties related to the business, as well as the variability of external and market factors to which the Group's economic and financial performance is exposed, are

described in the dedicated sections of the Report on Operations. A description of how the Group manages the risks connected to those factors, as well as financial risks, including liquidity and capital risks, is provided in the section on additional information on financial instruments and risk management policy of these notes.

3. Standards of preparation and changes to Group Accounting Standards

3.1 Standards of preparation

The condensed consolidated financial statements of the Saras Group for the period ended 30 September 2021, presented pursuant to Article 154-*ter* of the Consolidated Finance Act (TUF), as subsequently amended, have been prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and approved by the European Union, which include all the international accounting standards (IASs) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standard Interpretations Committee (SIC). The condensed consolidated financial statements for the period ended 30 September 2021 were prepared pursuant to IAS 34 – Interim Financial Reporting.

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

The main standards adopted by the Saras Group for the preparation of the condensed consolidated financial statements as at 30 September 2021 are consistent with those applied in the consolidated financial statements as at 31 December 2020 and the corresponding interim reporting period, except for the new accounting standards, interpretations and amendments described below, which, as of the date of preparation of these condensed consolidated financial statements, had already been enacted and had become effective in this financial year. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Standards issued and in force

IFRS 17 Insurance Contracts

In May 2017, the IASB published IFRS 17 Insurance Contracts, a new comprehensive standard which covers the recognition and measurement, presentation and disclosure of insurance contracts. Once into 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 (the “variable fee” approach)
- A simplified approach (the “premium allocation” approach), mainly for short-term contracts.

IFRS 17 will be in force for financial years starting on 1 January 2023 or later, and will require the presentation of the comparative balances. 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 impact on the Group’s consolidated financial statements.

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 preparation date of the Group's consolidated financial statements, 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.

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

The amendments introduce a definition of accounting estimates, by replacing the concept of change in accounting estimates. According to the new definition, accounting estimates are monetary amounts subject to uncertainty in measurement. Entities perform accounting estimates if the accounting standards require that financial statements be measured in such a way as to lead to uncertainty in measurement. The Board clarifies that a change in accounting estimates resulting from new information or new developments is not the correction of an error. In addition, the effects of a change in inputs or in a measurement technique used to develop an accounting estimate are changes in estimates if they do not result from the correction of errors made in the previous periods. A change in an accounting estimate may affect only profit or loss in the current period or both the current period and future periods, and the impact of the change on the current period is recognised as income/expense in the current period, while the impact on future periods is recognised as income/expense in these future periods. These amendments shall apply, after approval, as of 1 January 2023.

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

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 in case it becomes necessary to renegotiate existing loan agreements as well as following the IFRS IC and IASB discussions in this regard.

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

These amendments are intended to help the entities to prepare their financial statements in respect of the choice of the accounting policies. Specifically, entities are required to disclose their material accounting policies rather than their significant accounting policies, and several paragraphs are introduced that clarify the process of defining material policies, which could be such because of their nature, even if the related amounts are immaterial. An accounting policy is material if users of the financial statements need it to understand other information included in the financial statements. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to demonstrate and explain the application of the "four-step materiality process" to accounting policy information in order to support the amendments to IAS 1. These amendments shall apply, after approval, as of 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 approval. IAS 12 requires deferred taxes to be recognised whenever temporary differences occur, i.e. taxes due or recoverable in the future. Specifically, it has been established that companies, under specific circumstances, may be exempted from recording deferred tax when they record assets or liabilities for the first time. This provision previously gave rise to some uncertainty as to whether the exemption applies to transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. With the amendment to IAS 12, the IFRS clarifies that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce differences in the reporting of deferred tax on leasing contracts and decommissioning obligations. The amendments will be effective for financial years beginning on or after 1 January 2023, and early application is permitted.

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 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 is also noted that an Amendment to IFRS 16 – Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 was issued on 31 March 2021, which should have been effective as of 1 April 2021, and is still pending approval. With this amendment, the IASB further amended IFRS 16 to extend the time limit of one of the criteria that the lessor must meet in order to apply the practical expedient to the concessions received (exemption to lessees from the obligation to determine whether a lease concession is a modification of the lease), i.e. that any reduction in lease payments could only affect payments originally due by 30 September 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 or after 1 January 2022. 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 cycle of improvements, the IASB published an amendment to IFRS 1 First Time Adoption, which allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for the cumulative translation differences on the basis of the amounts booked by the parent company, considering the date of transition by the parent company to IFRSs. This amendment also applies to affiliated companies or joint ventures. The IASB then proposed an amendment to IFRS 9, clarifying 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 above-mentioned amendments will be effective for financial years beginning on or after 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 January 2022, and early application is permitted.

IFRS 9 Financial Instruments – Fees in the "10 percent" 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 as of 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.
The IASB has also approved two amendments to IAS 1 and IAS 8 with reference to the information on relevant accounting polices and the definition of the estimate and variation of accounting estimates.

3.3 Consolidation area

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, as of 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 consolidated financial statements have been prepared as at 30 September, 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 Cartegena SLU	100%
Reasar SA	100%
Sardeolica Srl and subsidiaries	100%
Energia Alternativa Srl	100%
Energia Verde Srl	100%
Saras Trading SA	100%
Other investments: measured at cost as not significant	
Sarda Factoring	4.01%
Consorzio La Spezia Utilities	5%

Compared to 31 December 2020, the subsidiary Sardeolica S.r.l. has acquired the following equity investments
- Energia Alternativa S.r.l.
- Energia Verde S.r.l.

