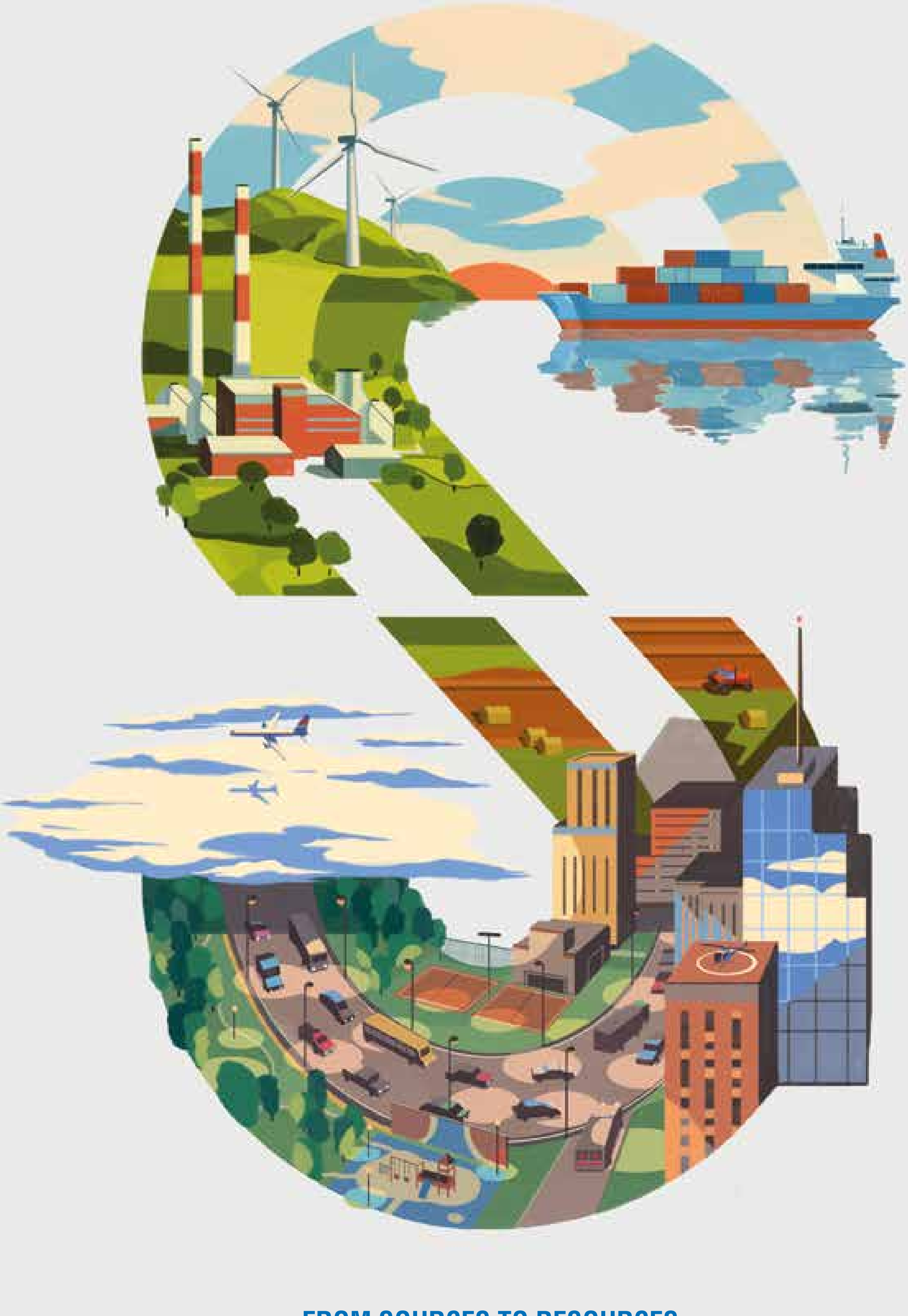
GROUP CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS FOR SARAS SpA AS AT 31st DECEMBER 2022



FROM SOURCES TO RESOURCES

SARAS

SARAS

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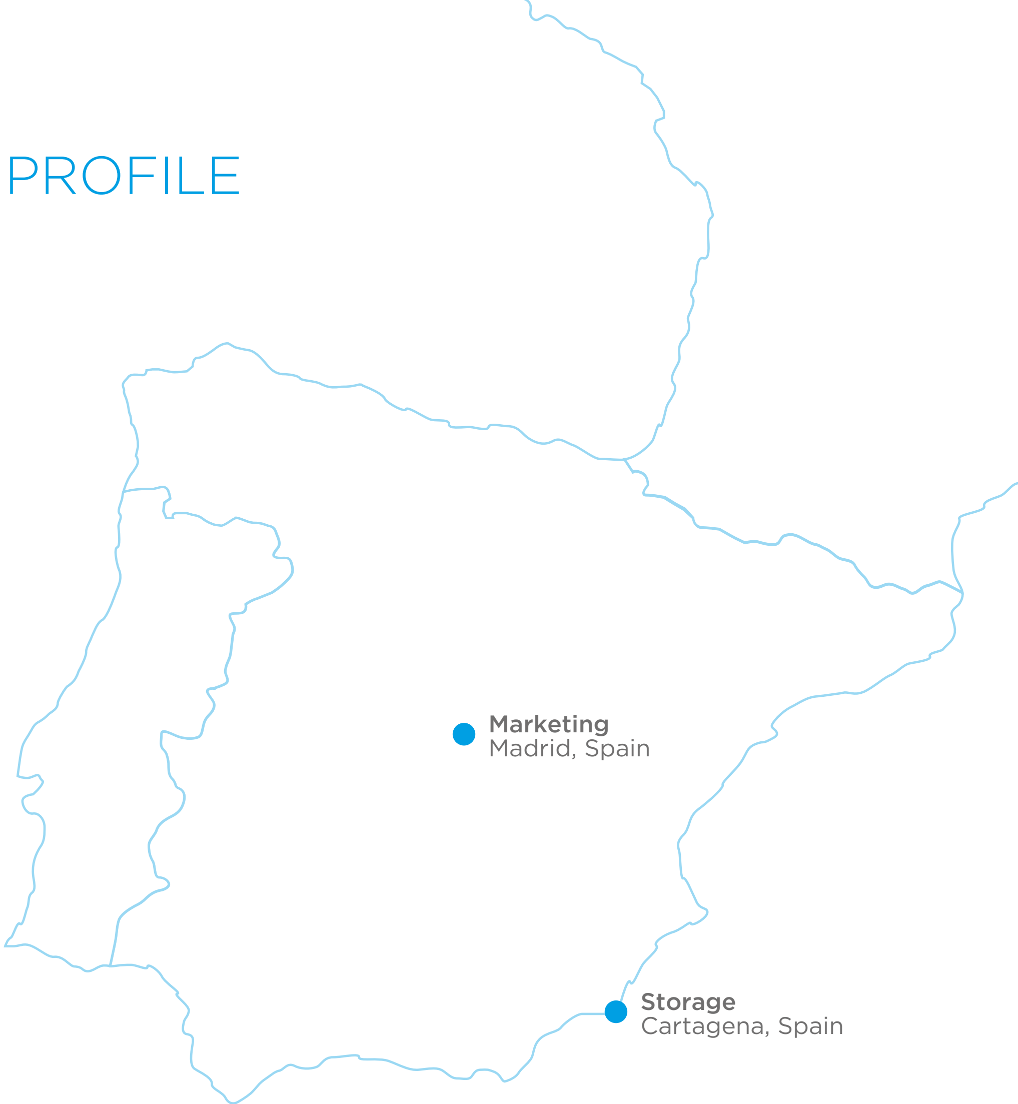
SARAS GROUP PROFILE



REFINING CAPACITY

300,000

barrels per day

OIL AND CRUDE PRODUCTS SOLD IN ITALY AND SPAIN THROUGH RETAIL AND WHOLESALE NETWORKS

3.66

million barrels

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the largest in the Mediterranean in terms of production capacity (15 million tons per year, or 300,000 barrels per day) and one of the most advanced in terms of plant complexity (Nelson Index of 11.7). Located in a strategic position in the middle of the Mediterranean, the refinery is owned and managed by the subsidiary Sarlux Srl and is a reference model in terms of efficiency and environmental sustainability, due to its technological know-how acquired over 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 trading & supply activities. This also includes the subsidiary Saras

Trading SA, based in Geneva, one of the world's main hubs for trading in oil commodities, which buys crude oil and other raw materials for the refinery, sells refined products, and carries out trading activities.

The Group sells and distributes oil products directly and through its subsidiaries, such as diesel, gasoline, diesel fuel for heating, liquefied petroleum gas (LPG), virgin naphtha, fuel for aviation and bunkering, mainly on the Italian and Spanish (Saras Energia S.A.) markets, but also in various other European and non-European countries.

The Group is also active in the production and sale of electricity,

IGCC (INTEGRATED GASIFICATION COMBINED CYCLE) PLANT INTEGRATED WITH THE REFINERY

4,100,000,000

kWh/year

WIND FARM IN SARDINIA

171 MW

installed capacity

through the IGCC plant (Integrated Gasification Combined Cycle), combined with the refinery and also managed by the subsidiary Sarlux, with an installed capacity of 575 MW. The plant, which since April 2021 has been recognized by ARERA as one of the essential plants for the security of the Italian electricity system, uses heavy refining products and transforms them into approximately 4.1 billion kWh/year of electricity, contributing to over 45% of the electricity needs of Sardinia.

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

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

The company Sardhy Green Hydrogen Srl, a subsidiary owned 50% by Saras SpA and 50% by Enel Green Power Italia Srl, was incorporated at the end of 2021, with the aim of starting the first authorization procedures and, if the funding requested under the IPCEI European program will be obtained, to carry out the engineering, procurement and construction of the new hydrolyser through the formalization of dedicated contracts.

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1960s
Start of operations

1962
Angelo Moratti establishes Saras.

1965
Sarroch refinery begins operations.

1968
Start-up of a new Crude Distillation Unit (Topping) and of the Fluid Catalytic Cracking plant (FCC).

1970s
Revamping plants

1970
Start- up of the Alkylation Unit (ALKY) and of a wastewater treatment plant.

1980s
Increase in conversion capacity

1983
Start-up of the Visbreaking Unit (VSB) and of a Vacuum plant (Vacuum).

1984
Start-up of a new Reforming Catalytic unit (CCR).

Late 1980s
Upgrading of the FCC Unit, with capacity increased up to 94,000 bl/day.

1990s
Environment, new technologies, and expansion into the wholesale market

1992
Start-up of the first Mild HydroCracking Unit (MHC1).

Mid 1990s
Saras begins to operate in the wholesale market in Spain (Saras Energia) and Italy (Arcola Petrolifera).

2000s
IPO, new investments in high technology and the environment

2001
Start-up of the Integrated Gasification Combined Cycle plant (IGCC).

Start-up of a second Mild HydroCracking Unit (MHC2).

Start-up of an Etherification Unit (TAME).

2005
The Ulassai wind farm starts operations, with an installed capacity of 72 MW.

2006
IPO to grow the business and explore new opportunities.

2007
Increase in conversion capacity, leading to significant improvements in the production of automotive diesel.

2008
Achievement of EMAS environmental registration (Eco Management Audit Scheme).

Start-up of the Tail Gas Treatment and Sulphur recovery Unit (TGTU).

Start-up of the gasoline desulphurisation unit (U800).

2009
Sales of gasoline and diesel with 10 ppm (parts per million) sulphur content begin. Significant reduction of indirct SO_2 emissions.

Saras is the first refinery in Italy to obtain the AIA authorisation (Integrated Environmental Authorisation), which represents part of a journey to improve the technical and structural characteristics of the plant and production site, in order to minimise the environmental impact of the production activities.

Extension of the retail network in the Southern area of Spain, through the integration of 71 new service stations acquired from ERG.

During maintenance of plant MHC1, there was a tragic event in which three workers died.

Completion of an important cycle of maintenance and investments, critical for the future growth of the Company, on the following Units: Topping 1, FCC, ALKY, TAME, MHC1, MHC2 and VSB.

Years 2010/20
Focus on safety, environment, efficiency and improvement on profitability

2010
Start of the “Project Focus”, the purpose of which is improving production efficiency, effectiveness of the operations and cutting costs.

Saras becomes a certified member of the OCIMF (Oil Companies International Marine Forum) and it is now allowed to perform “vetting” operations within the SIRE Programme managed by OCIMF.

Bond issue on the Luxembourg Stock Exchange, restricted to institutional investors, with a total nominal amount of EUR 250 million and a maturity of 5 years.

2011
“Project Focus” is successful and is also extended to “Planning” and “Supply & Trading”.

The Group relies on its commercial and operational flexibility to overcome the shortage of Libyan crude oils, as a consequence of the civil war devastating that country.

The ten-year shut-down for scheduled maintenance of the entire IGCC plant takes place.

The subsidiary “Sardeolica Srl” increases the installed capacity of the Ulassai wind farm from 72 to 96 MW.

2012

The Board of Directors of Saras approves the Group Business Plan for 2013-2017, which is focused on activities aimed at improving effectiveness and efficiency, as well as pursuing new commercial opportunities.

In the Refining segment, MildHydroCracking-2 (MHC2) is revamped.

In a competitive environment, which becomes increasingly harder due to the recession in the Eurozone, the Saras Group continues to aim to be a leading operator in terms of safety and efficiency within its sector.

2013

The industrial strategy of the Group remains focused on striving to achieve operating performance excellence.

A major corporate reorganisation is completed, by transferring the business operations of the Refining segment of Saras SpA to the subsidiary Sarlux Srl.

At the end of April, Rosneft acquires 13.70% of the share capital of Saras SpA from majority shareholders, Gian Marco and Massimo Moratti and, in mid-June, an additional 7.29% from the financial markets via a voluntary and partial tender offer.

2014

The Saras Group pursues asset management initiatives aimed at cost reduction, increased energy efficiency and the coordination of its refining business activities and operational management. Bond issue on the Austrian multilateral trading system, with a total nominal amount of EUR 175 million and a maturity of 5 years.

Important five-year turnaround activities are successfully carried out at the Fluid Catalytic Cracking plant (FCC) and its two main ancillary units: Alkylation (Alky) and Etherification (TAME).

Arcola Petrolifera Srl was merged into Saras SpA, with effect for accounting and tax purposes as of 1st January 2014.

On 29th December 2014, Sarlux Srl purchases a business unit of Versalis SpA, including approximately 80% of the production units of the Versalis petrochemical complex in Sarroch, Sardinia to achieve considerable industrial and organisational synergies and further strengthen the international competitive landscape.

2015

2015 marks a structural change for oil markets: more balanced crude prices; greater availability of non-standard types of crude; recovery in consumption of petroleum products; streamlining of the European refining system; reduction of spare capacity at global level; and the correction of some market distortions contribute to the recovery in refining margins, mostly benefiting complex refineries such as that of the Saras Group.

In order to take full advantage of the opportunities offered by the market, the Saras Group has adopted an innovative business model based on the integrated management of the supply chain (or of the raw materials supply chain). This model is based on the characteristics of flexibility and high conversion of the Sarroch refinery, in addition to the close coordination of planning activities, trading and operational management of plants.

On 15th October, the Capital Markets Day of the Saras Group was held at the Sarroch refinery with presentation of the Business Plan 2016-2019, which is based on the optimal execution of the integrated Supply Chain management model and on a series of improvement initiatives related to reliability, energy efficiency and developments of the site configuration, with moderate investments and short re-entry periods.

On 19th October, Rosneft sold about 8.99% of the share capital of Saras SpA to a qualified group of institutional international investors and reduced its shareholding to 12%.

On 10th December, Saras signed a EUR 265 million five-year bank loan agreement to refinance existing debt.

2016

2016 was another positive year for the European refining industry, due to the continued abundance of crude oil, including non-conventional crudes processed preferably in complex, integrated and high conversion sites such as the Saras plant and an increase in overall demand for refined products (+1.3 mb/d compared to 2015).

In January, Saras Trading SA became fully operational in Geneva, one of the main global markets for trading oil commodities. This company is a key element in the implementation of the integrated management of the Supply Chain model. It purchases raw materials and sells refined products from the refinery and performs independent crude oil and petroleum product trading activities.

On 22nd April, the Shareholders' Meeting voted to distribute a dividend of EUR 0.17 for each share (corresponding to a dividend yield of 10.8%), for a total of EUR 159.1 million. The return to the payment of a dividend after many years has been made possible by improved refining market conditions and the excellent results in the year 2015.

The year 2016 sees the Saras Group engaged in a major process to reduce average debt costs, seizing the opportunities offered by the low interest rates resulting from the expansionary policies of the European Central Bank.

2017

In 2017, the refining industry continues to benefit from favourable conditions characterised by satisfactory margins on the main refined products. Crude oil was well supplied, despite the implementation of cuts in production by OPEC

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countries and other major producers, although there was some pressure on discounts of heavy crude products, which were most affected by such production cuts. Overall demand for refined products continued to grow and increased by +1.5 mb/d compared to 2016.

On 17th January, Rosneft places all the shares in Saras SpA which it held, corresponding to 12% of the share capital of Saras, with a group of international investors.

On 20th April, the Shareholders' Meeting voted to distribute a dividend of EUR 0.10 for each share (corresponding to a dividend yield of 4.6%), for a total of EUR 93.6 million.

The #digitalSaras program was launched during the year, for the purpose of defining and implementing the most appropriate technological innovations within the framework of Industry 4.0, with a view to further improving operating performance and efficiency.

On 22nd December, the Company completes the private placement of bonds with a nominal value of EUR 200 million, maturing on 28th December 2022 and bearing a fixed annual coupon rate of 1.70%. The operation is a continuation of the financial optimisation process that started in 2016. The proceeds were used to refinance part of the gross debt, even with a positive net financial position, in support of the investment plan.

2018

2018 is a year characterised by strong volatility in the price of crude oil, also influenced by geopolitical tensions.

On 26th February, the Chairman of the Board of Directors, Gian Marco Moratti, passed away. Gian Marco was the son of Angelo Moratti, who founded the Company. He was CEO until 1981, when he became Chairman.

On 12th March, the 2018-2021 Business Plan is presented, which aims to maintain a leading position in the refining sector over the next decade and focuses on operational excellence through investments of EUR 800 million focused on maintaining state-of-the-art facilities, also thanks to the contribution of technological innovation and digitalisation.

After the identification of the available technologies and the start of 10 pilot projects, the industrialisation phase of the digitalisation initiatives was undertaken.

On 27th April, the Shareholders' Meeting resolves to distribute a dividend of EUR 0.12 for each share (corresponding to a dividend yield of 6.2%), for a total of EUR 112 million and appointed the new Board of Directors in office for a three-year period until the date of the shareholders' meeting called to approve the financial statements as at 31st December 2020.

On 3rd May, the new Board of Directors appoints Massimo Moratti as Chairman and Dario Scaffardi as Chief Executive Officer.

On 5th September, Massimo Moratti SApA of Massimo Moratti and MOBRO SpA jointly sold 10% of the capital to a group of institutional investors with the aim of increasing the liquidity of Saras shares on the market.

2019

The year 2019 was dominated by international trade and geopolitical tensions that led to a global economic slowdown. The refining sector has been affected by high volatility, slowing demand for refined products and high sulphur heavy crude prices.

In the first months of 2019, one of the largest turnarounds on plants in the last 5 years was completed successfully and on schedule. The Topping "T2", Vacuum "V2", CCR and MHC1 plants were idle for about 60 days.

On 16th April, the Shareholders' Meeting voted to distribute a dividend of EUR 0.08 for each share (corresponding to a dividend yield of 5.9%), for a total of EUR 75.3 million.

On 24th June, the total non-proportional demerger of MOBRO in favour of Angel Capital Management SpA (ACM) and Stella Holding SpA (Stella) was concluded. As a result of the demerger, Saras SpA is controlled by Massimo Moratti SApA with 20.01%, Angel Capital Management SpA with 10.005% and Stella Holding SpA with 10.005% of the share capital and an aggregate 40.02%, by virtue of the signing of a supplementary agreement to the Saras Pact, aimed exclusively at implementing the effects of the MOBRO demerger and the consequent takeover by ACM and Stella of MOBRO's stake in Saras SpA. As a result of the second tacit renewal of the shareholders' agreement, the next expiry date will fall on 30th September 2022.

The direct marketing of marine fuels (bunkering) in the Sarroch and Cagliari area began in the second half of August. Refuelling is carried out through a modern ship (barge) equipped with the highest safety standards.

During the year under review, the Ulassai wind farm was expanded through the installation of 9 new turbines, adding 30 MW of capacity and bringing the total installed capacity to 126 MW. The work was completed on 27th September and the new wind turbines came into operation from that date.

On 14th October 2019, the Australian fund Platinum Investment Management Ltd stated that it held 3.055% of the capital.

2020

The year 2020 is characterised by the Covid-19 pandemic and the resulting serious economic and social consequences. Though a positive year was expected for the refining industry because of the new specifications for marine fuels with the entry into force of the IMO-Marpol VI, the industry suffered an unprecedented shock with the collapse in fuel consumption which brought the price of Brent Dtd to historic lows of $13.2/bl in mid-April, before the Opec+ countries had reached initial agreements on production cuts, which caused a further deterioration in refining margins.

During the year, one of the most important turnaround programmes in the history of the Sarroch refinery, involving FCC, ALKY and Topping 1 units, was started and completed as planned.

On 2nd March, the Board of Directors proposes a dividend for the 2019 financial year of EUR 0.04 per share, corresponding to a dividend yield of approximately 3.8%, compared to the closing price of 28th February 2020. On 17th April, the Board of Directors resolves to suspend the dividend distribution proposals on 2019 profits approved on 2nd March 2020, as a matter of prudence in the face of the economic and financial crisis brought about by the Covid-19 emergency.

On 12th October, Saras finalises an agreement with the Territorial Trade Unions and the members of the RSU, CIGL, CISL, UIL and UGL, for the start of the partial Ordinary Redundancy Fund (Cassa integrazione Guadagni Ordinaria) to cope with the consequences generated by the on-going emergency, effective from 26th October 2020, for an expected period until 30th June 2021, in view of the continuing negative impact of the pandemic situation in the global market and, specifically, in the Group's reference market.

On 12th October, the Company announces the adoption of a number of extraordinary measures to address the effects of the continuing negative scenario, starting from a reduced refinery operation, confirming, however, the maintenance of all the installations currently in operation and the continuity of the fundamental electricity production to ensure the equilibrium of the Sardinian network; a drastic reduction of investments and costs for the year 2021; and a labour cost containment procedure with the launch of a partial redundancy fund and a plan for voluntary incentivised resolutions of employment relationship.

On 15th October, the Trafigura Group, which is based in Singapore and trades crude oil and petroleum products internationally through its subsidiary, Urion Holdings (Malta) Limited increases its shareholding to 1.379% which subsequently increases to 3.01% on 21st October.

On 28th December, Saras concludes a EUR 350 million loan agreement with a pool of main banks and financial institutions, 70% of which was backed by the SACE guarantees issued under the Italy Guarantee programme, as part of a financial consolidation plan aimed at limiting the impact of the Covid-19 emergency.

On 29th December 2020, ARERA (the Italian Regulatory Authority for Energy, Networks and the Environment), in view of the end of the CIP 6 incentive period for the Sarlux Srl, IGCC (Integrated Gasification Combined Cycle) plant which is scheduled for 20th April 2021, lists this power plant among the plants essential to the safety of the electricity system for 2021.

2021

The year 2021 is characterized by the economic recovery that followed the Covid-19 pandemic crisis, thanks to the effectiveness of global vaccination campaigns that allowed for a gradual easing of the restrictions adopted to contain infections, and to the stimulus given by various governments to cope with the crisis. The prices of the Brent Dtd rose from 50 USD/bbl to around 78 USD/bbl over the course of the year. The growth in oil demand, particularly significant from the second half of the year, made it possible to reach pre-pandemic levels of over 100 mb/day at the end of the year. Refining margins also recorded a more substantial improvement starting from the second half of the year. However, the international scenario has shown very heterogeneous trends among countries. In particular in Europe and in Italy there was an increase in inflation driven by high prices in energy goods also due to some constraints on the supply side. In the second half of the year, in addition to the acceleration in Brent prices, energy costs, particularly for natural gas, electricity and CO_2, soared.

On 16th February 2021, Saras signs a memorandum of understanding with Enel Green Power to develop a "green hydrogen" project in Sardinia, with a solution under study that provides for the use of a 20 MW electrolyzer powered by locally produced renewable energy to supply green hydrogen to be used as raw material in the Saras refinery at the industrial site of Sarroch, in the province of Cagliari.

On 30th March, the Board of Directors of Saras SpA approves the Group's Consolidated Financial Statements, the draft Separate Financial Statements of Saras SpA and the Sustainability Report at 31st December 2020. The Group's Business Plan for the 2021-24 period is also approved. The Plan includes a number of important measures for 2021 aimed at significantly reducing costs and investments in order to minimize the economic and financial impact of the scenario marked by the pandemic crisis, and contain the debt to levels no higher than those reported at 31st December 2020. The Plan also provides for the continuation of the sustainability and energy transition strategy with the development of new renewable capacity, up to 500 MW in 2024, also through the development of new partnerships. The energy transition strategy is

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also defined with particular focus on green hydrogen and biofuels.