The closing of the transaction, which took place at the beginning of September, resulted in an outlay of EUR 13,564 thousand and concerned all the shares of the two companies, which own and operate two wind farms located in the municipality of Uta (CA) with a total installed capacity of 45 MW, as well as financial receivables due from them.

3.4 Use of estimates and discretion in judgement also in light of COVID-19

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 amortisation and depreciation of non-current assets, the recoverable amount of non-current assets, the recoverable amount of inventories, deferred taxes, the provisions for risks and impairment losses on current assets, revenues from the sale of electricity under the essentiality and cost recovery regime approved by the Authority, the measurement of the recoverable value of receivables and the estimate of the fair value of derivative instruments.
The trend of market variables, in the medium-long term and in the short term, including the price and supply of crude oil and the worldwide demand of finished products with respect to the processing capacity, are capable of influencing, even significantly, the Group's performance. This represents one of the critical assumptions for the various valuation processes, more specifically for the assessment
of fixed assets and of the recoverable value of inventories as well as the volatility of the current values of financial instruments. The underlying valuation processes, which can be complex, entail the use of estimates that depend on variables that are outside the sector, which are highly variable and based on assumptions that, by nature, entail a significant degree of judgement
by the company's management, which, to this end, also takes into account the scenarios expressed by independent sector experts.
In addition, the ongoing COVID-19 health emergency has had an unprecedented impact on the world markets and in particular the oil segment, accordingly significantly affecting the economic and financial performance of Saras. The uncertainty
about the time and the chance that the markets and their operators could come back to the usual operating level, as well as the emergency situation in Italy and worldwide in respect of a pandemic that has never before been seen, make it extremely complex, particularly for the oil market, to prepare forecasts for Group performance in the near future, on which the impairment assessments carried out by the Group on non-current assets are based (i.e. tangible and intangible fixed assets and deferred tax assets).

In light of that described in the Chapter COVID-19 Impact, Report on Operations, the Group has carried out all checks necessary to continue operations as a going concern and valuation of its assets (please refer to Chapter 5.2 Non-current assets below for more information).
It has also updated the Chapter on Risk Analysis of the Report on Operations.

Estimates and valuations are reviewed periodically and the effects of each of them are recorded in income statement. A summary of the most significant estimates is provided in the Group's consolidated financial statements as at 31 December 2020, to which reference should be made.

4. Information by business segment and geographical area

4.1 Introduction

To provide a consistent presentation of the Group's business performance, information about the individual companies is linked to the revised business segments in the light of the information set out in the remainder of the document.
Hence, as of 2021, Group's business segments are as follows:

- Industrial&Marketing;
- Renewable.

With Resolution No. 598/2020/R/eel of 29 December 2020, ARERA (Italian Regulatory Authority for Energy, Networks and Environment) has indicated that TERNA register the combined cycle power plant of Sarlux Srl, IGCC (Integrated Gasification Combined Cycle), among the plants that are essential to the safety of the electricity system for the year 2021.
On 13 April 2021, ARERA – with Resolution 152/2021 – resolved to uphold the request for admission to the cost recovery system, thereby including Sarlux in the list, drawn up annually, of essential plants as of the expiry date of the relevant CIP6/92 agreement (20 April 2021).
The transition from the CIP6/92 agreement to the essentiality regime marked a significant change in the way the Sarlux plant operates since the technical-economic parameters to be considered for its operation will be those laid down in the essentiality system and will take into account the extremely high level of functional and strategic integration of the power plant with the refinery. Therefore, the activities of the IGCC plant, previously represented in the "Power" segment, are therefore represented as of 1 January 2021 in a single segment called "Industrial & Marketing" including the integrated refining and electricity generation activities. This segment also includes the activities related to "Marketing", a segment that until the previous financial year included the Spanish distribution network and the depots used as intermediate logistics; the sale of the network, started in 2019 and finalised in 2020, which represented the relevant activity of the "Marketing" segment, resulted in the loss of the segment, given that the plants remaining after such sale (the depots of Arcola, La Spezia and of Cartagena, Spain) are now subservient to the logistics of the refinery. The Marketing segment therefore no longer has any significant autonomy and has accordingly been aggregated. Finally, the "Industrial & Marketing" segment now includes the activities of the "Other

Businesses" segment, which effectively coincided with the business carried out by Sartec and Reasar, also dedicated to integrated refining activities.

The "Wind" segment will be renamed the "Renewable" segment in view of potential developments in photovoltaics and green hydrogen, and includes the subsidiaries operating in the sector of renewable wind energy production.