On 13th April, with Resolution no. 152/2021/R/EEL, ARERA, within the framework of the Essentiality Regulation, accepts the application for admission to the reintegration of costs submitted by SARLUX Srl, for the period from 21st April to 31st December 2021, for the IGCC combined cycle power plant, defining the economic conditions of its operation for 2021 and, in particular, the reintegration component of the fixed costs strictly necessary for electricity production, the reintegration of the so-called "QAR component" (depreciation and return on invested capital, as provided for by Resolution no. 111/06), and, for essential electricity production, the integration of the variable costs is provided for, with respect to the amount collected from the sale on the market at the zonal reference price. The main items of variable costs include the fuel of the IGCC plant, the cost of the oxygen necessary for the transformation of the aforementioned fuel into synthesis gas completely clean of all traces of sulfur or other pollutants, and the charges associated with CO_2 emission quotas according to the Emissions Trading System. The production set-up of the IGCC power plant will take into account the requirements defined by Terna related to the safe operation of the electricity system, compatibly with the operational constraints of the SARLUX plant.

On 20th May 2021, the Board of Directors confirms the appointment of Massimo Moratti as Chairman and of Dario Scaffardi as Chief Executive Officer and General Manager.

On 4th June 2021 the Group, through the subsidiary Sardeolica Srl, acquires the two companies Energia Verde Srl and Energia Alternativa Srl, active in the production of electricity through the operation of two wind farms located in the municipality of Uta (Cagliari).

On 15th September, Saras signs a memorandum of understanding with Air Liquide, world leader in the field of gases, technologies and services for the industry and healthcare sectors, aimed at exploring the opportunities to reduce the carbon footprint of the refinery in Sarroch, evaluating the technical and economic feasibility of solutions for the capture and storage of CO_2 emissions related to the processes of the Sarroch refinery.

On 28th December with Resolution 630/2021, ARERA accepts the request for admission to the cost reintegration scheme for the combined cycle power plant of Sarlux Srl, IGCC for the year 2022, determining its registration among the essential plants for the electricity system for 2022.

On 29th December, the company SardHy Green Hydrogen Srl, 50% owned by Saras Spa and 50% by Enel Green Power Italia Srl is established with the aim, as part of the partnership launched by the two companies on 16th February, of starting the authorization procedures and, if the financing required under the European IPCEI program is obtained, of carrying out the engineering, procurement and construction of the new hydrolyzer through the formalization of dedicated contracts.

2022

The year 2022 was marked by the impact of the Russian-Ukrainian conflict on the international economic scenario, and especially on the energy scenario. The sanctions imposed by Western countries against Russia have led to a shortage of raw materials, with unprecedented price increases (especially for gas) and extremely high inflation, especially in Europe, the leading importer of Russian oil, refined products and gas. Refining margins, particularly for diesel, also reached record levels in a context characterized by a strong post-pandemic recovery in demand and reduced refining capacity worldwide. More generally, Western sanctions have reconfigured the global trade map, making it unlikely that Europe will return to a dependence on Russian supplies in the short term.

On 30th March, the Autonomous Region of Sardinia approved the Single Authorization in favor of Sardeolica Srl, a Group subsidiary operating in the renewable energy sector and wholly owned by Saras SpA, for the construction and operation of a 79 MW photovoltaic plant in the industrial area of Macchiareddu, in the municipality of Uta (Cagliari). The plant, called "Helianto", is a significant step forward in the Saras Group's renewable energy strategies and joins the existing 171 MW wind farms in Sardinia, bringing the total power to 250 MW. The farm has optimal characteristics in terms of insolation and configuration and will be integrated into Sardeolica's industrial management methods, in particular by exploiting synergies with the adjacent Macchiareddu wind farms, acquired in June 2021.

On 13th May, Saras SpA announced that it had signed a new EUR 312.5 million loan, 70% of which was backed by a guarantee issued by SACE under the "Support-*bis* Decree Law", with the aim of reshaping the Group's debt maturity profile. The loan was organized and taken out by a pool of leading Italian financial institutions maturing on 31st March 2028, the proceeds of which will be used to prepay the EUR 200 million bond maturing on 28th December 2022 and the EUR 50 million medium- to long-term loan maturing on 14th August 2023. The remaining EUR 62.5 million will be used to support the company's working capital, in line with SACE regulations.

On 29th July, the company announced that Franco Balsamo, Chief Financial

Officer and Manager in charge of financial reporting, decided to leave the Group by mutual agreement with the company for personal reasons. To ensure a smooth transition, Franco Balsamo will remain in office until the approval of the 2022 Financial Statements.

On 29th September, SardHy Green Hydrogen, company born from the joint project of Enel Green Power and Saras related to the development of green hydrogen in Sardinia, is recognized as one of the Italian beneficiaries of the EUR 5.2 billion in public subsidies approved by the European Commission as part of IPCEI Hy2Use to support research and innovation, first industrial application and infrastructure construction in the hydrogen value chain. As a result of the memorandum of understanding signed by the two companies in February 2021, the initiative involves the installation by SardHy Green Hydrogen of a 20 MW electrolyzer at the Sarroch industrial site in the province of Cagliari. The plant, powered exclusively by Enel Green Power's renewable energy, will be intended to produce green hydrogen for the refinery with the aim of reducing the carbon footprint of refining processes

On 12nd October, Urion Holdings (Malta) Limited (Trafigura) increased its shareholding position in Saras SpA from 3.010% to 5.226%

On 28th October, the Board of Directors of Saras SpA approved a consensual termination agreement of the relationship with Dario Scaffardi, Chief Executive Officer and General Manager, who resigned for personal reasons with effect from 30th October. On the same date, the Board of Directors co-opted as a new non-independent Director of the Company, with effect from 31st October 2022, Pier Matteo Codazzi, also appointing him as the new Chief Executive Officer and General Manager of Saras and vesting him, in line with the previous structure, with all the broadest powers for the ordinary management of the Company with the exclusion, in addition to those that cannot be delegated by the law and by the Articles of Association, of specific powers already reserved by the Board for its own competence. Codazzi, as Chief Executive Officer, will also be a member of the Steering and Strategy Committee of Saras and a director in charge of the internal control and risk management system

On 29th November, the Cagliari GUP [Preliminary Hearing Judge], in relation to the prosecution for the offense pursuant to Article 648-*ter* of the Criminal Code referring to the purchase of crude oil from the Autonomous Region of Kurdistan in the period from 2015 to 2016, fully accepting the requests of the defense, pronounced a nonsuit against Saras SpA and all the executives under investigation because the fact does not exist

On 30th December, the combined cycle power plant of Sarlux Srl (IGCC - Integrated Gasification Combined Cycle) was included by Terna in the list of "essential" plants for 2023 as well. The Sarlux power plant was also admitted by ARERA (Italian Regulatory Authority for Energy, Networks and Environment) to the cost reintegration system with Resolution 740/2022.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It has now been over a year since the outbreak of the Russian-Ukrainian conflict, an event that has had and continues to have tragic consequences for the millions of people directly involved, and the scale of which has altered the global geopolitical balance. From an economic standpoint, the energy markets were the first to be severely impacted, and it will take months, if not years, for the global scenario to achieve renewed stability.

Indeed, the urgency of finding an alternative to Russian supplies, particularly in Europe, has highlighted the need for greater diversification of energy sources, and with it the crucial role of traditional resources in ensuring energy security in a truly sustainable transition process. Moreover, global refining capacity has become critical in the face of growing oil demand, after a decade marked by a sharp decline in investment, particularly during the pandemic.

Already struggling to cope with recovering oil demand and soaring energy prices following the resumption of operations post-pandemic, our industry was suddenly faced with an unpredictable scenario that presented new challenges. The sanctions imposed by Western countries on Russia, the world's leading exporter of oil and among the top exporters of gas prior to the war, have indeed disrupted oil and gas trade flows, with a major impact even in terms of higher costs in energy-intensive industrial supply chains such as ours.

Despite this situation, Saras has promptly responded to the changes and to market demands, directing its activities to maximize processing and, in particular, the production of diesel, in extremely short supply following the restrictions on Russian imports. The flexibility of our production facilities, along with supply management and trading, are the key strengths that enable us to quickly adapt our operations in the face of rapidly changing scenarios. For example, our refinery's independence from Russian oil supplies has allowed us to avoid supply repercussions, although the lack of Russian crude oil on the market has increased demand for other qualities of crude, plagued by significant price increases. Supply management and trading activities limited the impact of these hikes by diversifying the qualities of crude used in the production cycle.

In 2022, Saras continued to ensure the regional energy supply also through the cogeneration plant integrated with the refinery, satisfying over 45% of Sardinia's electricity needs and demonstrating its essential role in the country's electricity system.

Our Group's high efficiency in such a complex year generated excellent economic and financial results and a return to a positive financial scenario after the two pandemic years. The short- and medium-term prospects are also optimistic. In the wake of events in the past year, key market analysts have made an upward adjustment to their forecasts for global oil demand, now expected to resume growing over the next decade to 2040 or beyond , to then stabilize for an equally long period. On the other hand, no significant increases in refining capacity are envisaged after the completion of new projects underway in the Middle East, China and India, expected in 2026, and there is a real risk that new closures will create bottlenecks in the face of continued high demand.

In this scenario, we are confident that we can play a key role, thanks in part to our position in the heart of the Mediterranean, giving Saras a major competitive edge.

In this respect, plans for the year include the completion of a number of investments to maintain the efficiency and competitiveness of the refinery and IGCC, some of which were postponed in the past three years. In addition to maximizing the potential of the refining business, we also want to focus on developing alternative resources to accelerate the energy transition plan, starting with the expansion of renewable sources, seizing

1. In its October 2022 World Energy Outlook, the International Energy Agency (IEA) projected that global fossil fuel consumption would peak during the period 2030-2040, and that oil and gas consumption would stabilize for at least a decade before beginning to decline around 2050. Similarly, in its annual forecast of 31 October 2022, OPEC raised its medium- and long-term oil demand estimates, expecting it to peak at 110 million barrels per day by 2045. These revisions reflect the stronger-than-expected recovery observed in 2022 and expected in 2023, as well as a strong focus on energy security issues and a slower substitution of oil by other fuels, such as natural gas, whose price has been highly volatile following Russia's invasion of Ukraine.

2. IPCEI, the European Union initiative that supports the best projects related to the hydrogen supply chain.

the opportunities we foresee in Sardinia and beyond. In 2023, the focus will be on completion of the new 80 MW Helianto photovoltaic plant, expected to become operational in early 2024, and on securing permits for the development of new projects that are already in an advanced stage of the approval process.

In addition to the development of renewables within the decarbonization strategy, activities continue with regard to green hydrogen and Carbon Capture & Storage. Specifically, with regard to the former, following the recognition of SardHy Green Hydrogen, the JV between Saras and Enel Green Power, among the four Italian companies admitted to the European IPCEI Hy2Use[2] program, talks are underway with the Ministry of Enterprises and Made in Italy (MIMIT) to activate and secure the relative funds.

Furthermore, thanks to the CO_2 capture and storage (CCS) study project, we are working on applying the cryogenic technology developed and patented by Air Liquid, which would significantly reduce the carbon footprint of the Sarroch site. To date, an initial feasibility study for CO_2 capture from the IGCC plant has been completed, and the study of temporary storage aspects and liquid CO_2 management logistics is underway. Once again, preparatory activities have begun in order to access possible new loans, which will be essential for implementation of the project activities and to start the initial engineering phases.

Saras' skills and expertise in the energy sector will allow us to play an active role in the exploration of these new technologies and in the transition process. Similarly, the development of renewables and of the refining business, which make a significant contribution to national and international energy security, will ensure a sustainable growth process for Saras over time, in the interest of all stakeholders.

Massimo Moratti
CHAIRMAN
AND CEO

IMPACT OF THE RUSSIA – UKRAINE WAR

The outbreak of the Russian-Ukrainian conflict radically changed the global energy scenario, triggering immediate very high volatility and an unprecedented rise in energy commodity prices (oil and derivatives, gas and electricity), with very significant impacts on the reported results of Oil & Gas and Refining companies. This phenomenon has more directly involved Europe, which is more dependent on Russia in terms of energy.

In response to the invasion of Ukraine (which began on 24th February 2022), many of the major Western oil companies decided to immediately cut off supplies from Russia, in line with the decision of Europe, the United States, the United Kingdom, and Canada to introduce sanctions. In June, the European Council formally adopted a package of sanctions prohibiting the purchase, import or transfer of crude oil and certain petroleum products transported by sea from Russia to the EU. These sanctions became effective on 5th December 2022 for crude oil and 5th February 2023 for other refined petroleum products; a temporary exception was envisaged for imports of crude oil supplied by pipeline. On 6th October 2022, the EU adopted new sanctions aimed at regulating the introduction of a price ceiling for Russian oil transported by sea to third countries. With this measure, which was also supported by G7 member countries, the EU prohibited shipping and insurance companies from providing third countries with shipping services, technical support, brokerage services and loans or financial support related to the purchase of Russian crude oil and petroleum products. The prohibition does not apply when crude oil or refined products are purchased at or below the ceiling on oil prices[1].

The sanctions against Russia, the world's leading exporter and third largest producer of oil, have completely changed the scenario, leading to a reduction in the availability of crude oil in Western countries and, especially in Europe, of refined products, especially middle distillates, with consequent price increases. Before the war, Europe's structural shortage of diesel was typically offset by Russian imports (up to 800-900 k bbl/day, approx. 35% of European diesel imports, and equal to 10-12% of the old continent's total needs)[2]. At the same time, the shortage on the European market of sour Urals crude oils (about 20% of the crude oil processed in refineries in OECD European countries), which are widely used in European refineries for the production of middle distillates, forced many plants with limited hydrotreating capacity to process other, more expensive types of crude oils or to reduce processing. This has come on top of a pre-existing low unused refining capacity in both Europe and the United States, which was exacerbated by the impact of the pandemic on the industry[3].

In addition to diesel, gasoline also recorded unprecedented increases in price and margin in 2022 in both Europe and the United States. In turn, this trend was driven by lower product availability in the face of generally reduced refining capacity (many of the refineries closed in both Europe and the US over the past decade produced mainly gasoline)[4] and the rebalancing of production yields in favor of diesel in the months following the outbreak of the war. The shortage of high-octane components has further reduced gasoline production. However, the sharp rise in prices triggered by the supply shortage did not curb demand, which was particularly strong in the first half of the year and up to July, during the US "driving season", when gasoline prices reached unprecedented levels. In the second half of the year, margins returned to historical seasonal levels, albeit with fluctuations and peaks caused by temporary production shortfalls due to maintenance or strikes, which had a significant impact on inventories.

These phenomena had an overall positive impact on the margins of the refining sector, and thus on those of the Saras Group, albeit as part of a general increase in the cost of raw materials, and in particular a higher premium for crude oils with low sulfur content and a sharp rise in the price of electricity. Last but not least, volatility in the commodity markets of reference has made operational planning more complex.

In order to describe the extent of the "impact of the conflict" on the Group's business in 2022, it is possible to compare the assumptions made by the main industry analyst companies during the period in a "normality scenario" immediately prior to the conflict, with the relevant average values actually recorded during the year.

With regard to the price of the benchmark oil, Brent Dtd, the

1. Between late December 2022 and February 2023, EU countries have set a price or "price cap" of 60 USD/bbl for Russian crude oil, 100 USD/bbl for Russian diesel and other high-quality derivatives and a 45 USD/bbl limit on purchases of low-quality products such as fuel oil.

2. Source IEA, International Energy Agency, Oil Market Report, March 2022.

3. IEA estimates that global refining capacity has decreased by about 3mb/day in the past 3 years.

4. IEA, Oil Market Report June 2022.

pre-conflict assumptions of the main sector analysts were for a price averaging 80 USD/bbl in 2022, between 85-90 USD/bbl in the first half of the year, gradually declining in the second half of the year to values close to 70 USD/bbl. Furthermore, the expected end of OPEC+ Russia cuts in production allowed to assume the gradual return of greater availability of sour crude oils, and to assume for 2022 a heavy-light price differential, i.e., a Ural-Brent Dtd discount of -1.2 USD/bbl on average. With the outbreak of hostilities between Russia and Ukraine, the scenario has changed drastically, with Brent prices averaging 101.5 USD/bbl in 2022. The heavy light discount (Ural-Brent Dtd) averaged ca. -24 USD/bbl.

Looking at the margins of the main refined products, gasoline and diesel, the average of the pre-conflict projections of industry analyst companies showed an improvement in margins compared to the average values of the last quarter of 2021, forecasting a recovery in consumption, and in particular diesel thanks to the gradual recovery of air traffic. These projections led to assume an average gasoline crack of ca. 11 USD/bbl and an average diesel crack of approximately 12-13 USD/bbl for 2022. On the other hand, the change in scenario following the Russian-Ukrainian conflict resulted in gasoline and diesel margins averaging 17 USD/bbl and 38 USD/bbl, respectively, for the reasons outlined above.

With regard to energy costs, and in particular electricity costs, the prevailing pre-conflict assumptions have assumed a very high PUN (Single National Electricity Price), given the increases recorded in the second half of 2021 that had led the PUN to average 242 EUR/MWh in the last quarter, although gradually decreasing over the course of the year. For CO_2, the scenario suggested an average EUA permit price of 80 EUR/ton for 2022. In fact, the bullish pressure on the natural gas market and the related increase in electricity continued in 2022, reaching record highs in the first weeks of March after the outbreak of the conflict in Ukraine and unprecedented levels in August. In this context, the PUN averaged 303 EUR/MWh in 2022.

EUA quotations for European carbon dioxide permits have shown high volatility and averaged 81 EUR/ton in 2022.

In general, the unprecedented rise in energy commodity prices in 2022 did not proportionately curb consumption levels, which remained high in Europe for most of the year, still driven by pent-up demand from the pandemic phase. Global inflation, which was 9.9% year-on-year in Europe, had a negative impact on the Group's cost items.

The renewable energy sector was also affected by the energy crisis: the REPowerEU plan presented by the European Commission in May 2022 with the aim of accelerating energy decoupling from Russia and ensuring greater diversification of energy supplies, among other things, laid the foundations for accelerated development of renewable energy sources, providing for increasingly faster processes for issuing permits, and a new RES target of up to a 45% share (from the previous REDII target of 40% by 2030).

On the other hand, also in the renewable energy sector, we recall what was provided by Decree Law no. 4 of 27th January 2022, the "Sostegni *TER*" (*TER* Support), which with the aim of containing electricity prices introduced a price cap determined on the basis of the historical average of the market area prices to be applied to the production of non-incentivized renewable sources, with the aim of eliminating the "extra-profits" earned by certain categories of plants. For Sardeolica, these provisions resulted in the application of a price cap of approximately 61 EUR/MWh, to be applied to non-incentivized production sections that came into operation before 2010 (approximately 47% of the total production of 2022). Moreover, as from December 2022, in implementation of EU regulation 2022/1854, a price cap of 180 EUR/MWh was applied to the revenues of the "*infra*-marginal" plants, which until that date were measured at the market price of electricity.

In general, it should be noted how the 2022 energy crisis changed the balance of the Oil & Gas market and, more generally, of the global energy markets, with a significant impact on the refining sector, which is now considered crucial to ensuring energy security during the ecological transition. The change of scenery, which is still evolving, has led to an improvement in the Saras Group's results in 2022 and makes it possible to formulate positive forecasts for those expected in 2023, but entails a greater degree of uncertainty with regard to the stability of refining margins and energy costs and, consequently, less visibility on the Group's possible economic and financial performance in the short and medium term.

SARAS GROUP'S REPORT ON OPERATIONS

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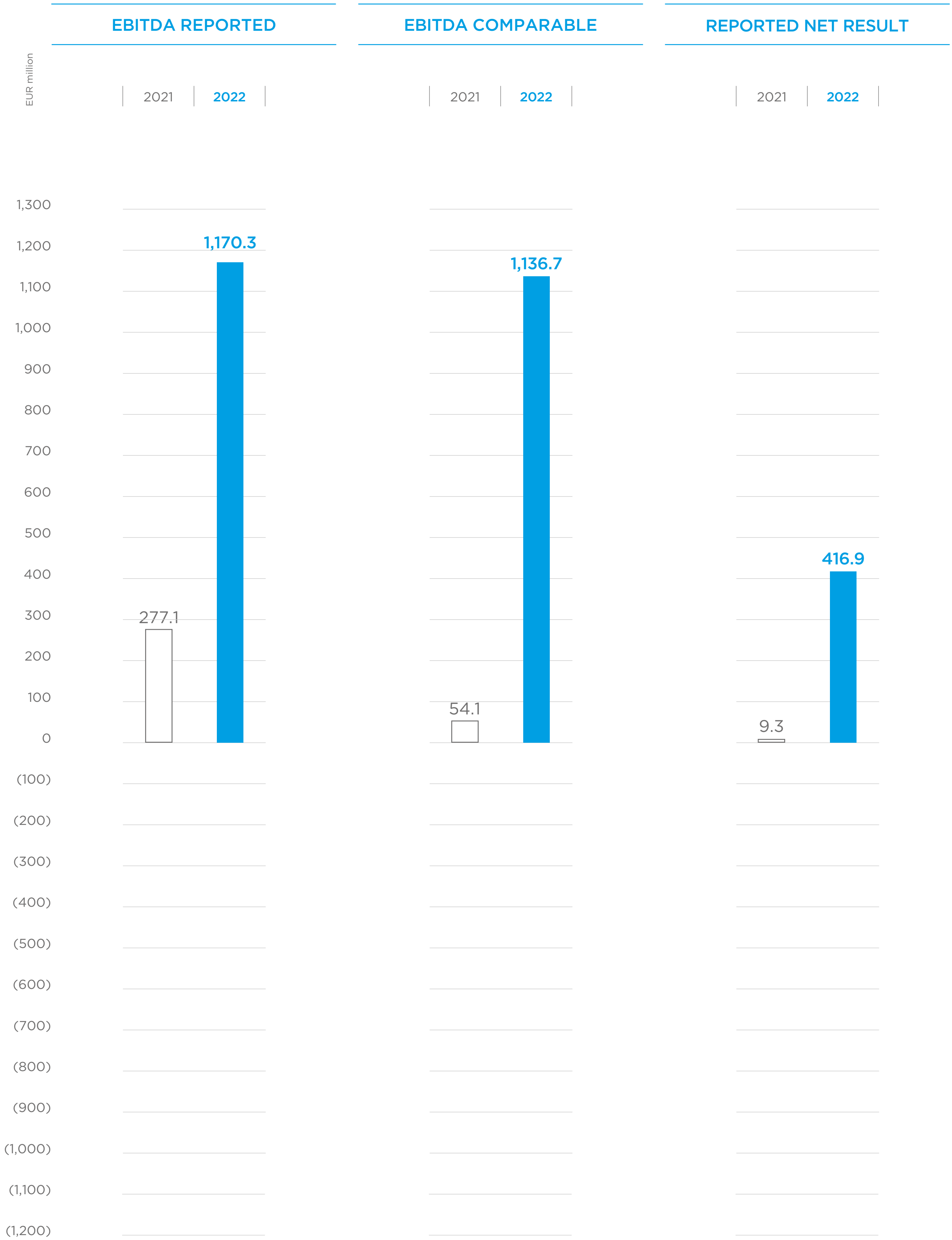
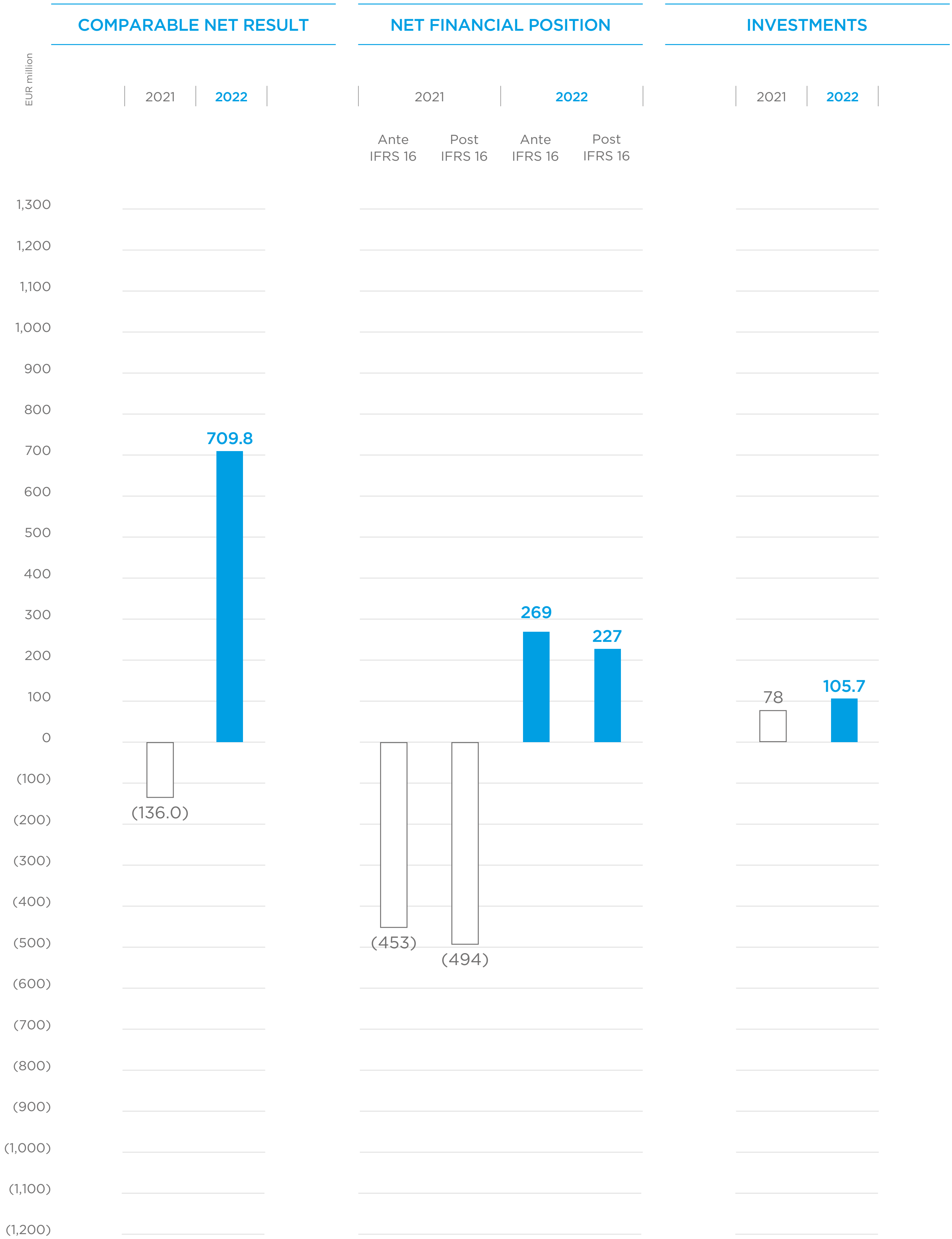




COMPARABLE NET RESULT
NET FINANCIAL POSITION
INVESTMENTS
EUR million
2021
2022
Ante IFRS 16
Post IFRS 16
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
(100)
(200)
(300)
(400)
(500)
(600)
(700)
(800)
(900)
(1,000)
(1,100)
(1,200)
709.8
(136.0)
269
227
(453)
(494)
78
105.7

MAIN CONSOLIDATED FINANCIAL AND OPERATING FIGURES

EUR MILLION		2022	2021
REVENUE		15,836	8,636
EBITDA		1,170.3	277.1
Comparable EBITDA [1]		**1,136.7**	**54.1**
EBIT		965.7	78.5
Comparable EBIT [1]		**945.3**	**(144.5)**
Net profit		416.9	9.3
COMPARABLE NET INCOME [1]		**709.8**	**(136.0)**
Shares outstanding, ‘000,000 (average no.)		951	951
Comparable NET INCOME [1] per share (EUR)		**(0.75)**	**(0.14)**
NET FINANCIAL POSITION BEFORE IFRS 16 EFFECT		**269**	**(453)**
NET FINANCIAL POSITION AFTER IFRS 16 EFFECT		**227**	**(494)**
CAPEX		**105.7**	**78**
REFINERY RUNS	Thousand tons	**13,168**	**12,978**
	Million barrels	**96.1**	**94.7**
	Thousand barrels/day	**263**	**260**
EXCHANGE RATE (ANNUAL AVERAGE)	EUR/USD	**1.05**	**1.18**
EMC REFERENCE MARGIN	USD/bbl	**9.6**	**(2.0)**
SARAS IND & MKTG MARGIN	USD/bbl	**16.4**	**4.5**
IGCC ELECTRICITY PRODUCTION	MWh/1,000	4,100	3,524
TOTAL MARKETING SALES	Thousand tons	3,659	3,336
of which in Italy	Thousand tons	**2,412**	**2,156**
of which in Spain	Thousand tons	**1,247**	**1,180**
RENEWABLE ELECTRICITY PRODUCTION	MWh	273,427	258,453
POWER TARIFF	EURcent/KWh	**15.8**	**12.2**
INCENTIVE TARIFF	EURcent/KWh	**4.3**	**10.9**

1. To present the Group’s operating performance in a way that best reflects the most recent market trends, in line with generally accepted practices in the oil sector, the operating profit and comparable net income, non-accounting values processed in this Report on Operations are stated with the measurement of inventories of crude oils and oil products using the FIFO method, but excluding unrealized gains and losses on stocks resulting from scenario changes calculated by measuring opening stocks (including the related derivatives) at the same unit values as closing stocks (when quantities increase in the period), and closing stocks at the same unit values as opening stocks (when quantities decrease in the period). Items that are non-recurring in terms of their nature, materiality and frequency have been excluded from both the operating profit and the comparable net income. The results thus calculated, which are referred to as "comparable", are not indicators defined by the International Accounting Standards (IAS/IFRS) and are unaudited.

CORPORATE AND CONTROL BODIES

BOARD OF DIRECTORS

MASSIMO MORATTI	Chairman, Chief Executive Officer and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GIOVANNI EMANUELE MORATTI	Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director
FRANCESCA STEFANIA LUCHI	Independent Director
GIANFILIPPO MANCINI	Independent Director
PATRIZIA RADICE	Director

BOARD OF STATUTORY AUDITORS

GIANCARLA BRANDA	Chair
FABRIZIO COLOMBO	Auditor
PAOLA SIMONELLI	Auditor
PINUCCIA MAZZA	Alternate Auditor
ANDREA PERRONE	Alternate Auditor

MANAGER IN CHARGE OF FINANCIAL REPORTING

FRANCO BALSAMO	General Manager and Chief Financial Officer

AUDIT FIRM

EY SpA

CORPORATE GOVERNANCE

The Company adheres to the Corporate Governance Code, published in January 2020 (the "**Code**") and entered into force starting from the 2021 financial year. The Annual Report on Corporate Governance (the "**Report**") is prepared by the Board of Directors (the "**Board**") and published within 21 days of the Shareholders' Meeting (the "**Shareholders' Meeting**") called to approve the 2022 financial statements.

In this Report, which is drawn up pursuant to Article 123-*bis* , paragraph 1 of Legislative Decree no. 58 of 24th February 1998 (the Consolidated Finance Act or TUF), as amended, the main features of the Saras corporate governance system are described, as well as how its various components function in practical terms, with a specific focus on compliance with the recommendations contained in the Code.

The Company's governance system - consisting of the set of planning, management and control rules and methods required for the operation of the Company - is formalized in the Code of Ethics, the Articles of Association, the Regulations of the Shareholders' Meetings, the Regulations of the Board Committees, the Regulations of the Board of Directors and in a set of principles and procedures periodically updated based on national and international best practices.

The corporate organization of Saras SpA complies with the Italian Civil Code and other laws on corporations, specifically those contained in the Consolidated Finance Act.

The Company's current corporate governance model is structured in accordance with the traditional model for administration and control, with a 12-member Board of Directors tasked with managing the Company and a Board of Statutory Auditors, composed of three standing members and two alternate members, whose tasks include monitoring compliance with legislation and with the Articles of Association and controlling the adequacy of the Company's organizational structure, internal audit system and administrative and accounting systems. In accordance with the Code and the Articles of Association, the Board of Directors has internally established (i) a Remuneration and Nomination Committee, which also acts as a Related Party Transactions Committee, (ii) a Control, Risk and Sustainability Committee and (iii) a Steering and Strategies Committee.

The composition of the current Board of Directors, in office for one year until the date of the Shareholders' Meeting called to approve the financial statements at 31st December 2022, was defined at the Shareholders' Meeting of 27th April 2022, which appointed its members. On 2nd May 2022, the Board, in line with previous mandates, appointed Massimo Moratti as Chairman and Dario Scaffarti as Chief Executive Officer and General Manager. Subsequently, on 28th October 2022, the Board approved an agreement for the consensual termination of the existing employment as an executive with Dario Scaffardi, outgoing Chief Executive Officer and General Manager, who resigned with effect from 30th October 2022; at the same meeting, the Board co-opted Pier Matteo Codazzi as a new non-independent Director of the Company, with effect from 31st October 2022, and appointed him as the new Chief Executive Officer and General Manager of Saras, granting him, in line with the previous structure, all the powers for the ordinary management of the Company with the exception of the specific powers already reserved by the Board of Directors to its competence, in addition to those that cannot be delegated in accordance with the law and the Articles of Association.

On 15th March, 2023, Mr. Codazzi resigned, with immediate effect. Taking into account the renewal of the Board of Directors, provided for in the agenda of the Shareholders' meeting convened for 28th April 2023, the afore mentioned Board of Directors of 15th March did not proceed to co-opt another Director and resolved to assign the Chairman of the Board of Directors Mr. Massimo Moratti the office of Chief Executive Officer, granting him the related additional powers and to appoint Franco Balsamo, the current CFO, as General Manager, granting him the same powers as the previous General Manager Mr. Codazzi.

The composition of the current Board of Statutory Auditors, in office for three years until the date of the Shareholders' Meeting called to approve the financial statements at 31st December 2023, was defined at the Shareholders' Meeting of 12th May 2021.

The Company has entrusted the audit firm EY SpA (EY) with the task of auditing the separate and consolidated financial statements for the financial years 2015-2023, as well as the limited audit of the half-year reports for the same period.

The Report provides details of the role and tasks of the Board of Directors, listing the functions that have been and those that cannot be delegated and providing up-to-date information on its composition and the meetings held in 2022 and in the first months of 2023.

The Board of Directors' meeting of 2nd May 2022, having assessed compliance with the independence requirements for Directors Adriana

Cerretelli, Laura Fidanza, Isabelle Harvie-Watt, Francesca Luchi and Giovanni (known as Gianfilippo) Mancini, appointed the Lead Independent Director in the person of Adriana Cerretelli. At the same meeting, the Board also established its internal Remuneration and Nomination Committee (composed of independent non-executive directors Francesca Luchi, Adriana Cerretelli and Laura Fidanza) and the Control, Risk and Sustainability Committee (composed of independent non-executive directors Adriana Cerretelli, Laura Fidanza, Isabelle Harvie-Watt and Giovanni Mancini).

Both Committees have consultative and advisory functions, as provided for in the Code and have met regularly during 2022 and in the first few months of 2023, as illustrated in detail in the Report on Corporate Governance.

In particular, the Remuneration and Nomination Committee was also conferred the duties that pertain to the Related-Party Committee to be carried out every time it should be necessary in accordance with the provisions of the related Procedure adopted by the Company pursuant to Art. 2391-*bis* of the Italian Civil Code as implemented by Consob Regulation adopted by resolution no. 17221 of 12th March 2010 as amended.

Finally, at the Board meeting on 2nd May 2022 previously referred to, the Board of Directors has also established its internal Steering and Strategies Committee to advise and support the Board in defining the strategic business guidelines, including finance, as well as the guidelines on sustainability.

The Report also describes the Company's internal control system, for which the Board of Directors is responsible, and which establishes the guidelines and periodically reviews the operational adequacy and effectiveness, using the Control, Risks and Sustainability Committee and the Internal Audit Function.

The Board of Directors of 15th March 2023 appointed the Chairman and Chief Executive Officer Massimo Moratti as the Executive Director responsible for overseeing the operations of the internal control system.

The Company has also appointed the Chief Financial Officer, Mr. Franco Balsamo, as the Manager in charge of financial reporting, according to Art. 154-*bis* of the Consolidated Finance Act and he will keep his duties until 28th April 2023, the date of the Shareholders' meeting that will approve the 2022 Annual Report. Starting from 29th April 2023 Fabio Peretti will take over Franco Balsamo's role as Chief Financial Officer.

The Company has had an "organization, management and control model" in place since January 2006. It has been updated on many occasions, in implementation of the legislation relating to the "Rules governing the administrative liability of companies" pursuant to Legislative Decree no. 231/2001, which is overseen by a special supervisory body.

The Group's Code of Ethics (approved by the Board of Directors of Saras SpA on 1st August 2016 and subsequently transposed by the Boards of Directors of other companies in the Group) is also part of the internal control system. It sets out, in a single document, the shared values and principles which underpin the action of the Saras Group and which must be observed by all employees, collaborators and all those who establish relationships with the Group.

In view of the growing importance that Saras assigns to non-economic aspects in terms of defining the Company's value, the Report briefly illustrates, including with references to the "Sustainability Report" that has been published by Saras since 2017, the Company's orientation towards sustainability (inspired by the main national and international standards such as the Corporate Governance Code and Legislative Decree no. 254/2016 and the declaration of non-financial information and diversity (known as NFS)).

Finally, the Report describes the contents of the "*Compliance Guideline – Internal rules for managing relevant information and inside information and the establishment of an Insider Register*", as well as the Procedure to be followed for internal dealing, Procedures for related-party transactions, Sustainability Policy, Engagement Policy and the Code of Conduct for Saras Group Directors, as adopted by the Company's Board of Directors.

REGULATORY FRAMEWORK

The most important regulations in 2022 relating to the energy, environment and health and safety at work sectors are as follows:

- Resolution no. 740/2022/R/EEL of 29th December 2022 on "*Determinations regarding the Application for Admission to the Sarlux Essential Plant Reintegration Scheme, for the year 2023*";
- Decree Law no. 198 of 29th December 2022, named "*Urgent provisions regarding legislative deadlines*" (Milleproroghe 2023);
- Law no. 197 of 29th December 2022 on "*State budget for the financial year 2023 and multi-year budget for the three-year period 2023-2025*" (Stability Law for 2023);
- Council Regulation (EC) no. 2022/2577/EU of 22th December 2022 on the "*Council Regulation laying down a framework to accelerate the deployment of renewable energy*";
- Decree Law no. 176 of 18th November 2022 on "*Urgent support measures in the energy sector and public finance (Aiuti Quater Decree)*";
- Decree Law no. 187 of 5th December 2022 on "*Urgent measures to protect the national interest in strategic productive sectors.*"
- Law no. 175 of 17th November 2022 on "*Conversion into law, with amendments, of Decree Law no. 144 of 23rd September 2022, on further urgent measures on national energy policy, business productivity, social policies and for the implementation of the National Recovery and Resilience Plan (RRP)*";
- MiTE (now Ministry of Environment and Energy Security) Decree no. 389 of 13th October 2022, on "*Approval of the Emergency Response Plan for the Protection of the Sea and Coastal Areas from Pollution by Hydrocarbons and Other Hazardous and Noxious Substances*";
- Prime Ministerial Decree of 11th October 2022, "*Adoption of the National Emergency Response Plan for the Protection of the Sea and Coast from Pollution by Hydrocarbons or Other Hazardous and Noxious Substances*";
- Implementing Decision no. 2022/1953/EU of 7th October 2022 on "*Commission Implementing Decision on the greenhouse gas emissions covered by Decision no. 406/2009/EC of the European Parliament and of the Council for the year 2020 for each Member State*";
- Decree Law no. 144 of 23rd September 2022 on "*Further urgent measures on national energy policy, business productivity, social policies and for the implementation of the National Recovery and Resilience Plan (RRP)*" (known as Aiuti *Ter* Decree);
- Law no. 142 of 21st September 2022 on "*Conversion into law, with amendments, of Decree Law no. 115 of 9th August 2022, containing urgent measures on energy, water emergency, social and industrial policies*";
- Decree Law no. 115 of 9th August 2022 on "*Urgent measures on energy, water emergency, social and industrial policies*";
- Law no. 118 of 5th August 2022 on "*Annual Law for the Market and Competition 2021 (Competition 2021)*";
- Law no. 91 of 15th July 2022 on "*Conversion into law, with amendments, of Decree Law no. 50 of 17th May 2022, on urgent measures on national energy policies, business productivity and attraction of investment, as well as on social policies and the Ukrainian crisis*";
- Law no. 93 of 12th July 2022 on "*Ratification and Implementation of the Stockholm Convention on Persistent Organic Pollutants*";
- Law no. 79 of 29th June 2022 on "*Conversion into law, with amendments, of Decree Law no. 36 of 30th April 2022, on further urgent measures for the*

implementation of the National Recovery and Resilience Plan (RRP)";

- MiTE (now Ministry of Environment and Energy Security) Decree no. 259 of 24th June 2022 on "*National Strategy for Circular Economy*";

- Decree Law no. 68 of 16th June 2022 on "*Urgent measures for the safety and development of infrastructure, transport and sustainable mobility, as well as for major events and for the operation of the Ministry of Sustainable Infrastructure and Mobility*";

- MiTE (now Ministry of Environment and Energy Security) Decree of 1st June 2022 on "*Determination of criteria for the measurement of noise emitted by wind power plants and the containment of related noise pollution*";

- Law no. 51 of 20th May 2022 on "*Conversion into law, with amendments, of Decree Law no. 21 of 21st March 2022 on urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis*";

- Decree Law no. 50 of 17th May 2022 on "*Urgent measures on national energy policies, business productivity and attraction of investment, as well as on social policies and the Ukrainian crisis (known as Aiuti Decree)*";

- Law no. 60 of 17th May 2022 on "*Provisions for the recovery of waste at sea and in inland waters to promote the circular economy*";

- Commission Implementing Regulation (EU) 2022/996/EU on "*rules to verify sustainability and greenhouse gas emissions-saving criteria and low indirect land-use change-risk criteria*";

- Decree Law no. 36 of 30th April 2022 on "*Further urgent measures for the implementation of the National Recovery and Resilience Plan (RRP)*";

- Law no. 34 of 27th April 2022 on "*Conversion into law, with amendments, of Decree Law no. 17 of 1st March 2022 on urgent measures for the containment of electricity and natural gas costs, the development of renewable energies and the revitalization of industrial policies*";

- Regulation 2022/586/EU of 8th April 2022 on "*Regulation amending Annex XIV of Regulation (EC) no. 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)*";

- Law no. 28 of 5th April 2022 on "*Conversion into law, with amendments, of Decree Law no. 14 of 25th February 2022 on urgent provisions on the crisis in Ukraine*";

- Law no. 25 of 28th March 2022 on "*Conversion into law, as amended, of Decree Law no. 4 of 27th January 2022 on urgent measures in support of businesses and economic operators, labor, health and territorial services, related to the Covid-19 emergency, as well as for the containment of the effects of price increases in the electricity sector*";

- Decree Law no. 21 of 21st March 2022 on "*Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis*";

- Cite Committee Resolution no. 1 of 8th March 2022, "*Approval of the plan for ecological transition (Pte)*";

- Law no. 18 of 4th March 2022 on "*Conversion into law, with amendments, of Decree Law no. 1 of 7th January 2022 on urgent measures to deal with the Covid-19 emergency, particularly in workplaces, schools and higher education institutions*";

- Decree no. 17 of 1st March 2022 on "*Urgent measures for the containment of electricity and natural gas costs, the development of renewable energies and the revitalization of industrial policies*";

- Decree Law no. 14 of 25th February 2022 on "*Decree converted with amendments by Law no. 28 of 5th*

April 2022 - Urgent provisions on the crisis in Ukraine" (known as Ukraine Decree);

- Constitutional Law no. 1 of 11th February 2022, Amendments to Articles 9 and 41 of the Constitution on environmental protection;
- Decree Law no. 4 of 27th January 2022 on "*Urgent measures in support of businesses and economic operators, labor, health and territorial services, related to the Covid-19 emergency, as well as for the containment of the effects of price increases in the electricity sector*";
- Law no. 8 of 21st January 2022 on "*Ratification and Implementation of the Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer, adopted in Kigali on 15th October 2016*";
- Decree Law no. 1 of 7th January 2022 on "*Decree converted with amendments by Law no. 18 of 4th March 2022 - Urgent measures to deal with the Covid-19 emergency, particularly in workplaces, schools and higher education institutions*".

EQUITY MARKET PERFORMANCE

2022 will be remembered by the financial markets as an extremely bad year. The aftermath of the outbreak of the Russian-Ukrainian conflict, and in particular the energy crisis, high and among the highest inflation levels in 40 years, aggressive interest rate hikes by central banks around the world and the resulting fears of recession, affected the world's major economies, with negative repercussions on the stock markets. Technology stocks were particularly bearish and volatile, while commodities and the energy and oil sectors were among the few to post strong gains, supported by the shortage of Russian gas and oil.

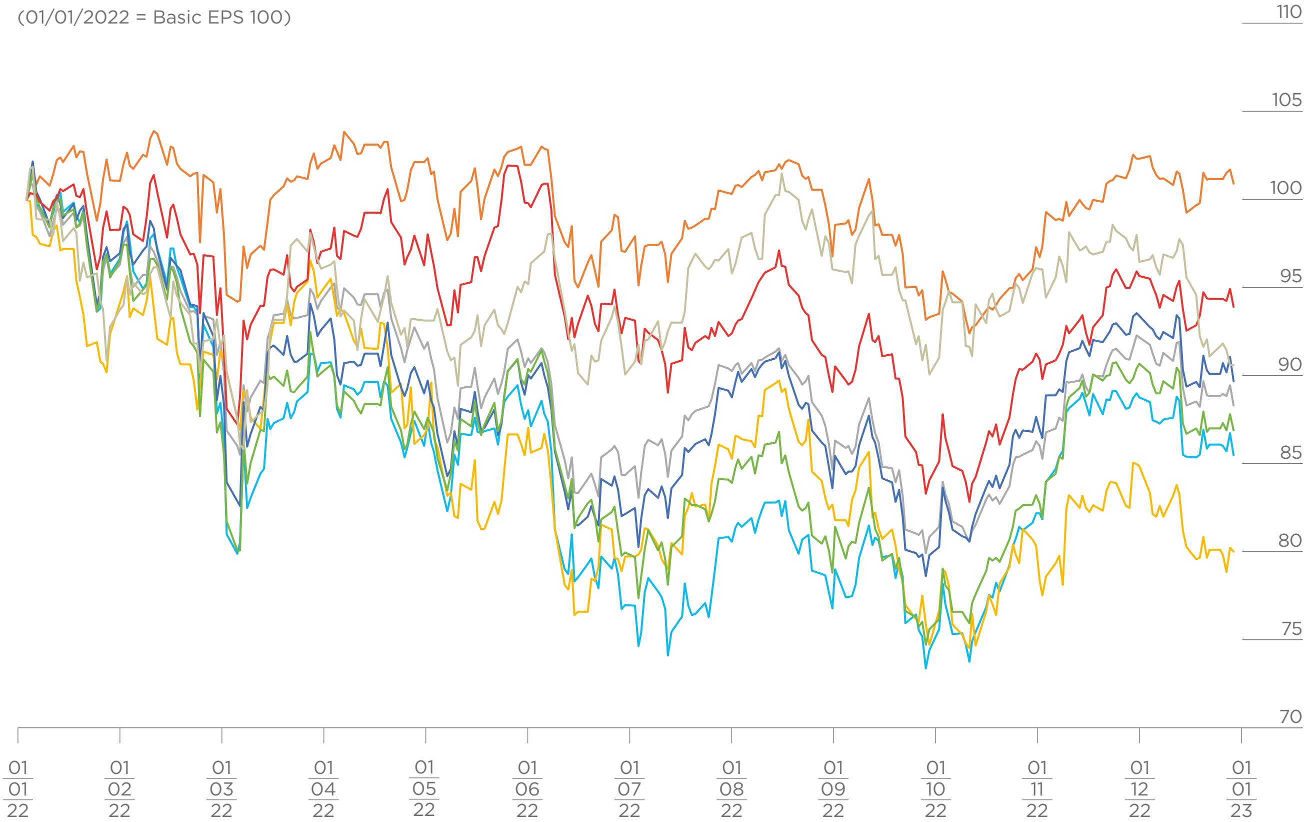
Starting from September, the markets, especially the European stock markets, reversed the trend with a strong rebound, but not enough to offset the losses of the first months of the year.

In Piazza Affari, the Ftse Mib fell by 13.31%, its worst annual performance recorded since 2018. Other European stock markets were also negative, with the Stoxx 600 Index losing more than 12%.

2022 was also the first bad year for U.S. markets after three consecutive rallies: the S&P 500 lost 19.4%, its worst performance in a decade; the Dow Jones lost 8.6%. The Nasdaq lost more than 33%, penalized by the rise in interest rates.

The following graph provides a visual representation of the fluctuations in the share prices commented on, using the prices of 3rd January 2022 as the "base 100" reference.

MAIN WORLD MARKET INDICES (SOURCE: BLOOMBERG)



FTSE MIB Index: reference stock index of the Italian market, made up of a basket of 40 stocks selected on the basis of capitalisation, trading volume and sector

FTSE 100 Index: capitalization weighted index of the 100 largest companies traded on the London Stock Exchange

FTSEurofirst 330 Index: index including the 300 largest companies ranked by market capitalization in the FTSE Developed Europe Index

S&P 500 index: index that includes the 500 largest companies listed on the stock exchange in the United States, weighted by their market capitalization

CAC 40 Index: reference stock index of the French stock exchange, composed of 40 largest companies traded on the French stock exchange

DAX Index:reference stock index of the German stock exchange, tracks the performance of 30 traded German blue chip companies on the Frankfurt Stock Exchange

IBEX Index: reference stock index of the Madrid Stock Exchange, including the 35 largest capitalization stocks listed on the Iberian stock exchange

NIKKEI 225 Index: price-weighted index of 225 major Japanese blue-chip stocks traded on the Tokyo Stock Exchange

SARAS STOCK PERFORMANCE

STOCK PRICE (EUR)	2022
Minimum price (24/02/2022) *	0.4966
Maximum price (28/06/2022) *	1.464
Average price	0.9906
Closing price on 30/12/2022	1.149

* Minimum and maximum prices refer to official reference prices on the closing of each trading day.

DAILY TRADING VOLUMES	2022
Minimum traded volume in Euro (million) (11/01/2022)	1.8
Minimum traded volume in number of shares (million) (06/09/2022)	2.2
Maximum traded volume in Euro (million) (17/05/2022)	32.1
Maximum traded volume in number of shares (million) (04/02/2022)	39.4
Average traded volume in EUR million	10.2
Average traded volume in number of shares (million)	10.9

The previous data relate on the performance of the Saras stock in terms of price and volumes traded during the period from 3rd January 2022 to 30th December 2022.