4.2 Segment information

In light of what has been described in the previous paragraph, as of the first quarter of 2021, the information by business segment has undergone a profound review, in the direction of a substantial aggregation of the segments previously identified, inspired by the aforementioned changes made to the Group business model.
Having said that, the format previously used to provide the segment information in these notes, no longer looks to be appropriate and the segment information provided in the Report on Operations is far 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 equivalents:

Cash and cash equivalents	30/09/2021	31/12/2020	Change
Bank and postal deposits	650,159	558,933	91,226
Cash	54	64	(10)
Total	**650,213**	**558,997**	**91,216**

Bank deposits mainly relate to Saras S.p.A. amounting to EUR 313,584 thousand, Sarlux S.r.l. amounting to EUR 79,346 thousand and Saras Trading S.A. amounting to EUR 242,766 thousand. Such deposits are not subject to constraints or restrictions.
It should be noted that the item "Bank and postal deposits" includes an amount of EUR 1044 thousand, not immediately available, deposited by the subsidiary Energia Alternativa S.r.l., as a guarantee to the lending bank for the loan taken out for construction of the wind farm.
For further details on the net financial position, reference is made to the relevant section of the Report on Operations. The change in cash and cash equivalents is summarised in the cash flow statement.

5.1.2 Other financial assets

The following table shows a breakdown of Other financial assets held for trading:

Current financial asset	30/09/2021	31/12/2020	Change
Current financial derivatives	136,565	91,110	45,455
Deposits to secure derivatives	64,903	61,325	3,578
Other assets	1,238	1,242	(4)
Total	**202,706**	**153,677**	**49,029**

The Derivatives item consists of both the positive fair value of instruments in place at end of the period and the positive differences realised and not yet collected.

The item "Derivative guarantee deposits" includes the balance as at 30 September 2021 of deposits to guarantee open positions in derivative instruments required by the counterparties with which the Group has entered into such transactions.

5.1.3 Trade receivables

Trade receivables amount to EUR 439,406 thousand, up on the equivalent amount as at 31 December 2020, by EUR 182,765 thousand. The item is presented net of the allowance for impairment, which amounts to EUR 7001 thousand (EUR 7974 thousand as at 31 December 2020). The increase in receivables is essentially 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 under review:

Inventories	30/09/2021	31/12/2020	Change
Raw materials, consumables and supplies	281,780	218,803	62,977
Unfinished products and semi-finished products	97,655	77,244	20,411
Finished products and goods	569,369	329,373	239,996
Spare parts and raw materials, supplies	112,855	111,969	886
Total	**1,061,659**	**737,389**	**324,270**

The increase in the value of oil inventories is attributable to the growing trend in prices, which partially offsets a decrease in inventory quantities held as stock compared with 31 December 2020.
In compliance with the provisions of the accounting standards, the Group has measured inventories at the lower of purchase or production cost and the recoverable amount on the market: this comparison has revealed the need to book inventories at a lower value for approximately EUR 8 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	30/09/2021	31/12/2020	Change
VAT credit	1,700	38	1,662
IRES credits	1,422	1,074	348
IRAP credits	9,994	7,625	2,369
Other amounts due from the tax authorities	4,161	5,552	(1,391)
Total	**17,277**	**14,289**	**2,988**

IRAP receivables refer to the advances paid during previous years by the subsidiary Sarlux and the surplus results with respect to the relevant tax.
Other receivables include tax for which a rebate has been requested, or which have been paid on a provisional basis.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	30/09/2021	31/12/2020	Change
Accrued income	160	36	124
Prepaid expenses	15,003	9,918	5,085
Other short-term loans	58,098	110,103	(52,005)
Total	**73,261**	**120,057**	**(46,796)**

Prepayments mainly relate to insurance premiums and charges for the biofuel regulations for the Parent Company
"Other receivables" mainly comprise:

- the receivable of EUR 23,607 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, referring to the early months of 2021 which benefited from the CIP 6/92 system; the decrease compared to the previous year is due to the collection of the portion referring to the year 2020.
- white certificates of EUR 29,512 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 2020); for additional information, reference should be made to point 7.1.

5.2 Non-current assets

As already described in the Report on Operations, Refining Sector is one of the most impacted by the pandemic. Continued uncertainty, particularly over the demand for oil products, due to the risk of new COVID variants, led to a further decline in the profitability of the sector in the first half of 2020, while the third quarter saw improved margins for the main oil products, partly offset by an increase in costs of utilities (electricity).

In line with the recommendations of the main regulatory authorities that have expressed themselves on this subject (ESMA, CONSOB, IOSCO), and in compliance with the requirements of IAS 36 (Impairment of assets), the Saras Group has constantly monitored the presence of indicators that could identify a risk for the Group to continue to operate as a going concern, as well as any current or foreseeable effects of the crisis on financial statements' items and on the financial structure of the Group.

Based on such monitoring activity and considering the updated 2021 budget (Forecast 9+3) approved by the Board of Directors on 10 November 2021, the Group verified as at 30 September 2021 the existence of indications that the activities of the CGU "Refining, Power and Marketing" belonging to the "Industrial&Marketing" operating sector, subject to impairment testing as at 31 December 2020, may have undergone a further reduction in value. This verification was carried out through a sensitivity analysis, applying to the impairment model, developed at the end of the previous financial year, the main variations in the estimates only for those quantities relevant to the test that changed during the period and in particular were:

- Revised oil and power scenario for 2021
- Revised refining+power 2021–2022 production plan as per the analysis on June 30, 2021
- Update of the IGCC cost recovery until the expiry of the essentiality system
- Incremental revision of investment profile for 2021–2024 as per the analysis on 30 June 2021

The scenarios after 2022 are assumed unchanged from those developed as at 31 December 2020, since the availability of independent projections is limited to the short term only; this approach is consistent with the widespread expectations of the industry which foresee the end of the crisis due to the pandemic after 2022 with a return to market rationales more in line with the global economy's normal performance.