The market capitalization at 30th December 2022 (last open market day of the year) amounted to approximately EUR 1,093 million and, on the same date, there were 951,000,000 shares.[2] It should be noted that the shareholders' equity of Saras SpA at 31st December 2022 amounted to EUR 1,048 million.

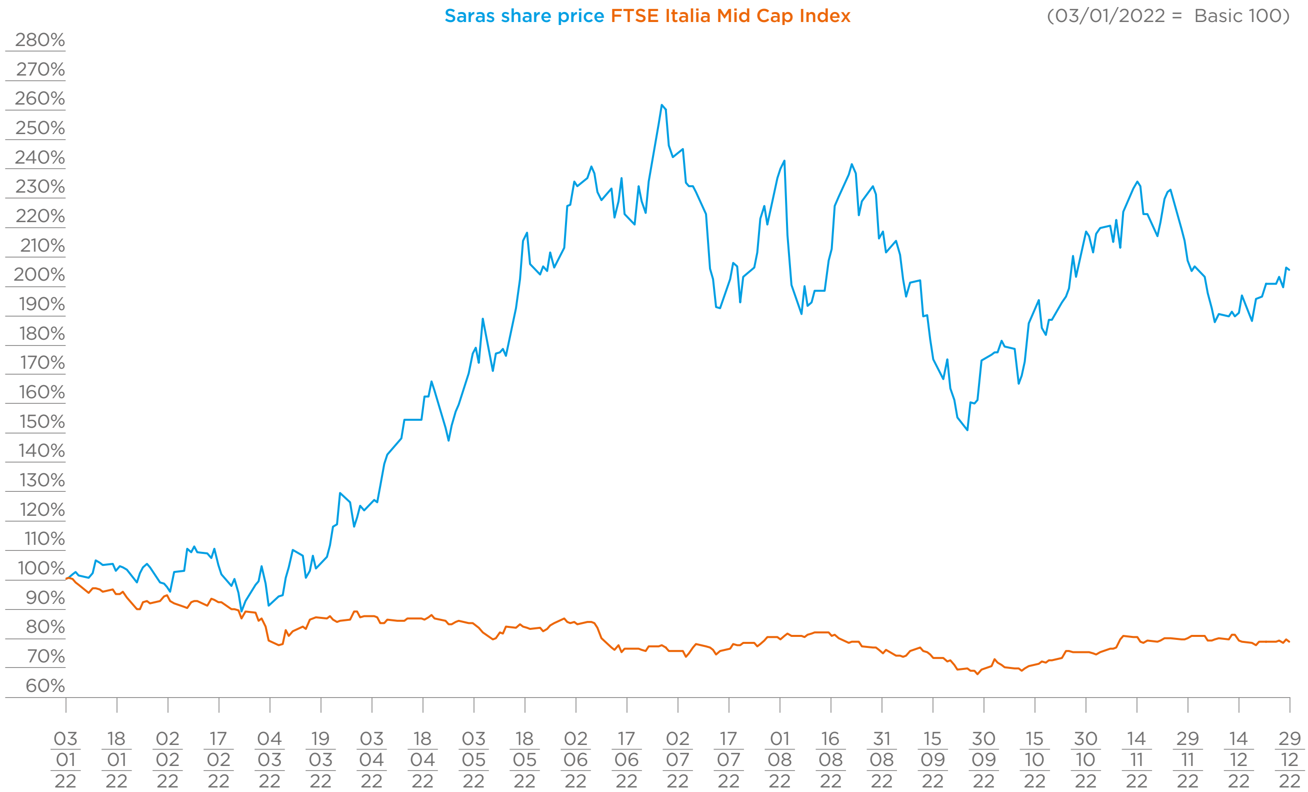
The following graph shows a comparison of the daily trend between the Saras stock and the FTSE Italia Mid Cap index[3] of Euronext Milan, which is Saras' benchmark index: as a result of the phenomena described in the course of this Report and which have affected the refining market, the Saras stock reported a positive performance of +108.61% in 2022.

Regarding the Italian market, the benchmark FTSE Mid Cap index, which includes the Saras stock, saw a drop of 21%.

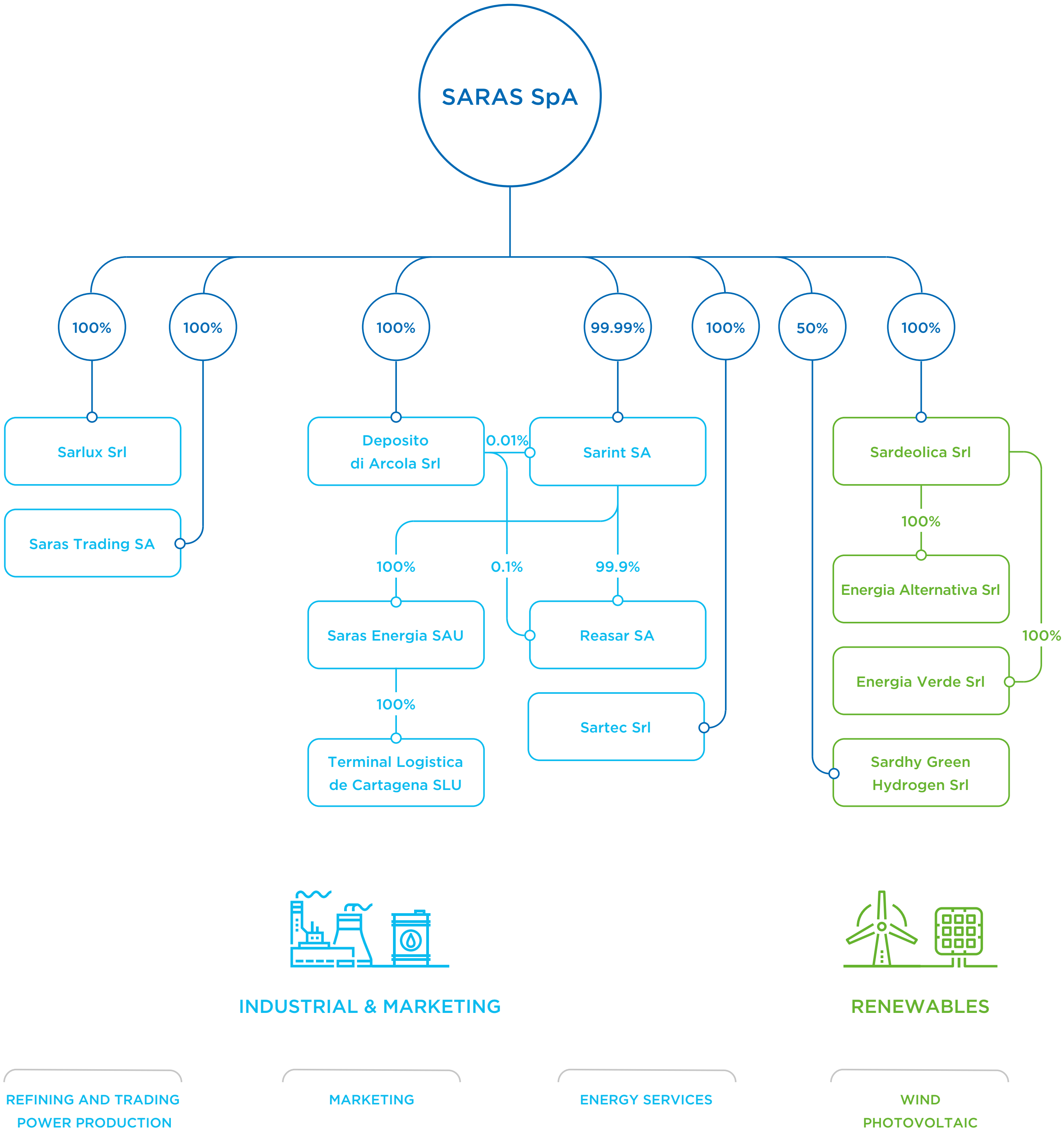
2. Following the resolution of the Shareholders' Meeting of 12th May 2021 regarding the 2018-2021 Stock Grant Plan, Saras SpA has assigned and delivered all treasury shares in its portfolio, equal to 9,220,216: therefore, the number of ordinary shares in circulation at 31st December 2022 was 951,000,000. For details on treasury shares held and on the share movements during the year, reference should be made to the Report on Operations to the separate financial statements of Saras SpA.

3. With the revision of the FTSE Italia series indices in June 2022, with effect from 20th June, the Saras stock returns to the FTSE ItaliaMid Cap index (the stock was included in the FTSE Italia Small Cap from 21st March to 19th June 2022).

SARAS VS FTSE ITALIA MID CAP

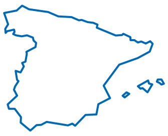


STRUCTURE OF THE SARAS GROUP



The following graphic shows the structure of the Saras Group and the main companies involved in each business segment at 31st December 2022.

REGISTERED OFFICES OF THE CONSOLIDATED COMPANIES



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09018 Sarroch – Cagliari

Sarlux Srl
SS. Sulcitana 195, Km 19
09018 Sarroch - Cagliari

Deposito di Arcola Srl
Via XXV Aprile 18
19021 Arcola - La Spezia

Sartec Srl
Località Grogastu
Traversa 2^ Strada Est
09032 Assemini - Cagliari

Sardeolica Srl
Strada Ovest – Zona Industriale
Macchiareddu
09010 Uta – Cagliari

Energia Alternativa Srl
Via Sidney Sonnino, 28
09125 Cagliari

Energia Verde Srl
Via Sidney Sonnino, 28
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Sardhy Green Hydrogen Srl
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2227 Luxembourg
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COMMENTS ON SARAS GROUP RESULTS

GAAP and Non-GAAP measures (alternative performance indicators)

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

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

PRINCIPALI DATI OPERATIVI E FINANZIARI DI GRUPPO:

EUR million	2022	2021
REVENUE	15,836	8,636
Reported EBITDA	1,170.3	277.1
Comparable EBITDA	**1,136.7**	**54.1**
Reported EBIT	965.7	78.5
Comparable EBIT	**945.3**	**(144.5)**
Reported NET RESULT	416.9	9.3
Comparable NET INCOME	**709.8**	**(136.0)**
NET FINANCIAL POSITION BEFORE IFRS 16	**269**	**(453)**
NET FINANCIAL POSITION AFTER IFRS 16	**227**	**(495)**
CAPEX	**105.7**	**77.8**

Please refer to the reconciliation of GAAP-non-GAAP measures in the next paragraph.

Comments on Group results 2022

For the oil sector and other sectors, 2022 will be remembered for the outbreak of the Russian-Ukrainian war and its consequences also in the global geopolitical scenario and balance. The sanctions imposed by Western countries on Russia, until then the world's leading oil exporter and third largest oil producer, led to extremely high prices for crude oil and refined products, especially diesel, particularly in Europe, which reached unprecedented levels, with an extremely positive impact on the Group's economic and financial results, especially from the second quarter.

These results are compared to those of 2021, which were negatively impacted by a scenario marred by the lingering effects of the Covid-19 pandemic crisis. In this regard, it should be noted that already at the end of 2021 and in the first months of 2022, before the outbreak of the Russian-Ukrainian crisis, the margins of the main refined products, and in particular those of middle distillates, which were the most affected by the economic slowdown, had returned to levels that were broadly in line with pre-Covid levels.

For a detailed description of the changes in the scenario, please refer to the introductory chapter on "Impact of the Russia – Ukraine war" and the chapter on "Reference Market" of the Industrial & Marketing segment in the "Segment Review" section, and for a detailed description of the impact of these scenario phenomena on the Group's economic and financial results, please refer to the section on the analysis of the segment's economic and financial results.

On the other hand, we recall here the average values that gasoline and diesel margins recorded in 2022, which were 17.1 USD/bbl (compared to 9.5 USD/bbl in 2021) and 37.7 USD/bbl (6.84 USD/bbl in 2021), respectively, significantly higher than historical averages.

However, this change of scenery also had a negative impact in the form of higher energy costs: the strong bullish trend that had already affected the natural gas market and the related electricity market since the second half of 2021 worsened in 2022 with the outbreak of the Russian-Ukrainian conflict: the price of electricity (Single National Price or PUN) averaged 303 EUR/MWh in 2022 (125 EUR/MWh in 2021), and peaked at over 700 EUR/kWh at the end of August, amid extreme volatility. The measures taken by European countries in response to the energy crisis and a milder than expected winter season contributed to a decline in prices in the last quarter. In particular, the agreement reached in Europe on 19th December to cap natural gas prices at 180 EUR/MWh helped to quickly bring prices back to around 100 EUR/MWh, and the PUN in turn returned to values closer to pre-conflict levels in the last quarter of 2022 averaging 268 EUR/MWh (242 EUR/MWh in Q4/21).

During 2022, the government implemented a series of measures to mitigate the effects of the energy emergency, in particular, the *TER* Support Decree of 27th January 2022 (Decree Law 4/2022, converted, with amendments, by Law no. 25), which provided for the recognition of an extraordinary contribution, in the form of a tax credit, to partially offset the higher costs incurred for electricity purchased and used in the economic activities during the first, second, third and fourth quarters of 2022, in favor of "energy-intensive companies", such as Sarlux Srl, a subsidiary of the Saras Group. Thanks to this measure, Sarlux received a total tax credit of EUR 121.9 million during 2022.

The energy crisis had a negative impact on the Renewables segment. The *TER* Support Decree (Decree Law 4/2022, converted, with amendments, by Law no. 25) , with the aim of containing electricity prices, introduced a "compensation" mechanism for non-incentivized renewable sources, aimed at eliminating the "extra-profits" earned by certain categories of plants identified by the regulation, as a result of the increase in the cost of electricity. Under this measure, producers returned, with reference to the period 1st February to 31st December 2022, the difference between market prices and "a fair remuneration" (referring to the historical average of market zonal prices, from the operational start date of the plant until 31st December 2020). For Group wind companies, the compensation is based on a historical average price of about 61 EUR/MWh, to be applied to the non-incentivized production sections which became operational prior to 2010 (around 47% of total production of 2022). Moreover, as from December 2022, in implementation of EU regulation 2022/1854, a price cap of 180 EUR/MWh was applied to the revenues of the "*infra*-marginal" plants, which until that date were measured at the market price of electricity. In the case of Sardeolica, the production affected by the application of this price cap was 5% of the total production in 2022. The application of these price caps impacted 2022 in terms of lower revenues in the Renewables segment by approx. EUR 25.4 million.

Finally, the measures taken by the Italian government against the energy sector as tax "solidarity contributions" on the "extra-profits" of the sector, resulting from the application of Decree Law no. 21 of 21st March 2022, as subsequently amended, and to law no. 197 of 29th December 2022 (2023 Stability

Law), affected the Saras Group: these measures had a total impact of EUR 266.6 million on the reported net result for the year. Due to uncertainties in the interpretation of the scope of application and constitutional legitimacy of the tax, the Company reserves the right to consider possible legal appeals.

In 2022, Group revenues amounted to EUR 15,836 million, compared to EUR 8,636 million last year. The significant increase is related to both the changed scenario conditions and the higher volumes produced and sold between the two periods. From a scenario perspective, the variables that had the greatest impact were the appreciation of the main oil products, the increase in the sale price of electricity (in accordance with the Essentiality Regime agreement) and the exchange rate trend characterized by the strengthening of the dollar against the euro. Specifically, the average price of diesel in 2022 was 1,039 USD/ton (vs. 579 USD/ton in 2021), the average price of gasoline was 991 USD/ton (vs. 671 USD/ton in 2021), the single national price for the sale of electricity (PUN) was 303 EUR/MWh (vs. an average sale price of 125 EUR/MWh in 2021 related both to the performance of the CIP6 tariff, until its expiry, and to the subsequent performance of the PUN regulated within the essentiality contract) and the EUR/USD exchange rate was 1.05 (vs. EUR/USD exchange rate of 1.18 in 2021). From the standpoint of industrial production, it should be noted that all main production variables were above the values recorded in 2021. More specifically, refining runs in 2022 amounted to 96.1 million barrels (vs. 94.7 million barrels in 2021), non-renewable electricity production amounted to 4,100 GWh (vs. 3,524 GWh in 2021), renewable electricity production amounted to 273 GWh (vs. 258 GWh in 2021) and Marketing channel sales amounted to 3,659 thousand tons (vs. 3,336 thousand tons in 2021).

The Group's reported EBITDA in 2022 amounted to EUR 1,170.3 million, up from EUR 277.1 million in the 2021 financial year. The positive change is primarily attributable to improved scenario conditions, which, as mentioned, benefited from a strong appreciation of diesel and gasoline cracks, as well as an appreciation of the dollar against the euro. These positive factors were only partly offset by higher costs and greater complexity in the procurement of oil crudes (increase in the price of Brent crude oil and crude oil premiums, especially for light crudes), a weakening of the naphtha crack, an increase in energy costs only partly offset by the effects of the *TER* Support Decree, and of a "backwardation" market structure that had increased crude oil costs and the costs caused by risk hedging activities on the inventories. The trading & supply activities were characterized by higher sales in all channels as well as improved trading results. Production planning has been adversely affected by a lesser variety of crude oils available on the market and a deterioration in the quality of some of these types. With regard to operating performances, net of the impacts resulting from the increase in unit margins, 2022 was characterized by an overall better performance than that of 2021, although in a context characterized by a more onerous maintenance plan. In addition, as regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives) in 2022, these benefited from an appreciation of EUR 9.6 million compared to an appreciation of EUR 226.5 million in the same period of 2021. Non-recurring items in 2022 had a negative impact of EUR 34.3 million due to: the write-down of some property, plant and equipment, the write-down of some receivables linked to transactions, referring to previous years, to provisions on payroll costs related to certain consensual termination agreements in relation to some top managers, the allocation of provisions for reclamation activities partly offset by the adjustment of CIC certificates pertaining to 2021. Non-recurring items in 2021 were negative for EUR 19.3 million, mainly due to charges for CO_2 emissions pertaining to 2021. Lastly, it should be noted that the reported EBITDA for 2022 reflects the effect of the *TER* Support Decree, respectively a reduction in energy costs by EUR 121.9 million and a limitation of sales tariffs for electricity generated from renewable sources (wind power) by EUR 25.4 million.

The Group's reported Net Income was EUR 416.9 million, compared to

EUR 9.3 million achieved in 2021. In addition to the EBITDA figure, this variance is mainly attributable to higher financial expenses (mainly due to the strengthening of the US dollar and the consequent impact on the results of the relative hedging derivatives) and to higher current taxes, as a result of the increase in taxable income for the year, in addition to the effect of the so-called "windfall tax", as better described in the Notes to the Financial Statements.

The Group's comparable EBITDA stood at EUR 1,136.7 million, up from EUR 54.1 million recorded in 2021. With respect to reported EBITDA, this result does not include the above-mentioned positive effect of the scenario on changes in inventories between the start and end of the period, includes the impact of exchange rate derivatives (reclassified under core business) and excludes non-recurring items, net of the effect deriving from the energy-intensive contribution accrued during the year by the subsidiary. The higher result compared to 2021 is made up of a positive variance in both the "Industrial & Marketing" and "Renewables" segments, which will be described in more detail in the "Segment Review" section.

The Group's comparable net income for 2022 was EUR 709.8 million, compared to a loss of EUR 136.0 million in last year as a result of the same phenomena described for Reported Net Profit, net of: the effects of the scenario on changes in oil inventories (net of related hedging derivatives), non-recurring items and "windfall tax" of approximately EUR 266 million.

Investments in 2022 stood at EUR 105.7 million, higher than in 2021 (EUR 77.8 million); this increase is attributable to both the major activities in the Industrial & Marketing segment and to major development activities in the Renewables segment.

The following tables show the details on the calculation of EBITDA and comparable net income for the years 2022 and 2021.

DETAILS ON THE CALCULATION OF COMPARABLE EBITDA:

EUR million	2022	2021
Reported EBITDA	**1,170.3**	**277.1**
Gains/(losses) on inventories and inventory hedging derivatives	(9.6)	(226.5)
Exchange rate derivatives	(58.3)	(15.8)
Non-recurring items	34.3	19.3
Comparable EBITDA	**1,136.7**	**54.1**

DETAILS ON THE CALCULATION OF COMPARABLE NET INCOME:

EUR million	2022	2021
Reported NET RESULT	**416.9**	**9.3**
Gains/(losses) on inventories and inventory hedging derivatives, net of taxes	(6.9)	(163.3)
Non-recurring items after tax	299.8	18.0
Comparable NET INCOME	**709.8**	**(136.0)**

NET FINANCIAL POSITION

The Net Financial Position as at 31st December 2022, before the effects of applying IFRS 16, was positive by EUR 269 million, compared to a negative reported Net Financial Position of EUR 453 million as at 31st December 2021.

In 2022, the total cash flow was EUR 722 million. This flow is primarily attributable to operations, which, thanks to the high margins, generated EUR 1,108 million. The change in working capital is mainly due to increases in the value of inventories and reduction in trade payables, partly offset by the CO_2 payment dynamics. Investments amounted to EUR 106 million and the payment of interest and financial charges and taxes absorbed EUR 135 million, including the payment of the "windfall tax" related to the so-called *TER* Support Decree.

It should also be noted that in 2022 a EUR 312.5 million loan was signed with Intesa San Paolo, BPM and Unicredit, maturing in March 2028, backed by a guarantee issued by SACE for 70% of the loan. This loan redefined the maturity profile of the debt, allowing the early repayment of the medium/long-term credit line of EUR 50 million of Unicredit, maturing in August 2023, and the bond loan of EUR 200 million maturing in December 2022. It should be noted that these debt positions as at 31st December 2021, as well as the portion of EUR 321 million of the loan signed in 2020, were shown respectively under "Current bank loans" and "Short-term portion of MLT loans" (for more details, see the Report on Operations of the financial statements as at 31st December 2021).

Lastly, it should be noted that cash and cash equivalents as at 31st December 2022 amounted to EUR 707 million and that this amount will be used in part for the payment of outstanding debt under the Essentiality Regime agreement, payment of ordinary taxes and the remaining portion of the so-called "windfall tax" as better described in the Notes to the Financial Statements.

In 2022, thanks to the subsiding of the pandemic emergency and the changed oil scenario, the Group regained its historical ability to generate cash from core business, recording a positive net financial position at the end of the year of EUR 269 million (before IFRS 16) and EUR 227 million (after IFRS 16).

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

KEY GROUP FINANCIAL AND OPERATING RESULTS:

EUR million	2022	2021
Medium- and long-term bank loans	(401)	(6)
Medium- and long-term bonds	0	0
Other medium- and long-term financial liabilities	(4)	(5)
Other medium- and long-term financial assets	4	4
Net medium-/long term financial position	**(402)**	**(7)**
Current bank loans	(119)	(385)
Short-term portion of MLT bank loans	0	(200)
Payables to banks for bank overdrafts	(12)	(163)
Other short-term financial liabilities	(22)	(114)
Fair value on derivatives and realized net differentials	7	(9)
Other financial assets	110	58
Cash and cash equivalents	707	367
Net short-term financial position	**670**	**(446)**
Total Net Financial Position before lease liability pursuant to IFRS 16	**269**	**(453)**
Financial payables for leased assets pursuant to IFRS 16	(41)	(41)
Total Net Financial Position after lease liability pursuant to IFRS 16	**227**	**(495)**

SEGMENT REVIEW

In order to present the Group's business performance in a consistent manner, the information of the individual companies is attributed to the business segments identified; note that, from 1st January 2021, the "Industrial & Marketing" segment includes all refining and electricity generation activities as well as marketing activities. The "Renewables" segment includes activities previously included in the "Wind" segment, which was renamed in view of the potential developments in photovoltaic power and green hydrogen.

INDUSTRIAL & MARKETING

The Sarroch production site, located on the coast south-west of Cagliari, consists of one of the largest refineries in the Mediterranean in terms of production capacity and plant complexity, perfectly integrated with an IGCC (combined cycle gasification) plant. The site is strategically located in the center of the Mediterranean and has a processing capacity of 15 million tons/year, corresponding to about 17% of the total distillation capacity in Italy, and an installed power generation capacity of 575 MW. It should be noted that, with regard to electricity generation activities, following resolution 630/2021 of 28th December 2021, ARERA accepted the request for admission to the cost reintegration regime for the Sarlux plant, entered by Terna in the list of essential plants for the electricity system for 2022.

REFERENCE MARKET

The Saras Group operates in the Refining sector through its Sarroch refinery, one of the biggest in the Mediterranean in terms of production capacity (15 million tons/year) and also in terms of the complexity of plants it is ranked among the best in Europe (11.7 on the Nelson Index). Located on the coast south-west of Cagliari, it enjoys a strategic position in the middle of the Mediterranean Basin, close to the various crude supplier countries and the main markets for refined products.

Global oil demand in 2022[4] averaged 99.96 mb/day, exceeding 2019's pre-Covid levels of above 100 mb/day in the second half of the year. The economies of the OECD countries, especially Europe and the US, contributed mainly to this trend, while China's growth was weighed down by anti-Covid restrictions, which were only eased at the end of the year. In particular, European economic growth in 2022, estimated in January by the IMF to be +3.5%, has been more resilient than expected despite the large negative inflation shock caused by the war in Ukraine.

In Europe, higher oil consumption has also resulted from increased demand for fuel oil, crude and middle distillates as an alternative to natural gas, and LNG as an alternative for use in power generation processes and large-scale industry, including refining. The sharp rise in the price of gas following the outbreak of the Russian-Ukrainian conflict and the attempt to preserve as much of it as possible have led to an increase in the use of alternative fuels due to their relatively higher cost-effectiveness.

Looking at the refining sector, processing increased by more than 2 mb/day, returning to pre-Covid levels (more than 82 mb/day) in November and December, thanks to the end of maintenance periods in the US and strikes in Europe as well as the start-up of new capacity in China. In terms of global oil stock figures, the IEA data also reflected an essentially balanced market at the end of the year[5].

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 (Reference margin) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

Average annual values *	2022	2021	2020
Crude Oil (USD/bbl)			
Price of Brent Dated (FOB Med)	101.5	70.9	41.8
Price of Urals (CIF Med)	77.8	69.8	42.1
Heavy-light price differential	-23.7	-1.1	+0.2
Refined Products (USD/ton)			
ULSD price	1,038.8	579.4	362.1
Gasoline 10ppm	990.5	670.7	381.8
HSFO	451.6	375.3	214.5
Crack spreads (USD/bbl)			
ULSD crack spread	37.7	6.8	6.7
Gasoline crack spread	17.1	9.5	3.9
HSFO crack spread	-29.8	-11.3	-7.8
Other indicators of profitability			
Reference Margin ($/bl)	9.6	-2.0	-0.2
Cambio USD/EUR	1.053	1.183	1.141

* Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" regarding the benchmark "Reference Margin".

Crude Oil Prices

In 2022, Brent Dtd recorded an average price of 101.5 USD/bbl compared to an average price of 70.9 USD/bbl in 2021. The comparison must take into account a scenario that has profoundly changed over the two periods.

The beginning of 2022 saw an upward acceleration of prices

4. IEA estimates, Oil Market Report 15th February 2023

5. Oil "implied balance" (domanda – offerta) leggermente positivo in Q4/22 e pari in media a 0.62 mb/giornoiorno.

compared to the trend recorded in 2021 with the return of the pandemic emergency: demand at pre-Covid levels and a shortfall in supply, in particular due to production below the targets of OPEC producing countries, led to increases of more than 15% in Brent prices, which in January exceeded the 90 USD/bbl mark for the first time in more than seven years.

The outbreak of the Russian-Ukrainian conflict led to new increases: the gradual withdrawal of Western countries from the Russian market triggered a collapse in Ural crude prices and a rise in Brent crude prices, which peaked at over 138 USD/bbl in the first week of March. This has not been offset by increased production from the OPEC+ producing countries, which has remained at levels significantly lower than those expected from previous commitments, and reporting, as in the case of Nigeria and Angola, operational difficulties in meeting their targets. Lower exports from Libya and Kazakhstan, burdened by political tensions, have also neutralized the production increases from Saudi Arabia.

Between March and April, Brent prices returned to more moderate levels of around USD 100/bbl. In March, the 31 member countries of the IEA (International Energy Agency) released over 180 million barrels of emergency stocks, to be made available in just two months, representing the biggest emergency measure adopted in the history of the Agency. Moreover, concerns related to a recurrence of the Covid pandemic in China and fears of an economic slowdown in the US and Europe contributed to the rebalancing of Brent prices.

However, between May and June, the rapid adoption of the sixth package of the EU sanctions on Russian exports renewed tensions on prices, which were back above 130 USD/bbl by mid-June.

This scenario resulted in an average Brent Dtd value of 103 USD/bbl and 114 USD/bbl in Q1 and Q2, respectively.

In the third quarter, crude oil prices declined gradually and averaged 100.8 USD/bbl. Since July, world oil supply has in fact progressively increased, thanks to the end of a set of maintenance operations on platforms in the North Sea and Canada, but above all thanks to the OPEC+ countries, and in particular Saudi Arabia, Kuwait and Kazakhstan, which increased the production in line with target. Moreover, Libya's production returned to the market following the lifting of the force majeure in mid-July. At the same time, the release of high volumes of crude oil from US strategic stocks continued.

Brent prices were also affected by oil demand, which grew less than expected due to prolonged lockdowns in China and fears of an economic slowdown in the main advanced economies, given high energy costs in Europe and announcements of tightening interest rate policies by the European and US central banks to curb rising inflation.

In Q4, Brent Dtd declined sharply with an average price of 88.9 USD/bbl (-11.9 USD/bbl vs. the previous quarter): despite some temporary signs of improvement, prospects for recession and a consequent weaker oil demand in the short term in the US and Europe, along with only modest easing of zero-Covid policies in China, weighed on prices. The lower than expected oil demand was also affected by particularly mild temperatures in the Northern hemisphere, and in Europe in particular.

In terms of supply, concerns over the shortage of crude oil that had accumulated in previous months, on the prospect of EU embargoes against Russia and cuts by OPEC+ decreased in the fourth quarter. Despite the OPEC+ curbs and further expected declines on the supply side, mainly from Russia, world production is estimated (IEA) to still exceed demand at the end of 2022 and the first quarter of 2023.

European refiners also stockpiled crude oil ahead of 5th December, EU embargo deadline. An EU ban on Russian crude oil imports and a G7 price cap on exports of Russian crude oil transported by sea at 60 USD/bbl became effective on 5th December.

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

The "heavy-light" price differential (i.e. between "Urals" and "Brent" crude oils) in 2022 recorded a high average discount of 23.7 USD/bbl (compared to 1.1 USD/bbl in 2021). The described dynamics that led to the collapse in demand for Russian crude oils strongly widened the Ural MED discount, which averaged 34 USD/bbl in Q2. Russian volumes thus were gradually redirected mostly towards India and China, allowing for a slight recovery in the value of the Urals, which in Q3 recorded an average discount in the Mediterranean region of around 26 USD/bbl (1.8 USD/bbl in Q3 of 2021). Also in Q4, Russian crude oil found purchasers only in Asian markets (China and India), also due to the entry into force on 5th December of the EU embargo on Russian crude oil, with an average discount of Urals vs. Brent of -24 USD/bbl.

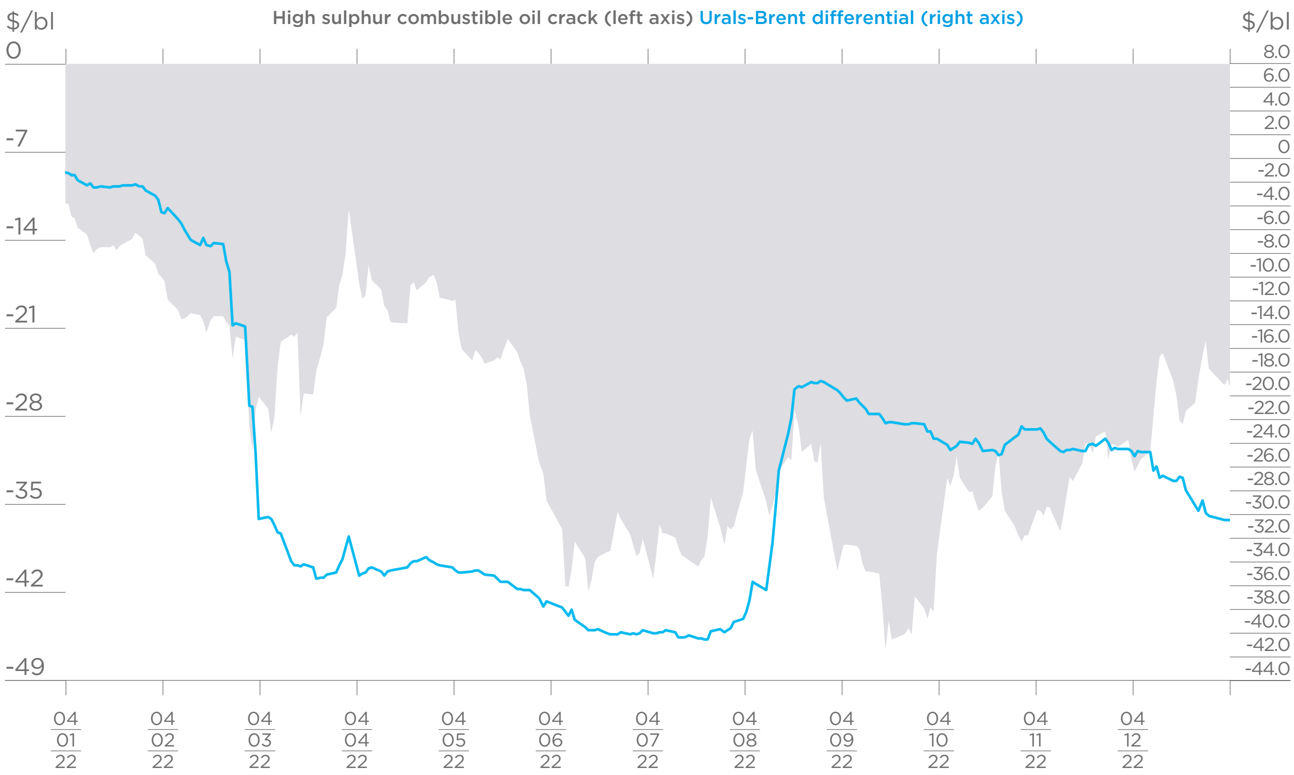
This phenomenon has led, on the other hand, to an appreciation of sweet crude (see Azeri) which, in a context of high demand and high energy costs, is often preferred to crude oils with a higher sulfur content, which require more costly desulfurization processes: **the average premium for** Azeri sweet crude **in 2022 stood at +5.3 USD/bbl** (compared to an average premium of +1.7 USD/bbl in 2021).

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

The gasoline crack in 2022 averaged +17.1 USD/bbl (vs. +9.5 USD/bbl in 2021). In the first three months of the year, the margin (on average +9.4 USD/bbl) remained broadly in line with the last quarter of 2021, when gasoline had already shown full recovery from the effects of the pandemic crisis.

The outbreak of war has had initially less of an impact on gasoline exports, one of the few products in which Russia does not play a primary role in terms of supplying global markets. However, some product characteristics, such

PRICE DIFFERENTIAL OF "URALS-BRENT" CRUDE OIL AND THE CRACK SPREAD OF FUEL OIL (SOURCE: PLATTS)



as the significant seasonality and geographical differences in specifications, have affected the sharp increase in prices since April. The high demand recorded in both Europe and the US at the beginning of the summer season was in fact not matched by supply, which was affected by reduced refining capacity (many refineries processing mainly gasoline were closed in the last decade in both Europe and the US) and lower production due to the reshaping of outputs in favor of diesel in the period immediately following the outbreak of war. In addition, the shortage of high-octane components has further reduced gasoline production. In Q2, the gasoline crack thus reached a record average value of +31.9 USD/bbl. Starting in July and during Q3, the price of gasoline quickly returned to values more similar to historical seasonal values, averaging +13.7 USD/bbl (+12.6 USD/bbl in Q3/2021), mainly due to a rebalancing of consumption after the peaks of the driving season. The long production run of gasoline was further accentuated by the increased refining runs in the preceding months in order to respond to the high demand for diesel, increasing refining runs and at the same time also in gasoline production.

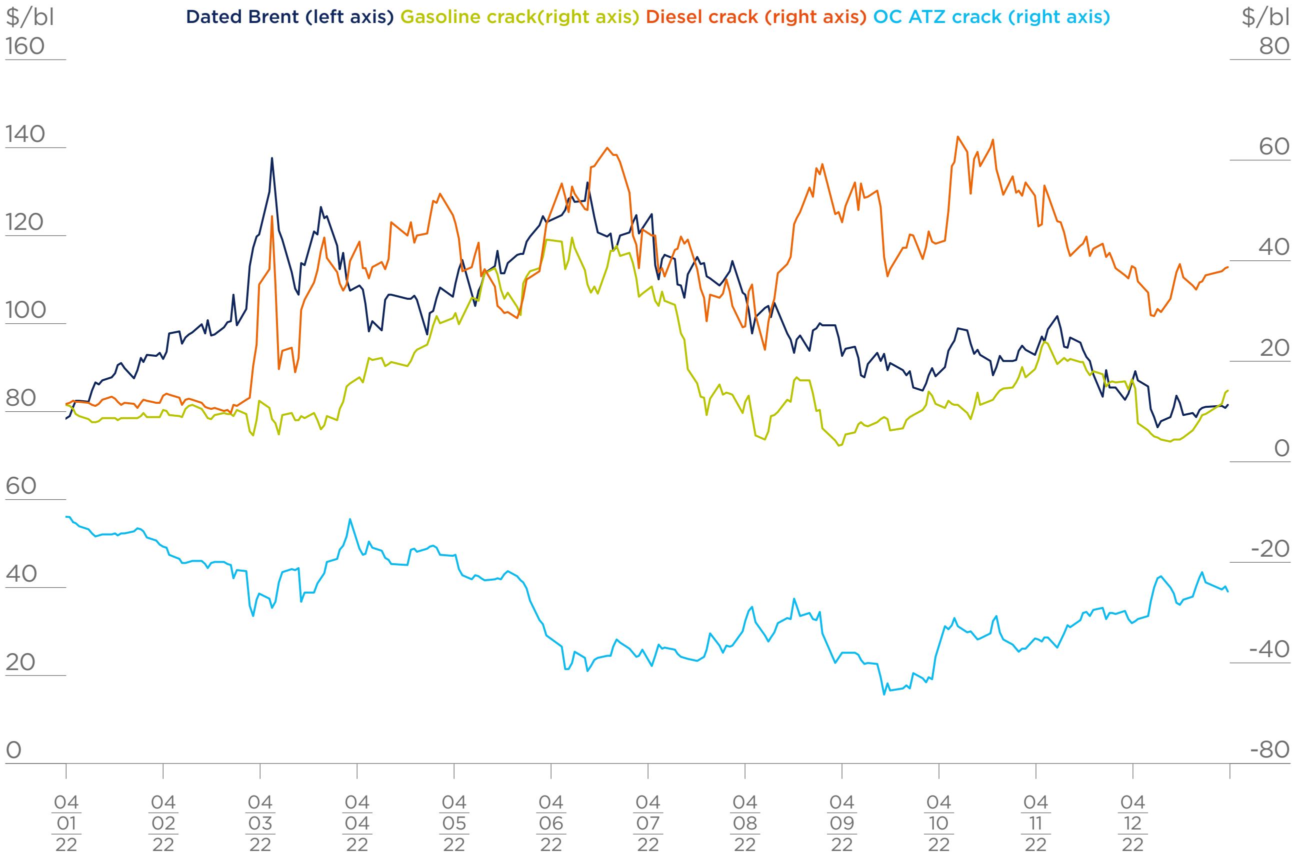
In Q4, gasoline crack averaged 13.4 USD/bbl (10.1 USD/bbl in Q4 of 2021): between October and early November recovering from the lows at the end of Q3, due to lower refining runs as a result of a series of strikes that lasted into the first half of October particularly in France and the fall maintenance cycles that reduced refining runs at many refineries, in both Europe and the US. Since the second half of November and throughout December, the crack gas has been declining again due not only to the seasonal slowdown in road traffic but also to a generalized long production run as refineries in Europe and the US had returned to full capacity.

The diesel crack (ULSD) in 2022 recorded an average of 37.7 USD/bbl compared to an average of +6.8 USD/bbl in 2021.

The comparison between the two periods must necessarily take into account a scenario that has changed drastically between the two periods, and characterized in 2021 still by the penalizing effects of the pandemic crisis with a consequent slow recovery in diesel consumption, and in 2022 by the consequences of the Russian-Ukrainian conflict, including the gradual reduction in the availability of diesel in Europe, historically one of the main importers of the Russian product (with imports that could reach 800-900 kbbl/d, ca. 35% of European diesel imports, or 10-12% of the continent's total needs[6]). In the first few months of the year, diesel margins were close to pre-pandemic levels (+11 ÷ 12 USD/bbl), thanks to the recovery of demand to seasonal average levels. At the end of February, the outbreak of the

6. Source IEA, International Energy Agency, Oil Market Report, March 2022

DATED BRENT AND GASOLINE, DIESEL AND FUEL OIL CRACK SPREADS (SOURCE: PLATTS)



Crack spread: difference between the price of a finished product (e.g. gasoline or diesel) and the price of the reference crude oil (e.g. Brent Dated)

conflict triggered unprecedented price volatility. Moreover, in addition to the gradual significant reduction in imports of refined products from Russia, imports of sour Urals crude oils, which are widely used in European refineries to produce middle distillates, have also forced many plants with limited hydrotreating capacity to process other crude qualities to reduce refining runs. This supply shock has come on top of a pre-existing low unused refining capacity in Europe and the US, exacerbated in the last two years by the impacts of the pandemic on the industry.[7] The diesel crack thus averaged +44.8 USD/bbl in Q2.

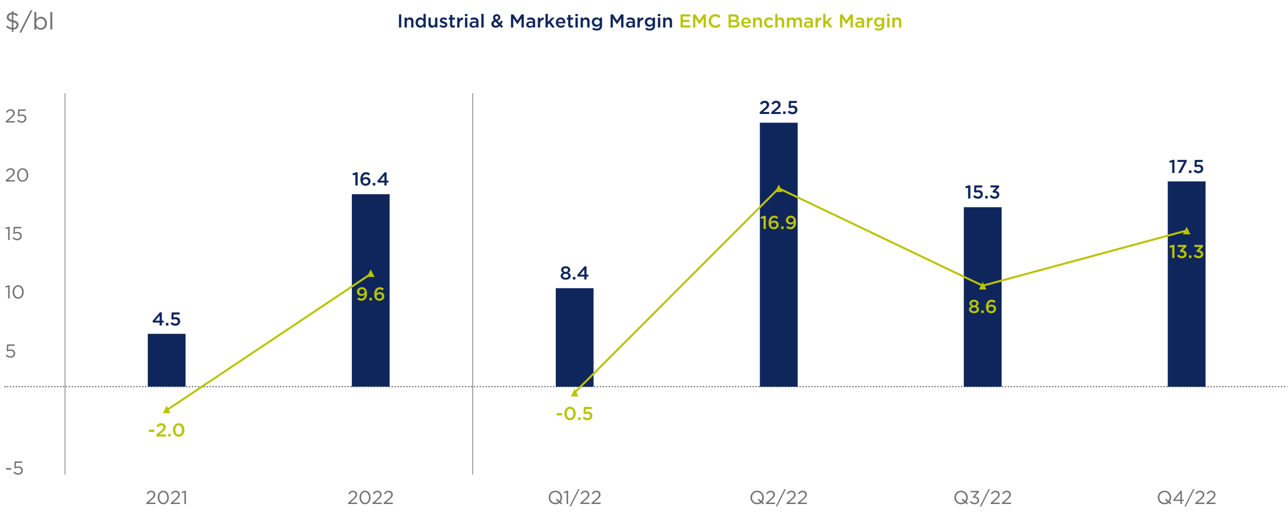
In Q3, after a partial drop in July, due to high exports of middle distillates from Asia to Europe, the diesel crack resumed its upward trend, averaging +42 USD/bbl (+7 USD/bbl in Q3/2021), in an environment still characterized by strong demand and insufficient supply. In addition, the impending EU embargo on Russian diesel (effective from the beginning of February 2023) generated further bullish pressure on cracks.

In the fourth quarter of 2022, diesel crack was +45.1 USD/bbl (11.1 USD/bbl in Q4/21), due to strong tensions on the supply side: seasonal maintenance shutdowns were coupled with those caused by a series of strikes that have affected some important French refineries for weeks. Between November and December, large import flows from China and the United States, and the seasonal pause in demand for automotive fuels, reduced the average for the quarter.

In 2022, jet fuel recorded an average crack of +33.1 USD/bbl, (vs. an average of +4.1 USD/bbl in 2021). In the pre-conflict period, air traffic had shown a recovery trend in particular in the last quarter of 2021. Following the outbreak of the Russian-Ukrainian conflict, the jet fuel, similarly to diesel, has received support from the lack of supply that impacted the entire middle distillate pool. Finally, although the cancellations of Russian flights have reduced some European air traffic, the closure of Russian and Ukrainian air space has increased the duration of numerous intercontinental flights between Europe and Asia, resulting in greater consumption of jet fuel. As far as short-haul flights are concerned, there has been an increase in traffic in Europe (Eurocontrol data show a level now back within 85% of the 2019 activity level). In Q2, the jet fuel crack thus averaged +44.1 USD/bbl. In Q3, jet fuel cracked at an average of 36.2 USD/bbl (+4.1 USD/bbl in Q3/2021), down slightly from Q2, similar to what has been described for diesel, due to an increased supply coming from imports from Asia to Europe. In the last quarter, jet fuel averaged a crack of 36.6 USD/bbl, broadly in line with the previous quarter, as air traffic continued to recover, mainly in Europe and the US.

7. IEA estimates that global refining capacity has decreased by about 3mb/day in the past 3 years.

SARAS GROUP: INTEGRATED MARGINS 2021 – 2022



The VLSFO crack in 2022 averaged +2.5 USD/bbl (compared to an average of +2.0 USD/bbl in 2021). The VLSFO margins had followed a rather constant trend in the pre-conflict period, in continuity with the recovering values recorded in the last quarter of 2021, following the increase in maritime traffic and consumption of fuel oil used for electricity generation instead of gas. After the outbreak of the Russian-Ukrainian conflict, VLSFO prices rose, which was also reflected in freight costs, due to the support derived from the value of middle distillates (on which the pricing of certain blending components such as e.g. GAV depends). The average VLSFO crack in the second quarter was 7.4 USD/bbl, almost double the average of 3.8 USD/bbl in Q1, with daily peaks over 14 USD/bbl in early April. In Q3, the VLSFO crack fell sharply, recording an average value of +2.4 USD/bbl (+0.8 USD/bbl over the same period in 2021), down 67% from the average of +7.4 USD/bbl recorded in Q2, mainly due to the reduction in maritime cargo traffic as a result of the global economic slowdown. In the last quarter of the year, the VLSFO crack continued the decline that began in the previous quarter and averaged -3.7 USD/bbl, partly due to a significant increase in imports from the Middle East.

On the other hand, the HSFO crack in 2022 averaged -30.0 USD/bbl (compared to an average of -11.3 USD/bbl in 2021): in the first week of the conflict, the HSFO crack immediately collapsed to -32 USD/bbl; Western operators drastically cut supplies of Russian-origin fuel oil (Russia being the main exporter of HSFO globally), resulting in a sharp and continuous depreciation of the product, the crack of which averaged -21 USD/bbl in Q1, -28.1 USD/bbl in Q2 and -38.4 USD/bbl in Q3. In the fourth quarter of 2022, despite a strong discounting context, HS fuel oil regained a slight upward trend, averaging -31.9 USD/bbl, due to the greater use of fuel - against the significant cost-effectiveness compared to VLSFO, which appreciated with the Russian-Ukrainian crisis - especially by vessels equipped with scrubbers.

Electricity and CO_2

The strong bullish trend that has affected the natural gas market and the related electricity market since the third quarter of 2021 worsened in 2022 with the outbreak of the Russian-Ukrainian conflict. Volatility characterized the entire first quarter of 2022, with the spot price of natural gas on the TTF (the European reference market for natural gas) reaching a record high of 212 EUR/MWh on 7th March. In the following months, the trend followed an upward trend, reaching an all-time high of 346 EUR/MWh at the end of August, after Russia announced the closure of the Nord Stream pipeline for "maintenance". The measures taken by European countries to respond to the energy emergency - geographical diversification of supplies, the rush to stock up before the winter season, the use of alternative sources to gas and measures to reduce consumption - along with a milder than expected winter season have contributed to a gradual decline in prices. In particular, the agreement reached in Europe last 19th December to cap natural gas prices at 180 EUR/MWh starting from 15th February 2023 helped to quickly bring prices back below 100 EUR/MWh.

In this context, **the price of electricity (Single National Price or PUN) averaged 303 EUR/MWh in 2022 (125 EUR/MWh in 2021)** with an extremely volatile trend[8] that peaked at over 706 EUR/kWh at

8. Averaging 248 EUR/MWh in Q1 (59 EUR/MWh in Q1 2021), 249 EUR/MWh in Q2 (75 EUR/MWh in Q2/21), and 472 EUR/MWh in Q3 (125 EUR/MWh in Q3/21)

9. As described in the Decree of the Minister of Economic Development of 21st December 2017, published by press release in the Official Gazette no. 300 of 27th December 2017.

the end of August and substantially declined in Q4 with an average of 268 EUR/MWh (242 EUR/MWh in Q4/21), thanks to the phenomena described above regarding the gas price trend.

To deal with this emergency, the *TER* Support Decree (Decree Law 4/2022, converted, with amendments, into law no. 25), has provided for the recognition of an extraordinary contribution, in the form of a tax credit, to partially offset the higher charges incurred for electricity purchased and used in the performance of economic activities during the fourth quarter of 2022,[9] in favor of "energy-intensive companies", such as Sarlux Srl, a subsidiary of the Saras Group.

EUA quotations for European carbon dioxide permits averaged 81 EUR/ton in 2022 (53.2 EUR/ton in 2021), with high volatility over the months, but fairly stable averages across quarters.