This analysis did not reveal any indication of impairment losses compared with 31 December 2020 and therefore no new recoverable amount of the CGU was estimated.

As regards the "Renewables" CGU, which corresponds to the "Wind" CGU as defined in the 2020 Financial Statements, no impairment indicators were found.

5.2.1 Property, plant and equipment

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

Historical Cost	31/12/2020	Increases	Decreases	Write-downs	Other changes	30/09/2021
Land and buildings	179,129	5	(219)	0	4	178,919
Plant and machinery	3,726,697	17,814	(17,393)	0	189,529	3,916,647
Industrial and commercial equipment	37,658	0	(331)	0	1,637	38,964
Other goods	669,318	937	(69)	0	10,094	680,280
Tangible fixed assets under construction	246,465	29,793	(487)	0	(89,562)	186,209
Total	**4,859,267**	**48,549**	**(18,499)**	**0**	**111,702**	**5,001,019**

Amortisation Fund	31/12/2020	Amortisation	Use	Write-downs	Other changes	30/09/2021
Land and buildings fund	105,191	3,066	0	0	(232)	108,025
Plant and machinery fund	2,917,884	110,173	(13,109)	0	89,784	3,104,732
Industrial and commercial equipment fund	32,413	2,159	(313)	0	(12)	34,247
Other goods	492,985	18,437	(423)	0	878	511,877
Total	**3,548,473**	**133,835**	**(13,845)**	**0**	**90,418**	**3,758,881**

Net Value	31/12/2020	Increases	Decreases	Amortisation	Write-downs	Other changes	30/09/2021
Land and buildings	73,938	5	(219)	(3,066)	0	236	70,894
Plant and machinery	808,813	17,814	(4,284)	(110,173)	0	99,745	811,915
Industrial and commercial equipment	5,245	0	(18)	(2,159)	0	1,649	4,717
Other goods	176,333	938	354	(18,437)	0	9,215	168,403
Tangible fixed assets under construction	246,465	29,793	(487)	0	0	(89,562)	186,209
Total	**1,310,794**	**48,550**	**(4,654)**	**(133,835)**	**0**	**21,283**	**1,242,138**

"Land and buildings" chiefly include industrial buildings, offices and warehouses with a carrying amount of EUR 31,659 thousand, office buildings in Milan and Rome belonging to the Parent Company with a carrying amount of EUR 2247 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 Sr.l. with a carrying amount of EUR 36,988 thousand.

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

The item "Industrial and commercial equipment" includes equipment for the chemical laboratory and the control room for refining activities, as well as miscellaneous production equipment.

"Other assets" mainly include tanks and pipelines used to carry the group companies' products and crude oil (Sarlux Sr.l., Saras Energia S.A. and Deposito di Arcola S.r.l.).

"Assets under construction and payments on account" reflect costs incurred mainly for investment in tanks, and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

Increases for the year amounted to EUR 48,550 thousand and mainly refer to technological interventions on refinery plants and the extension of the wind farm, as mentioned previously.

Other movements include the balances of the two companies acquired from the subsidiary Sardeolica as described above.

The main annual depreciation rates used, which are the same as in 2020, 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 of the service facilities of the Sarroch refinery stand (wastewater treatment, desalination 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	31/12/2020	Increases	Decreases	Write-downs	Other changes	30/09/2021
Industrial patent and original work rights	59,479	86	(5,211)	0	325	54,679
Concessions, licences, trademarks and similar rights	24,543	0	(1)		0	24,542
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible fixed assets	530,414	247	(30)	0	507	531,138
Intangible assets under construction	929	251	0	0	0	1,180
Total	**636,384**	**584**	**(5,242)**	**0**	**832**	**632,558**

Amortisation Fund	31/12/2020	Amortisation	Use	Write-downs	Other changes	30/09/2021
Industrial patent and original work rights	51,876	2,340	(3,184)	0	61	51,093
Concessions, licences, trademarks and similar rights	13,041	30	(1)		611	13,681
Other intangible fixed assets	524,160	1,707	(30)	0	(485)	525,352
Total	**589,159**	**4,077**	**(3,215)**	**0**	**187**	**590,208**

Net Value	31/12/2020	Increases	Decreases	Amortisation	Write-downs	Other changes	30/09/2021
Industrial patent and original work rights	7,603	86	(2,027)	(2,340)	0	264	3,586
Concessions, licences, trademarks and similar rights	11,502	0	0	(30)	0	(611)	10,861
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible fixed assets	6,254	247	0	(1,707)	0	992	5,786
Intangible assets under construction	929	251	0	0	0	0	1,180
Total	**47,225**	**584**	**(2,027)**	**(4,077)**	**0**	**645**	**42,350**

The decrease compared with 31 December 2020 mainly reflects amortisation in the period of EUR 4077 thousand, calculated using the same annual rates as in 2020, which are 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 main items are set out in detail below.

Concessions, licences, trademarks and similar rights

This item mainly refers to surface rights acquired by the subsidiary Sardeolica on the land where the Ulassai wind farm stands. Its amortisation period will end in 2035.

Goodwill and intangible assets with indefinite life

This item mainly relates to the goodwill recognised for the subsidiary Sardeolica S.r.l. (EUR 20,937 thousand), which was paid to acquire the subsidiary Parco Eolico di Ulassai Srl (thereafter merged by incorporation into Sardeolica). It was justified given the projection of future cash flows expected by the subsidiary Sardeolica S.r.l. until its concessions expire.

Other intangible fixed assets

These amounted to EUR 5786 thousand, virtually unchanged from 31 December 2020.

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;
- instrumental 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	31/12/2020	Increases	Decreases	Write-downs	Other changes	30/09/2021
Leased land and buildings	41,070	0	0	0	0	41,070
Leased plant and equipment	11,952	0	0	0	0	11,952
Other leased assets	8,239	11,245	0	0	0	19,484
Total	**61,261**	**11,245**	**0**	**0**	**0**	**72,506**

Amortisation Fund	31/12/2020	Amortisation	Use	Write-downs	Other changes	30/09/2021
Leased land and buildings	8,431	3,687	0	0	1,768	13,886
Leased plant and equipment	3,167	1,090	0	0	0	4,257
Other leased assets	5,180	2,232	0	0	0	7,412
Total	**16,778**	**7,009**	**0**	**0**	**1,768**	**25,555**

Net Value	31/12/2020	Increases	Decreases	Amortisation	Write-downs	Other changes	30/09/2021
Leased land and buildings	32,639	0	0	(3,687)	0	(1,768)	27,184
Leased plant and equipment	8,785	0	0	(1,090)	0	0	7,695
Other leased assets	3,060	11,245	0	(2,232)	0	(1)	12,072
Total	**44,484**	**11,245**	**0**	**(7,009)**	**0**	**(1,769)**	**46,951**

The balance as at 30 September 2021 of EUR 46,951 thousand, relates to the application of IFRS 16 – Leases. Booking 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) Property leases for executive and sales offices.

The increase compared with the end of the previous year, amounting to EUR 11,245 thousand, essentially relates to a new contract, signed by the subsidiary Sarlux S.r.l., for logistical support and pollution prevention services through the use of third-party vessels.

5.2.4 Other equity investments

Other equity investments break down as follows:

Other investments	30/09/2021	31/12/2020	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
Total	502	502	0

5.2.5 Prepaid tax assets

The Saras Group’s net position of deferred tax assets and liabilities as at 30 September 2021 amounted to EUR 138,114 thousand (consisting of prepaid tax of EUR 141,844 thousand recognised under non-current assets and deferred tax entered under non-current liabilities for EUR 3,730 thousand).

On the basis of the forecasts of the 2021–2024 Business Plan and its updates for 2021 and 2022, the Directors have deemed the deferred tax assets recognised on past tax losses recoverable.

5.2.6 Other financial assets

At 30 September 2021, this item amounts to EUR 4448 thousand (EUR 5972 thousand 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	30/09/2021	31/12/2020	Change
Current bank loans	138,025	19,059	118,966
Bank current accounts	542,608	456,144	86,464
Financial derivatives	155,547	97,327	58,220
Other short-term financial liabilities	20,127	38,911	(18,784)
Total	**856,307**	**611,441**	**244,866**

"Current bank loans and borrowings" include the short-term portion of bank loans and borrowings raised by the Group, which are measured at amortised cost. The terms and conditions of the loans and bonds are described in note "5.5.1 - Long-term financial liabilities".

"Bank current accounts" includes the credit lines balance as well as "hot money" transactions used by the Group in the normal course of business. The Parent Company Saras also has a Revolving Credit Facility in place for a maximum amount of EUR 305 million, of which EUR 150 million was drawn as at 30 September 2021.

The item "Financial derivatives" reflects the negative fair value of the financial derivatives in place as at 30 September 2021: the increase of such items on 31 December 2020 is primarily due to the rise in the prices of crude and oil products.

The following table shows assets and liabilities measured at fair value as at 30 September 2021, broken down by the underlying type:

Financial derivative instruments	30/09/2021 Assets	30/09/2021 Liabilities	31/12/2020 Assets	31/12/2020 Liabilities	Change
Interest rate swaps	10,447	1,668	0	586	1,082
Fair value derivatives on commodities	126,118	153,879	91,110	95,104	58,775
Fair value forward purchases and sales on exchange rates	0	0	0	1,637	(1,637)
Negative Fair value, derivative instruments	0	0	0	0	0
Total	**136,565**	**155,547**	**91,110**	**97,327**	**58,220**

"Other current financial liabilities" essentially include receipts related to receivables factored without recourse and without notification, received from customers and not paid back to factors.

For further details, see the cash flow statement.