Marketing

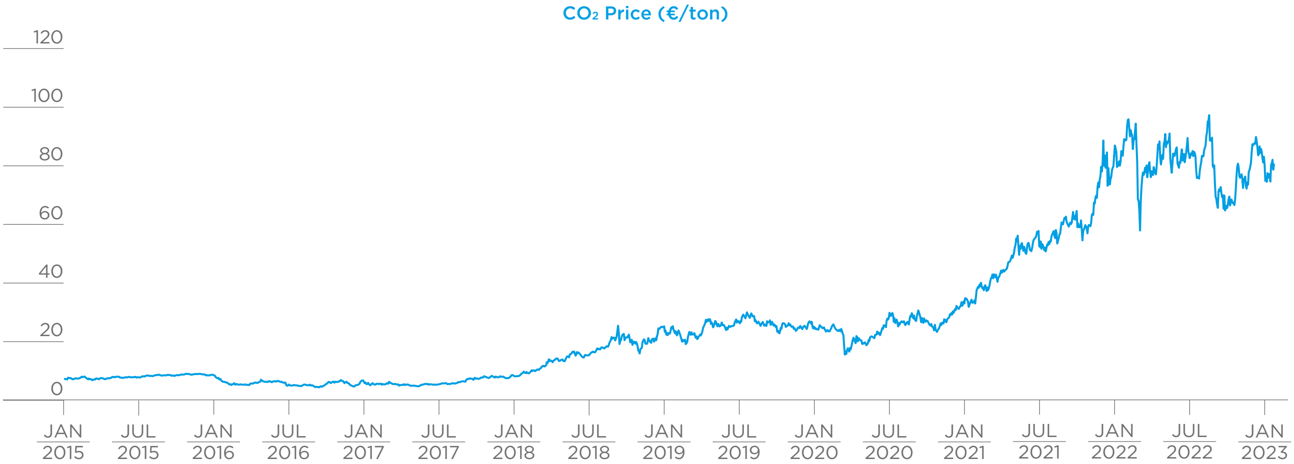
In Italy, according to data collected by Unione Energie per la Mobilità (UNEM), the consumption of oil products in 2022 was +2.7% higher than the consumption recorded in 2021, but still lower (-4.4%) than that recorded in 2019.

The consumption of automotive fuels (gasoline and diesel) showed a significant recovery and amounted to +4.8% compared to 2021, thanks to a strong recovery of gasoline (+11.5%), diesel (+5.9%) and also jet fuel, due to the recovery of air traffic (+74.4%). On the other hand, compared to 2019, total demand was higher for gasoline (+7.2%), roughly the same for diesel (-0.8%), but still lower for jet fuel (-23.6%). Newly registered dual-fuel engines use more gasoline in combination with electricity. In particular, Q4 showed a downward trend in sales of oil products compared to 2021 (-2.1%) and even more negative compared to 2019 (-4.8%) due to limited demand for jet fuel and the mild winter season. On the other hand, demand for fuels was stable vs. 2021 (+0.1%) but up from 2019 (+2.5%) due to strong demand for gasoline (+7.6% vs. '21 and +11.4% vs. '19).

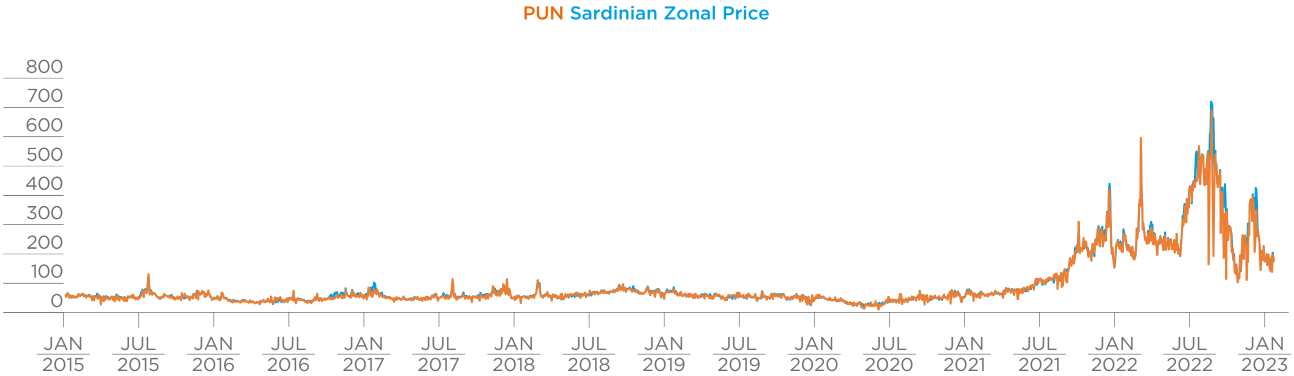
As for the analysis of the Spanish market, the data compiled by CORES shows that in 2022 the consumption of motorway fuels increased by +3.1% vs. 2021, with gasoline in particular increasing by +9.7% while the consumption of automotive diesel increased by +1.5%. Looking at the month of December alone, there was an increase in fuel consumption of +8.1% compared to December 2021, with gasoline up +16.3% and diesel up +6.0%.

Even the comparison with the 2019 pre-pandemic figure, based on December alone, shows a significant growth with an increase in road fuels in December 2022 higher by +6.2% compared to December 2019 (gasoline +16.6% and diesel +3.6%).

CO_2 PRICE (€/TON)



POWER PRICES (€/MWh)



Refining margins and Saras Industrial & Marketing margin

With regard to the profitability analysis of the Industrial & Marketing segment, Saras uses the "EMC Reference Margin" refining benchmark as a reference, against which the Saras refinery typically achieves a higher margin thanks to the high flexibility and complexity of its plants, as well as the performance of industrial and commercial operations.

In 2022, the EMC Reference Margin, in light of the market context described in the previous paragraph, averaged 9.6 USD/bbl (vs. a negative EMC Reference Margin amounting to -2.0 USD/bbl in 2021). Saras' margin averaged 16.4 USD/bbl (4.5 USD/bbl in 2021), showing a premium of +6.8 USD/bbl (+6.5 USD/bbl in 2021). The higher premium achieved in 2022 is mainly due to the better trading & supply activities achieved both in the enhancement of refinery products in all sales channels and through Trading activities. It should be noted that in 2022, considering the high levels of margins offered by the market, operational management was oriented towards maximizing production volumes, sometimes giving up second-level optimizations with impacts on the premium level achieved.

In Q4 2022, the EMC Reference Margin stood at an average of 13.3 USD/bbl (vs. a negative average of -1.5 USD/bbl in Q4/21). Saras' margin was 17.5 USD/bbl (5.0 USD/bbl in the same period of the previous year), showing a premium of +4.2 USD/bbl (6.5 USD/bbl in Q4 2021). The premium in the fourth quarter was lower than that achieved in previous quarters both due to a worsening of production performance and to the negative impacts of the high premiums recorded on crude oils with low sulfur content.

Main operating results

REFINERY RUNS		2022	2021	%
CRUDE OIL RUNS				
	Thousand tons	13,168	12,978	1%
	Million barrels	96.1	94.7	1%
	Thousand barrels/day	263	260	1%
COMPLEMENTARY FEEDSTOCKS				
	Thousand tons	1040	809	29%
ELECTRICITY PRODUCTION				
	GWh	4,100	3,524	16%
TOTAL SALES				
	Thousand tons	3,659	3,336	10%
of which: in Italy	Thousand tons	2,412	2,156	12%
of which: in Spain	Thousand tons	1,247	1,180	6%

Crude oil runs in 2022 were 13.17 million tons (96.1 million barrels, corresponding to 263 thousand barrels per day), in line with the final production levels in 2021. The improved production performance offset a more onerous maintenance plan and the impacts of the port closures due to bad weather that occurred in the first quarter.

Electricity production amounted to 4,100 GWh, up by 16% compared to 2021, mainly due to the significant maintenance work that had penalized 2021 and the different production set-ups required by the Essentiality Regime agreement between the two periods.

Marketing channel sales amounted to 3,659 thousand of tons up by 10% compared to the sales realized in 2021. The higher sales in both Italy and Spain are due both to a more favorable market environment and to the improved trading & supply activities achieved, which allowed Saras to consolidate its market shares in the two markets (approximately 4.4% in Italy and 4.2% in Spain) while improving the unit margins achieved.

RAW MATERIALS BY TYPE		2022	2021
Light Extra Sweet		43%	42%
Light Sweet		10%	7%
Medium Sweet/Extra Sweet		1%	5%
Medium Sour		10%	28%
Heavy Sour/Sweet		36%	18%
Average Density	°API	32.8	33.9

The mix of crudes that the Sarroch refinery processed in 2022 had an average density of 32.8°API, heavier than the average density processed in 2021. This increase is generated by a growth of 15% in heavy crude oils with both low and high sulfur content ("heavy sour/sweet") to the detriment of medium crude oils ("medium sour" and "medium sweet/ extra sweet"), only partly mitigated by the 4% increase in light crude oils with low and very low sulfur content ("light sweet" and "light extra sweet"). These trends can be attributed to changed geopolitical conditions, higher electricity production due to the different production set-up required, and different market conditions with high margins for major oil products.

The mix of raw materials by origin shows that in 2022 the share from the Caspian Sea, North Sea and North Africa decreased and was offset by higher imports from West Africa and North Africa and other geographical areas. These changes are due to increased difficulties in the supply of crude oil from the Caspian Sea and to changes in the conditions of availability and price in other markets. In this context of uncertainty and increasing variability in the timing and conditions of procurement of crude oil, from loading to refinery, the company, in order to optimize the management of working capital, as is typical, can agree with its suppliers on payment terms that differ from the market standard, the cost of which is recognized in the income statement.

RAW MATERIALS BY ORIGIN	2022	2021
North Africa	18%	14%
North Sea	3%	11%
Middle East	18%	26%
Caspian region	20%	32%
West Africa	34%	15%
Other	7%	0%

Regarding the refined products yield, please note that in 2022, consistent with market trends, the yield of middle distillates was maximized (51.7%) at the expense of naphtha and gasoline, with an increase of 3.2% compared to 2021.

PRODUCTION		2022	2021
LPG	Thousand tons	269	269
	yield (%)	2%	2%
NAPHTHA	Thousand tons	525	842
	yield (%)	4%	6%
GASOLINES	Thousand tons	3,207	3,184
	yield (%)	23%	48%
MIDDLE DISTILLATES	Thousand tons	7,343	6,681
	yield (%)	52%	48%
0.5% SULFUR FUEL OIL	Thousand tons	717	728
	yield (%)	5%	5%
OTHER	Thousand tons	1,343	1,245
	yield (%)	9%	9%

Note: the balance to 100% of production comprises "Consumption & Losses" from refining activities.

Main financial results

EUR million		2022	2021	%
Reported EBITDA		1132.5	243.7	365%
Comparable EBITDA		**1098.9**	**20.7**	**NA**
of which: related to the Marketing channel		*55.0*	*34.9*	*58%*
Reported EBIT		935.8	52.6	NA
Comparable EBIT		**915.4**	**(170.4)**	**NA**
NEW BENCHMARK MARGIN	USD/bbl	9.6	(2.0)	N.A.
SARAS IND & MKTG MARGIN	USD/bbl	16.4	4.5	264%
CAPEX		86.8	69.4	25%

Comparable EBITDA in 2022 stood at EUR 1,098.9 million, with a Saras Industrial & Marketing margin of +16.4 USD/bbl, within which the contribution of the Marketing channel was 0.8 USD/bbl (as usual, already net of the impact of the maintenance activity carried out in the period). This against a comparable EBITDA of EUR 20.7 million and a Saras Industrial & Marketing margin of +4.5 USD/bbl (within which the contribution of the Marketing channel was 0.6 USD/bbl) in the previous year.

The particular market conditions increased margin generation by approximately EUR 1,123 million. This positive result is mainly attributable to the strengthening of cracks margins of the main refined oil products (diesel and gasoline) and the strengthening of the US dollar; positive factors that were partially offset by the increase in the price of Brent crude and the increases in crude oil premiums, especially for light grades, as well as the reduction of the naphtha crack. In addition to the development of market variables, these amounts also included the negative impacts that the "backwardation" market structure causes on both procurement and hedging of crude oil stocks, as well as the negative impacts of port closures due to bad weather in the first quarter of 2022.

Operating performance in 2022, if compared with the same period of 2021, was better with an impact of approximately EUR 65 million. This change includes the contribution for the remuneration of the capital used by the plants subject to the Essentiality Regime agreement, with a difference between the two years of EUR 19 million (please note that in 2021 the remuneration had covered the period after 21st April 2021 when the Essentiality Regime agreement began). In particular:

- Trading & supply activities (which include the procurement of crude oil and complementary raw materials, the sale of finished products, the costs of hiring oil tankers, and the management of inventories, including compulsory stocks) contributed to a greater extent for EUR 85 million compared to the same period of the previous year. This was mainly due to a positive performance in oil product management and a higher contribution from trading activities.

- Production planning (consisting of the optimization of the mix of crudes brought in for processing, management of semi-finished products and production of finished products, including those with special formulations) made a lower contribution of approximately EUR 30 million compared to the same period of the previous year. This difference is attributable on the one hand to lower availability, higher premiums and changed qualities of some light crude oils and on the other to the difficulties and subsequent interruption (starting from the second half of 2022) of the procurement of some crude oils from the Caspian area.

- The execution of production activities (which takes into account penalties related to maintenance, both scheduled and unscheduled, and higher consumption compared to the technical limits of some "utilities" such as fuel oil, steam, electricity and fuel gas) net of the effects due to the different levels of unit margins between the two periods, made a lower contribution of approximately EUR 9 million compared to the same period of the prior year. This impact is mainly due to the different maintenance plan between the two periods, partly offset by better performance.

Industrial variable costs, net of components relating to the Essentiality Regime agreement, were EUR 96 million higher in 2022 compared to the same period in 2021. This deviation is due to higher costs for electricity supplies, net of tax credits given to the Group's energy-intensive companies, CO_2 emissions, demurrage (due to higher unit costs and the impacts of bad weather in the first quarter), catalysts (due to increased unit prices and greater functional use to achieve higher margins for the period) and utilities due to the increase in unit costs in part related to the price of electricity.

Industrial fixed costs in 2022 recorded an increase of approximately EUR 34 million compared to the same period of the previous year. This deviation is mainly attributable to higher maintenance and personnel costs. As regards maintenance costs, the increases are due to the different maintenance plan envisaged, the increase in the volume of activities functional to the achievement of the higher level of margins and the inflationary phenomena recorded starting from the second half of the year. The higher personnel costs are due to contract renewals, higher bonuses allocated for the results achieved and the impacts of the redundancy fund, which had reduced the cost of personnel in 2021. It should also be noted that, within the final costs, approximately EUR 70 million is the amount subject to reimbursements relating to the Essentiality Regime agreement in 2022; this amount was EUR 45 million in the previous year with the start of the new regime as of 21st April.

In 2022, the contribution of the Marketing channel to the comparable EBITDA amounted to EUR 55.0 million, versus EUR 34.9 million in 2021. This change is mainly due to higher margins on sales in Italy and Spain. In this regard, it should be noted that in both markets, thanks also to a favorable market environment, both sales volumes and unit margins realized increased. Note that this contribution should be considered together with the industrial one because their technical and commercial expertise, on which the Group's business model is based, is closely coordinated.


13
150
100

RENEWABLES

The Saras Group has historically been active in the production and sale of electricity from renewable sources through its subsidiary Sardeolica Srl, which manages a wind farm located in Ulassai and Perdasdefogu (Sardinia) and, as from 2021 through the newly acquired Energia verde Srl and Energia Alternativa Srl, owners of two wind farms located in Macchiareddu (Cagliari).

In the 2022 financial year, Saras' production from renewable sources amounted to 273,428 MWh, which corresponds to the annual electricity needs of around 185,375 people. The use of renewable wind power has therefore saved 350,213 barrels of oil and reduced CO_2 emissions by around 177,181 tons. Furthermore, cumulatively, from the time it became operational until 31st December 2022, the park's electricity production reached 3,201,524 MWh.

PRODUCTION 2022 [MWh]	AEQUIVALENT ANNUAL POPULATION [1]	TOE [2] "SAVED"	BARRELS OF OIL [3] "SAVED"
273,427	185,375	51,131	350,213
PRODUCTION 2022 [MWh]	**POLLUTANT**	**SPECIFIC EMISSIONS [4] [KG/MWh]**	**EMISSIONS AVOIDED [t]**
273,427	CO_2	648	177,181

PRODUCTION 2005-2022	EQUIVALENT ANNUAL POPULATION [1]	TOE [2] "SAVED"	BARRELS OF OIL [3] "SAVED"
3,201,524	2,170,525	598,685	4,100,582
PRODUCTION 2005-2022	**POLLUTANT**	**SPECIFIC EMISSIONS [4] [KG/MWh]**	**EMISSIONS AVOIDED [t]**
3,201,524	CO_2	648	2,074,588

1. Energy consumption per capita in Sardinia for domestic use, 2021: 1,475 kWh/person/year (https://www.terna.it/it/sistema-elettrico/statistiche/pubblicazioni-statistiche#:~:text=I%20consumi%20di%20energia%20elettrica,%2C3%25%20per%20il%20domestico)

2. 1 kWh = 0.187 × 10-3 TOE (AEEGSI, Resolution EEN 3/08)

3. Equivalent barrel of oil = 0.146 TOE (https://en.wikipedia.org/wiki/Tonne_of_oil_equivalent)

4. Regional Environmental Energy Plan for Sardinia. "Verso un'economia condivisa dell'Energia". [Towards a shared energy economy] Adoption of the technical proposal and start of the strategic environmental assessment procedure, page 114

Reference Market

Directive (EU) 2018/2001 (Renewable Energy Directive II, RED II) sets forth that EU Member States shall collectively ensure that, by 2030, the share of energy from renewable sources in the EU's gross final consumption of energy is at least 32% and the share of energy from renewable sources in transport is at least 14% of final consumption in that sector.

On 14th July 2021, the European Commission adopted the "Fit for 55" package of climate and energy legislation to meet the EU's new target of reducing greenhouse gas (GHG) emissions by at least 55% by 2030. The "Fit for 55" package is part of the European Green Deal, which aims to put the EU firmly on the path to climate neutrality by 2050.

A key element of the "Fit for 55" package is the revision of the Renewable Energy Directive (RED II) to help the EU meet its the new 55% greenhouse gas target. As part of RED II, the EU is required to ensure that at least 32% of its energy consumption comes from renewable energy sources (RES) by 2030. The revised RED II strengthens these provisions and sets a new EU target of at least 40% FER share of final energy consumption by 2030, accompanied by new sector targets.

As part of the REPowerEU plan (May 2022), the Commission proposed to further increase this FER target to a 45% share by 2030.

Looking at the Italian market in 2022, according to data from Terna, the company that manages the national transmission network, Italy's electricity demand was 316.8 billion kWh, a figure down 1% from 2021. Renewable energy sources met 31.1% of demand, with a significant decrease in hydroelectric production.

According to the RES Observatory carried out by ANIE Rinnovabili, an association of ANIE Federation, based on the data available to date Gaudì from Terna, at the end of the 3rd quarter of 2022 there is a cumulative total of 1,989 MW of new installed capacity (+146% compared to the same period in 2021), broken down as follows: 1,572 MW for photovoltaic (+159%), 381 MW for wind (+112%) and 37 MW for hydro (+66%).

Analyzing the production data published by Terna, the RESs in 2022 were affected (until 30th September) by the low contribution from hydroelectric sources (-38% compared to 2021), due to the severe drought that hit our country in the first months of the year, partially offset, however, by the increase in wind power generation (+8%) and photovoltaic (+10%) production. In the period from January 2022 to September 2022, the RESs produced 79.6 TWh compared to 90.8 TWh in the same period in 2021; this performance allowed only 33% of the national electricity demand to be met (compared to 38% in 2021).

According to WindEurope at European level, 19 GW (16 GW in the EU-27) of new wind capacity were installed in 2022, up 4% compared to 2021. The 2022 figure is well below what the EU should build to be on track to meet its 2030 climate and energy targets.

87% of new wind installations in Europe last year were onshore wind power. Sweden, Finland, Germany and France have built the largest amount of onshore wind power.

Europe now has 255 GW of wind capacity, and Europe is expected to install 129 GW of new wind farms in the period 2023-2027 and the EU-27 is expected to install 98 GW. Three-quarters of the new capacity additions in the period from 2023 to 2027 will be onshore. The EU is also expected to build an average of 20 GW of new wind farms per year in the period from 2023 to 2027. The EU should build, on average, more than 30 GW per year of new wind power to meet its 2030 targets.

According to Terna's data, in 2022, the renewable capacity in operation in Italy increased by 3,036 MW. This value is 1,682 MW (+124%) higher than the previous year. Wind power in Italy produced 20,358 GWh in 2022, down 1.8% from 2021.

Please note that the *TER* Support Decree (Decree Law 4/2022, converted, with amendments, by law no. 25), with the aim of containing electricity prices, introduced a "compensation" mechanism for non-incentivized renewable sources, aimed at eliminating the "extra-profits" earned by certain categories of plants identified by the regulation, as a result of the increase in the cost of electricity. Under this measure, producers returned, with reference to the period 1st February to 31st December 2022, the difference between market prices and "a fair remuneration" (referring to the historical average of market zonal prices, from the operational start date of the plant until 31st December 2020). For Group wind companies, the compensation is based on a historical average price of about 61 EUR/MWh, to be applied to the non-incentivized production sections which became operational prior to 2010 (around 47% of total production of 2022). Moreover, as from December 2022, in implementation of EU regulation 2022/1854, a price cap of 180 EUR/MWh was applied to the revenues of the "*infra*-marginal" plants, which until that date were measured at the market price of electricity.

Main operating and financial results

		2022	2021	%
ELECTRICITY PRODUCTION	MWh	273,427	258,453	6%
POWER TARIFF	EURcent/KWh	15.8	12.2	30%
INCENTIVE TARIFF	EURcent/KWh	4.3	10.9	-61%

In 2022, the Renewables segment's comparable EBITDA amounted to EUR 37.8 million, higher than the EUR 33.4 million achieved in 2021. The increase in EBITDA between the two periods is attributable to the contribution of the new plants purchased in June 2021. Electricity production amounted to 273.4 GWh (including -10 GWh due to Terna limitations), an increase of 15.0 GWh compared to the previous year; this increase is for 25 GWh due to the production of the new wind farms.

With regard to the impacts relating to the application of price limits on renewable production, it should be noted that the limit of 61 EUR/MWh introduced by the *TER* Support Decree applies to 47% of total production and that the limit of 180 EUR/MWh introduced by the 2023 Budget Law applies to 5% of production (limit applied from December on all production not subject to the limit of 61 EUR/MWh). The application of these limitations reduced the EBITDA by approximately EUR 25.4 million.

Moreover, please note that, on 30th March 2022, the Autonomous Region of Sardinia approved the Single Authorization in favor of Sardeolica Srl for the construction and operation of a 79 MW photovoltaic plant in the industrial area of Macchiareddu, which is expected to come into operation in 2024.

EUR million	2022	2021	Var %
Reported EBITDA	37.8	33.4	13%
Comparable EBITDA	**37.8**	**33.4**	**13%**
Reported EBIT	29.9	25.9	15%
Comparable EBIT	**29.9**	**25.9**	**15%**
CAPEX	18.9	8.4	125%

INVESTMENTS BY SEGMENT

The investments made by the Saras Group in 2022 amounted to EUR 105.7 million, up from EUR 77.8 million in 2021.

For the Industrial & Marketing segment, investments in 2022 amounted to EUR 86.8 million, an increase compared to EUR 69.4 million in 2021. As usual, a share of the investments was dedicated to the continuation of activities for compliance with the HSE requirements and to maintaining the operational efficiency of the plants (approximately EUR 30 million). The higher investments compared to the previous year are due to increased multi-year maintenance activities, part of which for plants regulated within the "Essentiality Regime agreement", and the resumption of development activities; these include initiatives to improve plant logistics, including to increase the HVO's co-processing capacity and the greater activities in the area of cybersecurity.

Investments in the Renewables segment in 2022 amounted to EUR 18.9 million. These investments mainly regard development activities for the new photovoltaic plant.

EUR million	2022	2021
INDUSTRIAL & MARKETING	86.8	69.4
RENEWABLES	18.9	8.4
Total	**105.7**	**77.8**

OUTLOOK

In the update of the WEO (World Economic Outlook) at the end of January 2023, the International Monetary Fund revised upwards the previous October estimates on global GDP growth in 2023, which is now forecast at 2.9%, higher than 0.2 percentage points to that estimated by the Fund in the fall, thanks to the recent reopening of China, which has abandoned the policy of restrictions to combat the pandemic, suggesting a faster recovery than expected. However, the figure remains below the historic 2000-2019 average of 3.8%, held back by the rise in central bank rates to combat inflation, and the impacts of the Russian-Ukrainian conflict. With regard to the Eurozone and the USA, the Fund expects a partial reduction in inflation and growth of 0.7% and 1.4% respectively (+0.2 percentage points and +0.4 percentage points compared to the October forecasts). As regards China, growth this year should reach 5.2% (+0.8 percentage points compared to the WEO in October).

In the last Oil Market Report released in mid-February 2023, the International Energy Agency (IEA) estimates that, despite the slight contraction recorded in the last quarter of 2022, **global oil demand** in 2023 should increase on average by 2 mb per day, passing to an average of 101.9 mb per day - a figure that exceeds the annual average pre-Covid demand of 2019 (100.4 mb per day). This increase will be driven by the Asia-Pacific area, and in particular by the recovery of China. The reopening of Asian borders will also support the increase in air traffic, with jet/kerosene demand expected to return to 90% in 2023 compared to 2019 levels.

In terms of supply, the IEA forecasts a growth in global average daily oil production of 1.2 mb per day in 2023, which will reach an average of 101.3 mb per day in 2023, driven by non-OPEC+ countries (United States together with Brazil, Norway, Canada and Guyana). The OPEC+ supply will contract, with Russia under pressure due to sanctions, while the production shares of the other member countries will remain unchanged (according to the recent announcements of the organization) compared to the levels of November and December, at least until a next meeting of the OPEC+ expected in April.