5.3.2 Trade and other payables

Trade payables amount to EUR 1,291,475 thousand, up by EUR 374,881 thousand on the balance as at 31 December 2020. The increase is mainly due to the rise in prices recorded during the period.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Tax liabilities	30/09/2021	31/12/2020	Change
Payables for VAT	44,278	15,739	28,539
IRES payables (and income tax foreign firms)	139	365	(226)
Payables for IRAP	2,366	0	2,366
Other tax payables	138,309	64,395	73,914
Total	**185,092**	**80,499**	**104,593**

"Other tax payables" mainly include payables for excise duties on products released for consumption by the Parent Company, Saras S.p.A., (EUR 127,759 thousand) and the subsidiary Saras Energia S.A.U. (EUR 4102 thousand). The increase mainly arises from the excise tax advance payments made 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	30/09/2021	31/12/2020	Change
Payables employee benefit and social security	8,609	10,395	(1,786)
Payables due to employees	28,167	26,928	1,239
Payables to others	15,302	21,162	(5,860)
Accrued liabilities	3,032	1,135	1,897
Deferred income	7,083	8,272	(1,189)
Total	**62,193**	**67,892**	**(5,699)**

Other current liabilities are down by EUR 5699 thousand compared with those at year-end 2020. In particular, the item "Payables to employees" includes salaries for month of September not yet paid and the accrued portion of additional monthly payments, as well as any bonuses linked 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	30/09/2021	31/12/2020	Change
Non-current bonds	202,135	199,344	2,791
Non-current bank loans	289,749	399,236	(109,487)
Other long-term financial liabilities	56,113	53,484	2,629
Total	**547,997**	**652,064**	**(104,067)**

It comprises the medium-/long-term portions of the bank loans taken out by the Parent Company. These are summarised as follows (values in EUR millions):

Values expressed in millions of EUR	Commencement / Debt renegotiation	Original amount	Base rate	Maturities	Balance at 31/12/2020	Balance at 30/06/2021	Maturities	
							1 year	beyond 1 year to 5 years
Saras SpA								
Bond	December 2017	200	1.7%	Dec-22	199.3	202.1		202.1
Unicredit	February 2020	50	6M Euribor	Aug-23	49.2	49.5		50.1
Sace Financing	December 2020	350	0.95%	Sep-24	350.0	350.0	116.6	233.4
Energia Alternativa Srl	January 2017	16	2,5% + 6M Euribor	Jun-26		6.2		6.2
Total liabilities to banks for loans					**598.5**	**607.8**	**116.6**	**491.8**

The "Long-term financial liabilities" mainly include a bond 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.

During the month of December 2020, SARAS signed a EUR 350 million loan contract with 70% of the amount assisted by SACE guarantees issued under the Italy Guarantee programme and intended to strengthen the Company's capital structure
The loan was organised and underwritten by a pool of leading Italian financial institutions, including Intesa SanPaolo as Depositary Bank, Agent Bank and SACE Agent.
The transaction is part of a financial consolidation plan put in place by Saras to address
the impact of the COVID-19 emergency and is in line with the provisions of the "Liquidity Decree" of 9 April 2020 and SACE regulations, and mainly aims to support the Company's working capital.
The loan was disbursed as a lump sum and will mature due on 30 September 2024, with a grace period of nine months and provides for a repayment in constant quarterly instalments as of the end of December 2021, at a rate, inclusive of the cost of the
SACE guarantee, in line with the average cost of the Group's debt.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

Provisions for risks and charges	31/12/2020	Provisions	Use	Other Changes	30/09/2021	Variazione
Plant dismantling fund	19,038	0	0	0	19,038	0
Charges for CO2 quotas fund	179,038	152,827	(179,038)	0	152,827	(26,211)
Other funds for risks and charges	46,089	915	(608)	(3,836)	42,560	(3,529)
Total	**244,165**	**153,742**	**(179,646)**	**(3,836)**	**214,425**	**(29,740)**

The provisions for dismantling plants relate to the future costs of dismantling plant and machinery, which are made wherever there is a legal and constructive obligation to be met in this regard.

The provision for CO_2 allowances (EUR 152,827 thousand) was accrued pursuant to Legislative decree no. 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The utilisation occurred in the period is due to the purchase of quotas for the fulfilment of the 2020 obligation amounting to EUR 179,038 thousand. The provision relates to allowances, necessary to meet the obligation for the current year, which have not yet been purchased.

The item “Other provisions for risks” mainly refers to provisions recorded for probable liabilities of a legal and fiscal nature, mainly due to a dispute with the GSE for the recognition of white certificates (TEE).

5.4.3 Provisions for employee benefits

The following table shows the changes in “Post-employment benefits”:

Provisions for employee benefits	30/09/2021	31/12/2020	Change
Post-employment benefits	9,242	8,901	341
Total	**9,242**	**8,901**	**341**

Employee end-of-service payments are governed by art. 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 as at 31 December 2006 was determined using actuarial methods.

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 3730 thousand, relate to the foreign subsidiaries.

5.4.5 Other non-current liabilities

Other non-current liabilities amounted to EUR 389 thousand and increased by EUR 9 thousand compared with the previous financial year.

5.5 Shareholders' equity

Shareholders’ equity comprises the following:

Total equity	30/09/2021	31/12/2020	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	721,183	994,482	(273,299)
Net profit (loss) for the period	(34,834)	(275,516)	240,682
Total	**751,905**	**784,522**	**(32,617)**

Share capital
As at 30 September 2021, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 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 721,183 thousand, representing a net decrease of EUR 273,299 thousand on the previous year. This net decrease was the combined result of:

- the allocation of the prior year loss (EUR 275,516 thousand);
- an increase of EUR 3314 thousand, relating to the change in treasury shares as a result of the resolution passed by the Shareholders' Meeting of Saras S.p.A. on 12 May 2021;
- the negative effect of the translation of foreign currency financial statements of foreign subsidiaries (EUR 1097 thousand);

In accordance with IAS 1, para. 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
Loss for the period amounts to EUR 34,834 thousand.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

"Revenues from ordinary operations" break down as follows:

Revenues from ordinary operations	30/09/2021	30/09/2020	Change
Revenues from sales and services	5,386,443	3,562,811	1,823,632
Sale of electricity	388,843	267,719	121,124
Other remunerations	5,328	6,787	(1,459)
Change in contract work in progress	(405)	730	(1,135)
Total	**5,780,209**	**3,838,047**	**1,942,162**

Revenue from sales and services is up by EUR 1,823,632 thousand due to the increase in average sale prices, also supported by a slight increase in sales volumes. For further details, see the Report on Operations.

Revenues from the sale of electricity mainly comprise EUR 346,209 thousand relating to the gasification plant, EUR 30,546 thousand relating to the subsidiary Sarlux S.r.l.'s internal utility network sales and EUR 12,088 thousand relating to the subsidiary Sardeolica's wind farm (which also includes sales from newly acquired wind farms).
It should be noted that on 13 April 2021 ARERA (the Energy, Networks and Environment Regulatory Authority), following Resolution no. 152/2021/R/EEL, as part of the Essentiality Regulation, accepted the application for admission to the reinstatement of costs made by SARLUX S.r.l., for the period from 21 April to 31 December 2021, for its IGCC (Integrated Gasification Combined Cycle) power plant. The economic conditions to which the IGCC plant will be subject for the period in question consist of two main terms. The first term includes the reintegration component of the fixed costs strictly necessary for electricity production (thus excluding hydrogen and steam production); these costs are aligned with the rationalisation and optimisation plans envisaged by SARLUX, making a positive contribution to reducing the costs of the national electricity system. The QAR component (depreciation and return on invested capital, as provided for in Resolution 111/06) is also reinstated. The second term provides, for essential electricity production, for the integration of variable costs in relation to what is collected from the sale on the market at the reference zonal price. The main items of variable costs include the IGCC plant fuel, the cost of the oxygen needed to convert this fuel into synthesis gas completely clean of any
trace of sulphur or other pollutants, and the charges associated with CO2 emission allowances under the Emissions Trading System.

It should be noted that revenue from the sale of electricity included revenue earned up to 20 April 2021 under the CIP6/92 scheme, which, inter alia, was subject to linearisation until 2020, as described in detail in the financial statements at 31 December 2020.

Other fees mainly refer to the revenues earned by the subsidiaries Sartec S.r.l. and Reasar SA in their respective business segments.

6.1.2 Other income

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

Other operating revenues	30/09/2021	30/09/2020	Change
Compensation for storage of mandatory stocks	1,935	7,712	(5,777)
Sale various materials	161	312	(151)
Grants	1,322	1,325	(3)
Chartering	1,680	2,051	(371)
Recovery for claims and compensation	391	473	(82)
CO2 charges reimbursement	24,061	53,028	(28,967)
Other revenues	28,843	56,980	(28,137)
Total	**58,393**	**121,881**	**(63,488)**

The item "Repayment of CO_2 charges" refers to 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. The decrease, compared with the previous year, is mainly due to the decrease in the number of allowances subject to reimbursement, in view of the fact that, as already mentioned, the CIP6/92 period for the IGCC plant ended on 20 April 2021.

The decrease in "Other revenues" mainly comprises the previous period release of the provision made in previous years for CO_2 allowances in relation to the purchase of the business unit (north plant) from Versalis Spa following their definitive assignment for the period 2015–2020, for EUR 35.9 million.

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, replacement parts, consumables	30/09/2021	30/09/2020	Change
Purchase of raw materials	2,560,568	870,861	1,689,707
Purchase semi-finished products	134,014	106,737	27,277
Purchase supplies and consumables	41,852	63,301	(21,449)
Increase in property, plant and equipment	(7,787)	(13,774)	5,987
Purchase finished products	2,540,460	2,269,449	271,011
Change in inventories	(334,110)	307,975	(642,085)
Total	**4,934,997**	**3,604,549**	**1,330,448**

Costs for the purchase of raw materials increased by EUR 1,689,707 thousand compared with the same period of the previous year, due to the increase in prices; costs for the purchase of finished products increased by EUR 271,011 thousand mainly due to the increase in prices, offset by the lower quantities purchased. For more details, refer to the Report on Operations.

In compliance with the provisions of the accounting standards, the Group has valued inventories at the lower of purchase or production cost and recoverable market value: this comparison has revealed the need to recognise inventories at a lower value for EUR 8 million.

6.2.2 Costs of services and sundry costs

Services and sundry costs	30/09/2021	30/09/2020	Change
Costs for services	434,072	462,400	(28,328)
Capitalisations	(12,118)	(79,040)	66,922
Derivatives on crude oil products and CO2	91,560	(153,050)	244,610
Costs for use of third-party goods	2,932	1,718	1,214
Provisions for risks	152,827	72,410	80,417
Other operating costs	14,250	14,946	(696)
Total	**683,523**	**319,384**	**364,139**

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges. The decrease in this item, despite the strong increase in the prices of utilities, is linked to the cost containment and investment reduction plan launched in the second half of the previous year: for further details, see the Report on Operations.

The “Capitalisations” item mainly relates to the turn-around maintenance costs capitalised in the period. The decrease compared with the same period of the previous year is due to the extensive maintenance cycle of scheduled closures carried out during the first half of 2020.