According to the IEA, these cuts together with the maintenance of a not very expansive policy by the OPEC+, and the greater Asian demand following the reopening of China, will lead to a substantial deficit between supply and demand in the second half of 2023.

In particular, after the introduction by the EU of the embargo of 5th February 2023 on imports of refined oil products, Europe will have to find an alternative source of supply for the imports of fuel from Russia, and mainly diesel (for approximately 600 - 650 kb per day).

Between the end of 2022 and the beginning of this year, the increase in imports together with milder than expected winter temperatures and the seasonal slowdown in demand on road, contributed to increasing the stocks of middle distillates available, ensuring sufficient supplies to respond to demand. However, the embargo on oil products has led to a redefinition of flows that see Europe destined to obtain supplies mostly from the United States, the Middle East and Asia, while Russia will be busy finding new outlets for its products in China, India and South America. If after the embargo, Russia successfully diverted its exports to Asia in particular, the bearish effect of the price cap prompted the country to announce upcoming production cuts, starting from March.

According to the IEA, if the OPEC+ were to maintain the expected production, with the cuts announced by Russia, the supply of crude oil in the second half of the year could be significantly lower than the demand of the refineries, with consequent product deficits, in particular in the last quarter of the year. This forecast also takes into account the new production, for approximately 1.8 mb per day, which will be available in 2023 with the completion and launch of three major projects in the Middle East, Nigeria and Mexico. More than one third of this new capacity is expected to come into operation within the first half of the year, with the start-up of the new Al-Zour refinery in Kuwait.

Looking at the market trend in the early months of 2023, it was characterized by Brent Dtd prices which in mid-February ranged between 82 - 83 USD/bbl, supported on the one hand by a climate of optimism for the reopening of China, and improved forecasts on European economic prospects, also thanks to the significant reduction in natural gas prices.

With regard to the **margins of refined products**, at the beginning of the year both diesel and gasoline cracks continued the growing trend that began in December, mainly due to a reduced global production of refineries, in particular those in the United States, which slowed down after the interruptions caused by the cold temperatures in December and a series of scheduled maintenance. In particular, gasoline margins were affected by lower flows from the United States, recording in the MED area an average of more than 17 USD/bbl until mid-February. The diesel crack recorded an average of over 35.5 USD/bbl in the same period. Since February there has been a decline, due to the high stocks of product accumulated with the flows of imports (from Russia, the Middle East and India) which, as already described, significantly exceeded the historical averages between October and January. However, IEA notes that at the beginning of 2023, about one month after the embargo came into force, the stocks of distillates in Europe were still 26.6 mb (approximately 10%) lower than the five-year average for 2017-2021 (approximately 270 - 280 mb).

As regards **energy costs (electricity and CO_2)**, the beginning of 2023 saw the price of gas continuously falling (the TTF spot went from 72 EUR/MWh at the beginning of January to less than 50 EUR/MWh after the first half of February), thanks to the filling of storage facilities and to the limited demand that remained far from potentially critical levels, despite a lowering of temperatures compared to the end of 2022. The lower gas consumption was affected on the one hand by the measures to limit demand (heating above all), on the other by the many shutdowns of industrial activities due to too high prices and the strong use of coal plants with a consequent increase in CO_2 emissions. The reduction in the price of gas had a positive impact on the price of electricity with the PUN, which from the beginning of the year to mid-February recorded an average of approximately 171 EUR/MWh. The EUA quotas to cover CO_2 emissions instead increased to over 90 EUR/ton in mid-February (from approximately 80 EUR/ton at the end of 2022).

The scenario described above, characterized by high volatility, together with the prevailing scenario assumptions[10] of the main sector analysts, and the trend of the forward curves of oil, gas and electricity commodities, lead to the consideration for 2023 of a positive scenario with:

- **Brent Dtd prices** at levels substantially in line with the current ones (80 - 85 USD/bbl);
- **premiums on crude oils with low sulfur content**, such as Azeri, even higher than the historical averages (1-2 USD/bbl), supported by the high margins of middle distillates. The high freight costs, one of the consequences of the EU sanctions against Russia, also further affect the cost of procurement of crude oils;
- **gasoline crack** expected to be normalized compared to the high values of 2022;
- **diesel crack** down compared to record values recorded in 2022, but still high and above historical averages;
- **PUN still subject to high volatility depending on the price of gas.** In this regard, it should be noted that the extension of the tax credit to energy-intensive companies is currently only envisaged for up to the first quarter;
- **CO_2 subject to tension** in light of the recent increases (up to 90 EUR/ton) induced by the higher emissions expected in the face of the increase in industrial production. This indicates the risk of an increase in prices.

In light of these forecasts the EMC Reference Margin expected in 2023, although lower than the extraordinarily high one recorded in 2022, should remain above the historical averages.

From an operational point of view, 2023 will be characterized by a maintenance plan that will be concentrated in the first half of the year. In the first quarter, catalytic reforming and one of the mild hydrocracking units will be subject to maintenance at the same time as a distillation unit ("topping"). The second quarter will see the multi-year turnaround of the IGCC combined cycle gasification plant; at the same time, the second mild hydrocracking and an additional topping unit will be maintained. In the third quarter, no significant maintenance works are planned, while in the fourth quarter some minor activities are planned (a slowdown of the gasification and maintenance of one of the desulfurization units). Overall, as regards the annual processing of crude oil, this is expected to be approximately 12 ÷ 13 million tons (or 88 ÷ 95 million barrels), to which approximately 1 million tons of plant charge will be added complementary to the crude oil (corresponding to approximately 7 m/bbl), while the production of electricity is expected - in line with the planned maintenance interventions and on the basis of an essential power requirement assumed - slightly lower (-5%) that 2022 levels.

It should also be noted that the combined cycle power plant of Sarlux Srl was registered by Terna among the "essential" plants for

10. Sources for the estimates on the Oil market: Platts, WMC and Nomisma (Dec '22) and FGE (Jan '23); Electricity & Gas Market: Ref4E, Nomisma, AFRY Pöyry and Elemens (Dec '22); for Q1/23 the Forward curves at 09/01 were considered for Brent and Cracks and the Supply Chain Management Saras indications for the assumptions on crude premiums/discounts.

2023 and that it was included in the relevant cost reinstatement system by ARERA.

Given these conditions, the Company estimates that in 2023 it will be able to achieve an average annual premium compared to the EMC Reference Margin of between 5 - 6 USD/bbl.

As regards the **Renewables segment**, in 2023 Sardeolica will be engaged in the construction of the 80 MW Helianto photovoltaic plant, which is expected to be fully operational by the end of the first half of 2024.

With regard to the enhancement of the segment's production, the measure introduced by Decree Law no. 4 of 27th January 2022, the so-called "*TER* Support", was extended by the financial maneuver to the entire first half of 2023, therefore the production of the Ulassai and Energia Verde wind farms, approximately 53% of the production expected in 2023, will be valued, as in most of the 2022, at a price of around 61 EUR/MWh. In the first half of the year, the remaining 47% of production (incentivized production, production of the Ulassai wind farm and the Energia Alternativa wind farm) will be valued in compliance with the provisions of the 2023 Budget Law which introduced, in implementation of EU regulation 2022/1854, a price cap of 180 EUR/MWh to be applied to the revenues of the so-called "*infra*-marginal" plants, which achieved extraordinary revenues in 2022 thanks to the market price of electricity. This price cap will be applied to 100% of production starting from the second half of 2023.

Again in the Renewables area, the Group continues the authorization activities for the development of new greenfield plants through the subsidiary Sardeolica.

As regards the other **projects launched by the Group as part of the energy transition strategy ("New Energies")**, Saras will continue its collaboration with Enel Green Power in 2023, aimed at supplying green hydrogen to the Saras refinery through the use of an electrolyzer of about 20 MW powered by renewable energy. After the recognition of SardHy Green Hydrogen among the four Italian companies admitted to the European IPCEI Hy2Use program (the European Union initiative that supports the best projects related to the hydrogen value chain), discussions with MIMIT (Ministry of Enterprises and Made in Italy) are underway and the application for financial relief was submitted, based on the provisions of the ministerial decree for the activation of the intervention of the IPCEI fund for these projects of common European interest in the field of hydrogen. In addition, preliminary activities were launched for the negotiation and definition of contracts for the supply of materials and for works tenders.

With regard to the Carbon Capture and Storage project, the collaboration with Air Liquide is proceeding, aimed at better defining the aspects relating to the entire development chain including logistics and transport, together with an estimate of costs and timing. In addition, activities were launched in 2022 to access the European Green New Deal and Horizon funds dedicated to CCS and CCU (Carbon Capture and Utilization) projects.

As regards **the Group's investments**, an important investment plan of approximately EUR 180-190 million is expected in 2023 for the Industrial & Marketing segment, for the efficiency and maintenance of the high competitiveness of the plants also in light of the reduced investments of the past two years, and equal to EUR 60-70 million for the Renewables segment. In particular, in the Industrial & Marketing segment, investments will be mainly concentrated in the ten-year turnaround of the IGCC plant, as well as in the HSE (Health, Safety & Environment) area and in the development of ICT, Digital and Cybersecurity projects. In the Renewables segment, investments will be mainly aimed at the construction of the Helianto photovoltaic park.

With regard to the expected trend of the **Group's Net Financial Position**, in the first part of the year this will be influenced by the payment of taxes (including "windfall tax") and dividends relating to 2022. The scenario assumptions hypothesized by the Company and described above make it possible to predict a positive trend of core business in 2023, which will be used in part to finance the investment plan described above.


MOTOROLA

HUMAN RESOURCES

In accordance with the provisions of Article 5, paragraph 3, letter b of Legislative Decree no. 254/2016, the Company prepared the consolidated non-financial statement, which constitutes a separate report. The 2020 consolidated non-financial statement, prepared in accordance with GRI Standards, consists of an autonomous document, which, in addition to fulfilling the requirements of Legislative Decree no. 254/16, enables the sharing of the Company Purpose and the sustainable development strategy. Therefore, the chapters concerning Human Resources, Social Responsibility, Health, Safety and Environment and activities with the community, will be broken down more thoroughly in the Sustainability Report - Consolidated Non-Financial Statement.

The systematic set of tools, interventions and activities prepared during the year in the field of human resources is illustrated below to ensure that the organization achieves its business objectives and continuously improves performance according to the strategic plan defined in the business plan and in the annual budget.

The interventions were inspired by the principles and values of the Group relating to sustainable development, the transformation of our way of working and the enhancement of the potential of our people. The initiatives carried out have focused on the development of existing skills, the strengthening of managerial sensibilities enabling people management roles and the importance of awareness of the individual impact on results.

During 2022, the most critical phase of the pandemic was gradually overcome and the Group took the opportunity to transform emergency smart working into a structured agile working method, which was activated for all Companies as from April.

The extraordinary scenario of 2022 caused by the Russian-Ukrainian conflict showed the crucial role of the refining and "traditional" energy sector in ensuring energy security and diversification of energy sources in the reference markets.

In this context, the Group continued its process of continuous improvement to ensure the sustainability of its business.

In particular, as part of the ESTI (Sustainable Energy for an Inclusive Transition) Program, which aims to improve industrial performance and create sustainable value through the efficiency of processes, resource optimization and increased asset availability, a specific project was developed in order to define an organization capable of improving the overall effectiveness and efficiency of the processes and structures in the Industrial area. During the first half of the year, this project involved several inter-functional work teams in an in-depth analysis of organizational processes and represented a successful experience of internal collaboration that enabled some innovative solutions to be identified.

In the above context, in the second half of the year the Group was engaged in managing a significant change at the top of the organization.

Organization

At the end of 2022, the Group had 1,576 employees, with no significant changes compared to the previous year.

During the year, the reorganization measures were mainly geared towards rationalizing structures, achieve efficiency, reliability and operational flexibility, all inspired by the realization of an organic and integrated vision of the Group, making the most of people's skills.

In continuity with the organization defined in 2020, the new organization of the Industrial structure consolidates the focus of responsibilities on execution (Sarroch Site Operations) and competence centers (Industrial Technology, Engineering and Services) and is based on streamlining industrial processes, ensuring continuous optimization of performance, availability of skills and appropriate organizational sizing, and on unifying processes by specialty and purpose.

The following structures report to the Chief Industrial Officer:

- Industrial Technology, responsible for defining short- and medium-term strategies to manage the improvement of production processes and the increase of asset availability, as well as ensuring the related short-term planning and programming, in line with the Group's long-term strategies and plans;
- Industrial Operations, responsible for ensuring the industrial operations aimed at the production of fuels, biofuels, basic chemicals and electricity, focusing on the execution of plans and programs and overseeing the activities that enable the day-by-day operation of the Sarroch Site asset;
- Industrial Engineering & Services, responsible for ensuring project management of the investment plan, engineering supply chain and ICS management activities, digital transformation of the Industrial area and industrial technical services.

This organization is characterized by a strong interdependence between areas, the presence of liaison roles identified to maximize collaboration and dialogue between functions, the reduction of layers in order to optimize and simplify processes and the empowerment of roles that require greater specialization, greater interpersonal skills and greater decision-making autonomy.

Reporting to the Chief Industrial Officer, the Industrial Regulatory Advisor function is responsible for cross-supporting the organization in monitoring regulatory developments and managing relations with institutional stakeholders relevant to the Industrial area.

In the Energy & Sustainability organization, Sardeolica's structure has been revised in a way that is functional to the progress of the projects for the development of the production capacity from renewable sources and the additional objectives of the 2022-2025 Business Plan.

Finally, in the organization of the Chief Financial Officer area, some rationalization measures of structures were implemented to ensure an increasingly efficient support to all Group companies, both Italian and foreign.

Industrial relations

In the first few months of 2022, activities with the Social Partners focused on sharing organizational and management methods of the five clusters of shutdowns that affected the Sarroch Industrial Site throughout the year.

Fortunately, the aftermath of the pandemic crisis made it possible to renew the agreement to fund study trips and camps for employees' children for the three-year period 2022-2024.

As usual, the new platform of the Performance Bonus for the three-year period 2022-2024 containing the new productivity and profitability indicators (KPIs) for 2022 was also defined with the trade unions.

In September, a plan for the hiring of plant operators was shared with the RSU aimed at covering part of the shift vacancies at the refinery.

During the year, elections were held to renew the RSU of Saras/Sarlux, Sartec and Deposito di Arcola, which were characterized by changes in trade union composition within the RSU.

With regard to the Sarroch Site, in anticipation of the CGIL national strike on 16th December, meeting minutes were signed regarding the need to reconcile the exercise of the right to strike with the need to ensure the safety of people, the protection of production plants and the protection of the environment.

For all the Italian Companies of the Group, specific agreements were signed in December on the Welfare Plan for the period 2022-2023 with the disbursement of a welfare credit to access goods and services giving priority to the use of fringe benefits for the reimbursement of household utilities.

Finally, during the renewal of the Energy and Oil National Collective Labor Agreement, Saras participated as a member of the National Negotiating Committee, since it is a member of the Strategic Committee of Confindustria Energia.

Training and development of human resources

The Learning & Development process is inspired by the principles expressed in the "Our people" Policy

and is described in the "Human Resources Process Guideline".

During the year, the Group launched learning initiatives aimed at fostering people's growth and development in line with policies, corporate values and specific personal and professional characteristics of our people, and also aimed at maintaining a high level of sustainability of the business in the current context of energy transition.

The activities aimed at accompanying the development of the organizational culture and promoting managerial approaches, defined and shared among the leaders of the companies of our Group, were significant and of great impact.

The results achieved in recent years also confirm the belief that the experiential approach is the most effective way to develop skills. For this reason, the initiatives undertaken in 2022 continue to be based on a methodology that gave a lot of space to moments of re-elaboration and consolidation of experiences and skills, using digital learning for self-learning theoretical insights.

35,539
Total training hours 2022 of the Saras Group

The methodological approach, based on the development of "Learning Agility", has resulted in more effective learning and in the immediate adoption and practical exercise of skills in the field, helping to optimize training time and achieve the set targets.

The main macro-areas of intervention concern:

- the development of technical specialist skills: training activities aimed at specific professional figures;
- the development of "soft skills" and managerial skills: training activities designed to develop skills across several corporate roles;
- raising awareness on sustainability with a focus on the main projects and initiatives undertaken by the Group as part of energy transition;
- compliance training: training activities on issues governed by law/external bodies (e.g. HSE training, etc.).

TOTAL HOURS OF TRAINING

Parameters	2020	2021	2022
Saras SpA	3,120	3,076	4,154
Sarlux Srl	46,850	25,325	26,117
Sartec Srl	4,049	3,889	2,894
Sardeolica Srl	1,819	1,445	1,762
Deposito di Arcola Srl	273	97	100
Saras Energia SAU	1,129	757	407
Saras Trading SA	154	160	105
Total	**57,394**	**34,749**	**35,539**

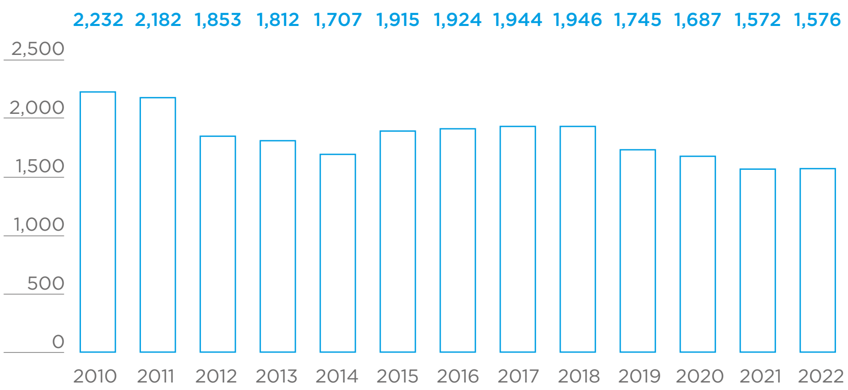
The "SarasLearning" digital learning platform continues to be the training environment within which to use all the contents for the development of technical, managerial and soft skills.

Position training for operational roles continues to be an important opportunity for the development of know-how, both technical and behavioral, as well as an opportunity for the transfer of knowledge and skills to new generations. Following the new hires for operational roles, the one-month "Plant Operators" training course was activated, within which special attention was paid to the topic of role interpretation and the importance of "Soft Skills," in addition to specialized technical content.

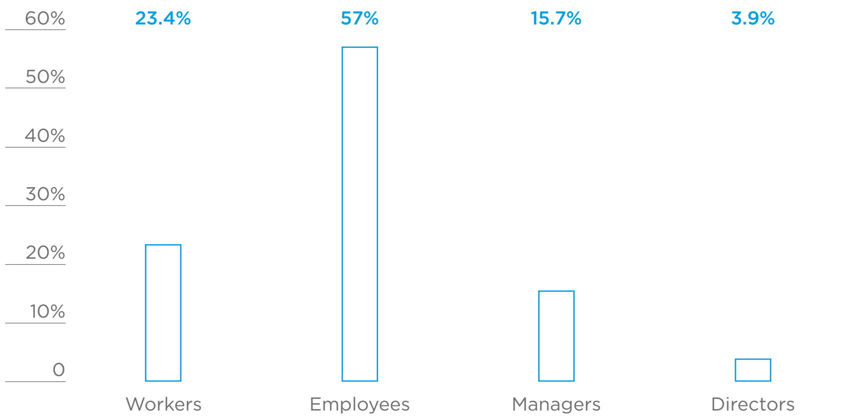
In 2022, an important process in Energy Management was launched with the aim of increasing skills and offering a system view of the energy market with an international horizon, thanks to discussions with experienced professionals and consultants alternating with contextualization in our organization.

During the year, the development of a shared and inclusive organizational culture inspired by our values continued with more than one hundred colleagues, including people managers and key roles in the organization, involved in the transition process since its inception. The participants in the initiative helped define common approaches, behaviors and concrete actions to be taken to promote and deal with transformation by setting individual improvement objectives.

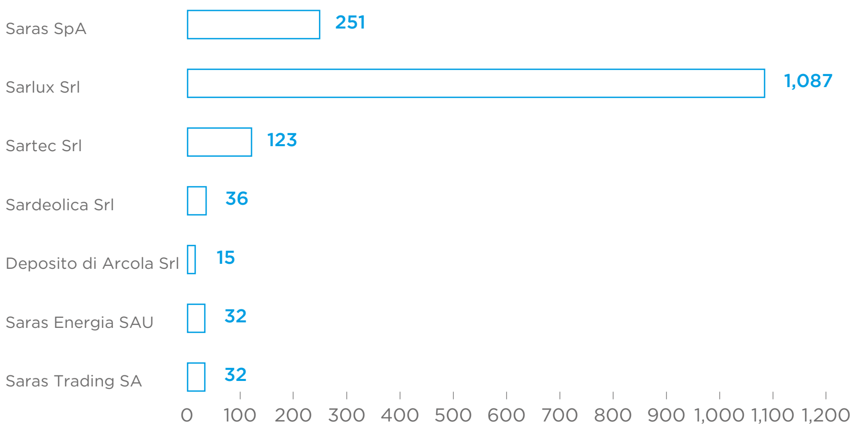
SARAS GROUP: TOTAL EMPLOYEES



SARAS GROUP: POPULATION BANDS (31.12.2022)



EMPLOYEES DISTRIBUTION BY COMPANY (31.12.2022)



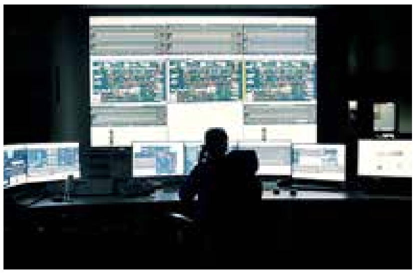
The Group has continued to invest in the managerial skills of its leaders through paths aimed at leadership development and individual coaching as well as the People Manager path, involving an increasing number of people.

Also in line with the strong focus on management-related issues, a course for maintenance personnel was launched in 2022 with the aim of consolidating skills for effective and efficient "Work Management," sharing and strengthening methods and approaches in line with our values and culture.

The first edition of the mentoring program, which focuses on fundamental skills for the sustainability of our Group, was completed, including the preparatory training of mentors and the implementation of mentoring tracks. Due to the great success and appreciation from mentors and mentees, the second edition of the program was launched in the fall of 2022.

All people in the Group continued to have free full-time access to the language learning platform to update their foreign language skills, with the main focus on English. Moreover, to encourage the development and growth of some profiles, targeted English language consolidation courses have been integrated in addition to self-learning training.

Training continues on Privacy and the Organization, Management and Control Model under Legislative Decree no. 231/2001, which, in addition to always being available to everyone on SarasLearning, is an integral part of the onboarding course attended by all new hires.



Internal communication

In continuity with the previous year, during 2022, internal communication activities were aimed at supporting the transformation underway and enhancing the fundamental role that people play in this process, also promoting the dissemination of a way of working increasingly based on accountability, trust, autonomy and the ability to deal with change.

As part of the ESTI Program, a communication plan was defined and implemented to inform and update stakeholders on a regular basis, to engage and motivate them in the transformation envisioned by the program, and to support the achievement of objectives. In particular, the change in the industrial organization was accompanied by an intensive program of meetings involving more than 500 people, including the day-to-day personnel of the Industrial organization and the shift managers of the production units. These sessions made it possible to define the reorganization as part of the ESTI Program and to share an organic view of the organizational processes and the main innovations through the drivers that guided the change, providing space for discussion on the interpretation of roles according to the model of the company's organizational culture.

In 2022, the Employee survey called "Our Transformation" was carried out, an online survey aimed at understanding how people experience their role in the company, their interactions with colleagues and how they interpret the development of the organization. The initiative involved all Saras Group employees with a response rate that highlights the willingness to contribute to the company's transformation process and allows for insights and actions to be defined according to certain priorities.

Overall, there is widespread agreement with the proposed statements, with a high degree of satisfaction with issues related to the work environment, trust in the company and company potential. Responses related to the topics of welfare and leadership, which are also positive globally, indicate the need to define specific actions and to continue the course of action already initiated to support people management processes.

The assessments expressed show a significant improvement over the previous survey, confirming a growing pride and strong sense of belonging to the Group, which have always characterized the corporate culture.

In line with the feedback received, an action plan is being developed that will focus on continuing to support the people management processes in our organization and further strengthening, improving and communicating the welfare offering.

Finally, through internal communication, the objectives and innovations deriving from the reviews of processes and organizational structures and the introduction of new tools were shared and the Group's main initiatives were promoted, in order to promptly direct people's behavior towards the expectations and needs of the organization.

Remuneration policies

Management pay components

The fixed gross annual remuneration of the managers of the Group companies refers to national regulations and contracts. This remuneration may be supplemented by any benefits and a variable component linked to strategic objectives and operating results.

In continuity with what was approved by the Saras Shareholders' Meeting on 12th May 2021, the long-term incentive plan for the Saras Group's Top Management, called Performance Cash Plan 2021-2023, is currently in force, with the aim of providing the Company with a remuneration tool that best represents the Company's objective and the management performance, which is more in line with the current strategy and capable of supporting the engagement and retention of the Group's management figures, the details of which are provided in a subsequent section of this Report on Operations.

Non-management staff pay components

The fixed gross annual remuneration of employees complies with the national regulations and contracts as well as with the second level complementary agreements in force (where applicable).

In some cases, benefits and/or a part of an individual variable linked to results may also be assigned.

HEALTH, SAFETY AND ENVIRONMENT

Be safe, always.