“Provisions for risks and charges” mainly include the allowance for charges relating to the application of Directive 2003/87/EC (Emissions Trading). The increase compared with 30 September 2020 is mainly due to the increase in the value of CO2 allowances as a result of the relative prices.

“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 expense” is as follows:

Personnel costs	30/09/2021	30/09/2020	Change
Salaries and wages	81,607	88,499	(6,892)
Increases in fixed assets for internal work	(4,056)	(9,535)	5,479
Social security contributions	20,871	24,418	(3,547)
Post-employment benefits	4,851	5,064	(213)
Other costs	2,825	4,082	(1,257)
Remuneration to the Board of Directors	408	1,489	(1,081)
Total	**106,506**	**114,017**	**(7,511)**

Considering the reduction in the average staff on the Group workforce and the use of the temporary lay-off fund (CIG) that began in the latter part of 2020 and continued throughout the current year, personnel expense reduced in comparison with the same period of last year.

6.2.4 Depreciation/amortisation and write-downs

Amortisation and depreciation figures are shown below:

Depreciation/amortisation and write-downs	30/09/2021	30/09/2020	Change
Amortisation of intangible assets	4,077	27,635	(23,558)
Impairment (Reversal of impairment)	1,715	0	1,715
Depreciation of tangible assets	133,835	122,251	11,584
Totale	**139,627**	**149,886**	**(10,259)**

Amortisation of leased items	30/09/2021	30/09/2020	Change
Amortisation of leased tangible fixed assets	7,009	6,926	83
Totale	**7,009**	**6,926**	**83**

“Amortisation of intangible fixed assets” decreased by EUR 23,559 thousand compared with the same period last year, mainly due to end of the amortisation of the contract for the sale of electricity under CIP6/92 of the subsidiary Sarlux.

“Depreciation of tangible fixed assets” increases due to the commissioning and consequent start of depreciation, of the investments made by the group during the previous year.

“Amortisation of leased assets” includes period amortisation calculated in accordance with the provisions of IFRS 16.

6.3 Financial income and charges

A breakdown of financial income and expense is shown below:

Financial income	30/09/2021	30/09/2020	Change
Bank interest income	110	1,252	(1,142)
Unrealised differences on derivatives	429	397	32
Realised differences on derivatives	1,819	8,693	(6,874)
Profit on exchange rates	62,678	47,251	15,427
Total	**65,036**	**57,593**	**7,443**

Financial charges	30/09/2021	30/09/2020	Change
Unrealised differences on derivatives	555	(439)	994
Realised differences on derivatives	(1,305)	1,228	(2,533)
Interest expenses on loans and other financial charges	(14,764)	(12,307)	(2,457)
Interest on rights of use on leases	(504)	(525)	21
Exchange rate losses	(70,501)	(56,971)	(13,530)
Total	**(86,519)**	**(69,014)**	**(19,606)**

The table below shows net income/charges by type:

Financial income e Financial charges	30/09/2021	30/09/2020	Change
Net interest	(15,158)	(11,580)	(3,578)
Result of derivative instruments, of which:	1,498	9,879	(8,381)
Realised	*514*	*9,921*	*(9,407)*
Fair value of open positions	*984*	*(42)*	*1,026*
Net exchange rate differences	(7,823)	(9,720)	1,897
Total	**(21,483)**	**(11,421)**	**(18,443)**

The fair value of derivatives in place at 30 September 2021 refers in full to 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 can be summarised as follows:

Income tax	30/09/2021	30/09/2020	Change
Current taxes	142	2,005	(1,863)
Net deferred tax liabilities (assets)	(19,851)	(74,192)	54,341
Total	**(19,709)**	**(72,187)**	**52,478**

Prepaid taxes refer to the tax loss for the period.

7. Other information

For information on subsequent events, reference should be made to the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Parent Company Saras S.p.A. and some Group companies were subject to a tax audit by the tax authorities which led, in some cases, to disputes pending before tax courts. With respect to 31 December 2020, no significant updates apply to current disputes, nor have any new actions been taken.

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 with regard to alleged infringements have been contradictory, the Group believes that the probability of any liability arising is remote. If, however, a liability is deemed probable, appropriate accruals have been made to the provision for risks. Also in this context, with respect to 31 December 2020, no significant updates apply to current disputes, nor have any new actions been taken.

The subsidiary Sarlux Srl is involved in pending litigation concerning energy issues:

- non-recognition of the IGCC plant as a co-generation plant with the consequent alleged obligation to purchase green certificates;
- recognition of white certificate credits (energy efficiency certificates) for achieved energy efficiency;

refer to the 2020 consolidated financial statements for further details.
Also in this context, with respect to 31 December 2020, no significant updates apply to current disputes, nor have any new actions been taken.

7.2 Commitments

As at 30 September 2021, there are no irrevocable, multi-year commitments to purchase materials or services.

As part of its normal activities, the Parent Company Saras issued sureties totaling EUR 257,117 thousand as at 30 September 2021, mainly in favor of subsidiaries and bodies, such as Customs Agencies and the Ministry of Defense.

7.3 Related-party transactions

The transactions carried out by the Saras Group with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. During the period, there were no new types of related-party transactions. The impact of these transactions or positions on the items of the statement of financial position, income statement and cash flow statement are immaterial and substantially in line with previous periods.