"We are committed to ensuring safety at all times.
This is the fundamental principle that all of our employees must adhere to at all times.
We have also developed a Code of Ethics that emphasizes
the importance of training and safety".

The prevention of major accidents, the protection of people's health and safety, the safeguarding and improvement of environmental conditions and the prudent and rational use of natural resources are core values for Saras.

The Saras Group has defined its guiding principles on the following values:

- implement any useful initiative to prevent any type of accident and, if necessary, minimize the consequences for people, the environment and assets, also by promoting the development and sharing of expertise;
- manage all activities in constant compliance with the obligations related to the applicable regulations, the accepted voluntary regulations and the needs and expectations of the stakeholders;
- plan investments by assessing the availability of technological developments in the sector that have a positive impact on the prevention of major accidents and on the protection of health, safety and the environment;
- promote integration with the territory through responsible and transparent management of the relations established with it.

Disseminating a culture of safety means continuous research and training activities and the creation of working conditions aimed at gradually reducing the number of emergencies and accidents for Saras Group and contractor workers, with the aim of achieving "zero accidents".

To this end, Saras is working with Confindustria Energia, Unione Energia per la Mobilità and the trade unions to ensure that this culture is also disseminated in the areas in which it operates and among its stakeholders, primarily suppliers, also by involving them in development and awareness-raising programs.

HSE performance for the year 2022

The injury frequency rate for the entire Group was 1.98, down from the 2.85 reported in 2021. The performance was determined by the decrease in the number of events reported (5 in 2022 vs. 7 in 2021) against a nearly constant number of hours worked, which is the denominator of the ratio with which the frequency index is calculated. On the other hand, the number of days lost due to injury increased (243 in 2022 vs. 155 in 2021) increasing the severity index from 0.06 to 0.10.

In 2022, the subsidiary Sarlux, while the number of hours worked was almost the same as in 2021, recorded a reduction in the number of accidents (4 in 2022 vs. 5 in 2021), which is reflected in the reduction of the frequency index from 3.08 reported in 2021 to 2.49 in 2022. The four events resulted in the loss of 232 working days during the year.

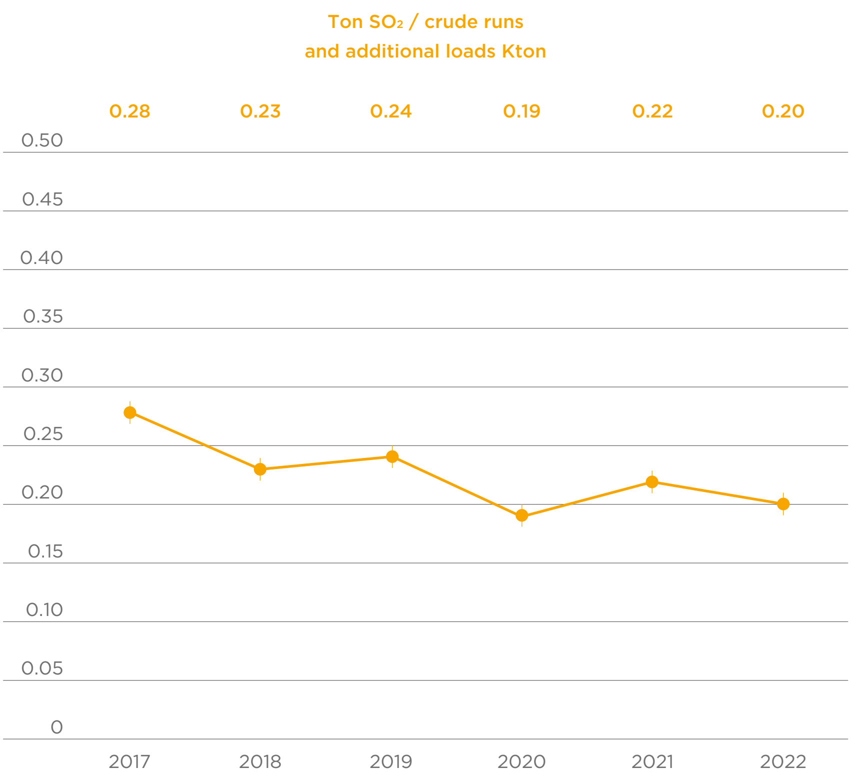
The 4 accidents at Sarlux are due to the following root causes: 1) unsafe material due to damage; 1) carelessness in the use of equipment; 2) carelessness in the use of means; 3) reckless act of the injured person, 4) damaged material.

Regarding the breakdown by gender, all accidents involved men.

In this context, Sarlux implements the following actions:

1. The application of the Behavior Based Safety (BBS) protocol at the Sarroch site: the Protocol, according to behavioral theories, establishes that behaviors are the result of learning through negative (punishments) and above all positive (rewards) reinforcements, in a sequence of "antecedents" (or activators) that induce "behaviors", which in turn lead to "consequences" (these three phases make up the "three-contingency model - ABC").

SO_2 PRODUCTION INDEX



The application of the BBS protocol at the Sarlux site began in 2015 with a pilot project in some areas of the plant (Energy, Utilities, Handling and Assets) and was quickly extended to the entire plant and all operational functions.

Since 2018, the rate of safe behavior has been over 98%, which is evident from the analysis of checklists filled out in significant numbers (about 12-14 thousand per year), a sign that the culture of safety has deeply penetrated all areas of the company. In 2022, out of more than 12,500 observations made, nearly 6,200 feedbacks were provided, also recording a very high percentage of safe behavior at 98.3%.

In October 2022, as part of the ESTI Program, a project was launched to update the current protocol, with the aim of maintaining and improving the results achieved over the years and reducing the behaviors identified as among the joint causes of the accidents occurred. At the same time, the involvement of the Contractors is envisaged, to whom the Protocol will be presented with the aim of raising awareness of a model that if applied can lead to benefits for the entire local industrial system.

2. The Systematic Periodic Exchanges with Contractors: implemented on a weekly basis during shutdown periods, a calendar of meetings to discuss contingent HSE issues that have occurred on the site. Proactive exchange was further enriched by the contribution of the companies' prevention and protection representatives, who also attend the above-mentioned meetings.

3. The analysis of incidental and near-miss events: near-misses are events related to work activities, with the potential to produce severe damage to persons and/or things. Once again, in 2022, the aim was to monitor the trend in near-misses in order to increase the level of perception of the risk for staff working at the site. This was achieved by classifying the severity of near-misses according to the accident scenario, the consequences (magnitude) and possible frequency of the occurrence of the event.

4. The Audits of HSE Management Systems.

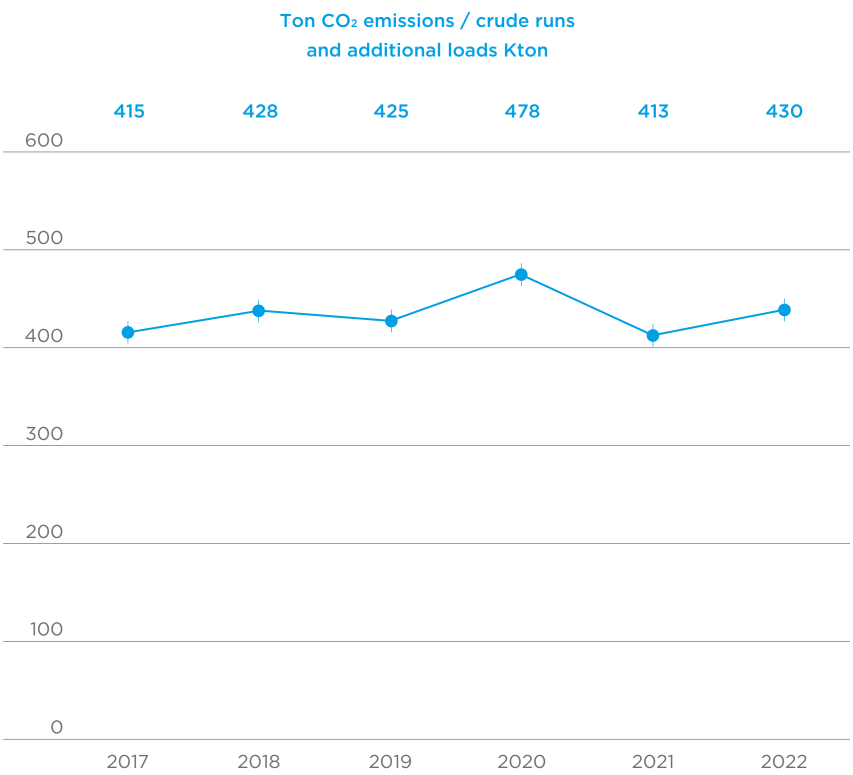
5. Site inspections: a total of 136 inspections were carried out, involving approximately 40 companies and more than 680 workers met, as part of the constant monitoring of the activities carried out by the companies.

The HSE Management System of the Sarlux plant in Sarroch

In order to meet the commitments and achieve the objectives set out by Saras, Sarlux has gradually implemented its HSE Management System over the years.

The HSE Management System is the tool that Sarlux has adopted

CO_2 PRODUCTION INDEX



and maintains in accordance with current regulations and international standards in order to achieve these objectives. This is made possible through the active contribution of all employees, contractors, suppliers and any other person who has access to the site, all of whom have a duty to behave consistently with the values and guiding principles while also ensuring that they are respected.

On 14th May 2021, the Employee/Manager has updated the Policy for the Prevention of Major Accidents, for the Protection of the Health and Safety of Workers and for the Protection of the Environment.

The HSE Management System is compliant with and is certified for observing the following standards:

1. UNI ISO 14001:2015 "Environmental management systems: requirements and guidance for use";
2. EC Regulation no. 1221/2009, EC Regulation no. 1505/2017 and EC Regulation no. 2026/2018 - Community eco-management and audit scheme EMAS;
3. EEC/EAEC/EC Directive no. 87 of 13th October 2003 - ETS = EU Emission Trading System;
4. UNI ISO 45001:2018 "Occupational health and safety management systems";
5. UNI 10617:2019 "Factories with major accident danger - Safety management systems - Essential Requirements".

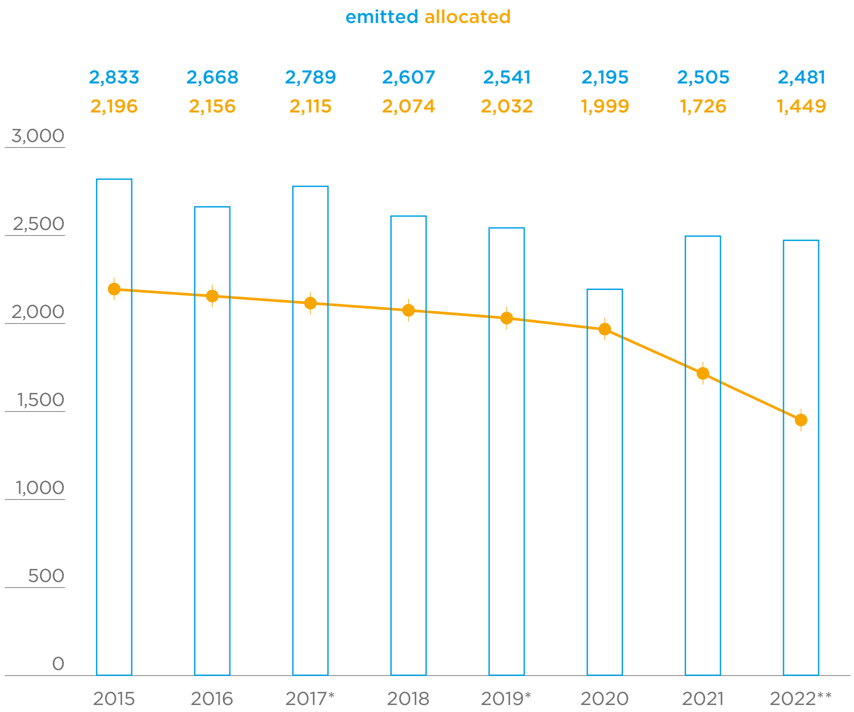
The system is divided into:

- the Policy and Objectives;
- the hierarchical and functional organization;
- the definition of the scope;
- a specific documentary structure;
- the process analysis;
- the identification of tasks, responsibilities (authority given to the different in-house functions), as well as connections between the functions themselves and with the external organizations involved and concerned;
- the identification of criteria and requirements applicable to control, assurance and management activities and to the planning and implementation of continuous improvement of the System and the organization.

The improvement of the HSE management system processes is implemented through the systematic application of mitigation and enhancement actions, with a constant commitment of the Management aiming at the involvement of all company functions.

The criteria and methods that are necessary to ensure the effective functioning and control of the processes involved are described in the documented information related to the system (guidelines, procedures, operating instructions, etc.).

REFINERY CO_2 EMISSIONS (TONS/YEAR)



* 2017 and 2019 emissions have been modified following the verifications and consequent certifications by Lloyd's, temporally following the publication of the financial statements.

** For the quotas assigned in 2022, verification activities are still underway by the ministry.

Annually, the Management defines the objectives for the prevention of major accidents, the protection of workers' health, safety and the environment and plans, through the budget, the needs for both human and infrastructural resources (equipment, instrumentation, etc.) to eliminate or minimize risks.

Since May 2018, the Energy Management System (SGE - Sistema di gestione dell'energia), certified according to UNI EN ISO 50001, which shares the management and document structure of the HSE Management System, has been implemented.

Safety Management System for the prevention of major accidents - SMS-PMA

Regarding the "Safety Management System for the Prevention of major accidents - SMS-PMA" (integral part of the HSE Management System), mandatory for the Sarlux plant, falling within the scope of the "Legislative Decree no. 105/2015 - Implementation of Directive 2012/18/EU relating to the control of the danger of major accidents connected with dangerous substances" Sarlux has:

- drafted the Safety Report considering, in the evaluation of possible accidents, the domino effect;
- defined the Policy for the prevention of major accidents, the protection of the health and safety of workers and the environment;
- drafted the Policy Document;
- implemented and maintained a Safety Management System for the Prevention of Major Accidents (SMS-PMA);
- defined an Internal Emergency Plan (IEP).

EMAS registration

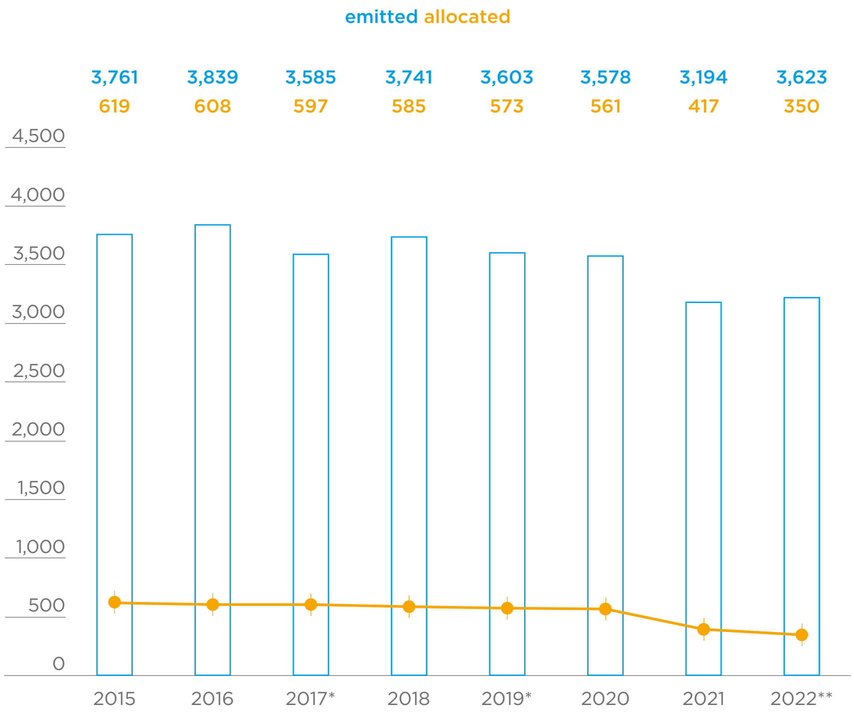
Since October 2008 Sarlux has joined the community Eco-Management and Audit Scheme. EMAS is joined on a voluntary basis by both public and private companies and organizations which thus commit to assessing, improving and disseminating their environmental "efficiency".

EMAS is an important tool for improving environmental performance by providing supervisory authorities and citizens (the general public) with access to information, certified by an accredited environmental verifier, on the environmental performance of companies and organizations.

Sarlux annually presents its Environmental Declaration through which it informs the control authorities and citizens (the general public) of its environmental performance. The document illustrates:

- Sarlux's activities;
- the environmental aspects connected to these activities, whether directly or indirectly;
- the environmental improvement objectives that the company has set for itself.

IGCC CO_2 EMISSIONS (TONS/YEAR)



* 2017 and 2019 emissions have been modified following the verifications and consequent certifications by Lloyd's, temporally following the publication of the financial statements.
** For the quotas assigned in 2022, verification activities are still underway by the ministry.

The Declaration is audited annually by an independent, accredited environmental verifier who assesses the accuracy of the information disclosed from the Environmental Management System.

The environment: a constantly improving picture

Being innovative, sustainable and a model among suppliers of safely and reliably produced energy is one of the principles that guide the strategic choices of the Saras Group. Improving reliability and continuity in operations and at the same time guaranteeing territorial and environmental protection is a priority of the Company. In particular, activities to protect the health and safety of all those who work directly and indirectly for the Saras Group are of vital concern. Our company's continued commitment has made it possible to significantly reduce the impact of production activities on the environment.

In 2022, the consolidated management methods have contributed to the constant improvement of environmental performance. Minor fluctuations still exist from year to year, which relate to specific plant interventions and extraordinary maintenance.

During the year, technical and operational interventions continued to equip the Plant with the most effective technologies and means in terms of production and respect for the environment; to this end, investments are also included to improve energy efficiency with the consequent reduction of fuel burned (and thus lower atmospheric emissions).

In 2022, SO_2 emissions were 2,878 tons and CO_2 emissions were 6,104,318 tons. The figure for CO_2 should be considered provisional, because it has to undergo a verification process and subsequent certification by an accredited body, as required by Directive 2003/87/EC.

The environmental protection policies also require continuous investment in staff training, which involves all workers at the refinery (including those of contractor companies) and other Group companies in a process aimed at creating a high degree of awareness of environmental issues. Even the most advanced technological systems must be supported by careful management and control by all those involved in the production cycle.

During the year, all the monitoring activities of all environmental aspects related to air, water and soil were carried out and also for the year 2022, no situations emerged for which the company was found guilty of environmental damage.

During the year, the annual PRTR (Pollutant Release and Transfer Register) reporting of the site's main environmental data was also carried out. These communications are sent to ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale - Institute for Environmental Protection and Research) to be then forwarded to the European Commission. Specifically, the communications concern the emission values in water and air as well as the production of waste.

A detailed and accurate overview of all the environmental aspects that directly or indirectly affect the environment, within and outside the Sarroch plant, is given in the annual "Environmental Statement", created according to the Community Eco-Management and Audit Scheme.

AIA: Integrated Environmental Authorization

From 9th April 2009, all environmental authorizations have been integrated and replaced by decree DSA-DEC-2009-0000230 of 24/03/2009 of Integrated Environmental Authorization (AIA). The Sarroch refinery was the first in Italy to obtain it, in 2009. After the acquisition of the Northern Plants (formerly Versalis Group Eni), the process of integrating the two authorizations was started.

In 2017, the Plant operated under the new decree that partly maintained the two AIA decrees active.

While the one that in fact unified the two pre-existing AIA decrees introduced, in the area of atmospheric emissions, the new limits that relate to large combustion plants (combustion plants with a rated thermal power of not less than 50 MWth) that use mixed fuel (fuel gas and fuel oil), while for those that are single-fuel, the limits of the Consolidated Environmental Act continue to apply.

The overall review of the Sarlux Integrated Environmental Authorization (DEC-MIN-0000263 of 11th October 2017) was published on the website of the Ministry for the Environment and was released on 27th October 2017.

The review investigation, which became mandatory for all refineries following the publication of the new BAT in October 2014, ended with the Services Conference on 20th July 2017, in the presence of all competent Bodies (Ministry of the Environment, Region, Metropolitan City of Cagliari, Municipality of Sarroch, National Institute for Environmental Protection and Research (ISPRA) and Regional Environmental Protection Agency (ARPAS)), following a process started on 28th July 2016 with submission of the required documentation.

The current AIA is valid for 16 years as our plant holds the ISO 14001 certification and the EMAS registration. In 2016 it was also extended to cover the Northern Plants and it authorizes the Operator to exercise the three activities carried out here at Sarroch, namely:

1. refinery - (manufacture of products derived from oil refining);
2. IGCC plant - (electricity production);
3. Northern Plants - (manufacture of basic organic chemicals).

The monitoring and control activities stipulated in the AIA permit continued on a regular basis during 2022.

Greenhouse gas emissions

The activities carried out in the Sarroch plant by the subsidiary Sarlux Srl bring the Saras Group within the scope of the European "Emission Trading System" (ETS) Directive.

The ETS Directive was introduced in 2005 to help Member States comply with the requirements of the Kyoto Protocol and reduce carbon dioxide emissions as part of the battle against the greenhouse effect and consequent climate change. It works by assigning an emissions cap through a "National Allocation Plan" to each individual plant falling within the scope of the Directive. The ETS mechanism also allows for surplus allowances that may be traded and/or stockpiled and any deficit must instead be covered by purchasing emissions quotas on the market.

The allowance is assigned for each of the reference periods established by the Directive. The first reference period was the three-year period 2005-2007, the second related to the five-year period 2008-2012, while the third period relates to the years 2013-2020. In the second period of application of the ETS Directive, allocations were tighter, based on the Kyoto Protocol targets. The third period (2013-2020) has also led to a further annual reduction in the allocation of emissions quotas.

The Resolution no. 34/2020 of the National Committee for the management of Directive 2003/87/EC updated the free quotas allocated to the entire Sarlux plant starting from 2015 following the acquisition of the Versalis business unit (Northern Plants).

The "Emissions Trading System" National Register is available for consultation and records the allowances assigned and the YoY emissions of CO_2 in Italy.

The subsidiary Sarlux has been allocated a single position based on the total emissions from all its operations at the Sarroch plant. Sarlux keeps a system that records, calculates and monitors CO_2 emissions. The system is certified by accredited independent bodies in accordance with European guidelines and was updated subsequent to the purchase of the Northern Plants.

From 1st January 2021, we entered Phase IV of the system (2021-2030). Commission Regulation no. 2019/331 of 19.12.2018 established new rules for the allocation of free emission quotas for Phase IV of the system divided into two periods (2021-2025 and 2026-2030).

For the period 2021-2025 for the plant (Refinery, IGCC and Northern Plants), in June 2019, a suitable application for allocation was submitted as established by the National Committee for the management of Directive 2003/87/EC based on processing/production data for the period 2014-2018.

In Resolution 42_2021, the Committee has indicated a preliminary allocation for the entire plant of 2,143,510 tCO_2/year for the period 2021-2025, to be confirmed on the basis of the "dynamic allocation" mechanism, which takes into account significant variations in the level of activity (+/-15%). Sarlux submitted to the ETS Committee the certified Activity Level Change (ALC) communication from a recognized entity on the activity levels for the 2019-2020 two-year period preceding the year of issue of free allowances (2021) indicating a non-significant activity level change. The allowances were released in March 2022 on a provisional basis.

Caring for the sea

We are conscious that we must preserve and limit any type of change to the environment. For this reason, we have had for years very stringent criteria relating to the transport of oil and refined products by sea. Starting from 2009, only the latest generation "twin-hulled" ships have been used, in anticipation of current legislation on maritime traffic.

Measures to protect the marine environment also include minute-by-minute monitoring of oil tankers both arriving at and departing from the Sarroch terminals. In this regard, vetting inspections are regularly carried out at other ports by trusted Saras personnel, in accordance with international criteria, as are spot pre-mooring inspections.

Furthermore, during the entire stay of the ships at the Sarroch Marine Terminals, a trusted Safety Inspector is always present on board, who supervises all embarking and disembarking activities of oil products in order to verify the strict compliance of procedures with particular reference to Health, Safety and Environment issues.

Waste

With reference to the problems related to waste, the subsidiary Sarlux, owner of the Sarroch industrial site, generates about 99% of the waste (both hazardous and non-hazardous) produced by the entire Group. For this reason, the Group has codified and formalized all aspects of waste management and monitoring through the aforementioned Management System.

In compliance with the provisions of Legislative Decree 152/06 and the requirements set out in the AIA, Sarlux's waste management is geared towards optimizing the quantities produced, the type of waste and the quantities sent for recovery.

The primary objective of reducing the amount of waste produced by the process activities requires continuous internal synergies and innovation which have also enabled to achieve improvements in 2022 thanks to the introduction of new chemicals in the water treatment plants and the use of new, better performing adsorbent materials capable of guaranteeing longer working cycles.

For 2022, waste generation related to maintenance activities is comparable to that of 2020, while that from investment activities is in line with that of 2021 due to its transformation. The overall increase during the year is due to groundwater management related to MISE Northern Plants.

With regard to the environmental impact of waste leaving the site, considering that approximately 54% of the waste produced in 2022 was process sludge, we continue to benefit from the reduction resulting from its treatment at the in-house plant of the thermo-drying site; indeed, the plant allowed a reduction of approximately 89% compared to the amount of waste that would have been generated without its use. The improved performance compared to last year (80%) is related to a particularly high service factor and optimized management of facilities producing sludge that needs to be treated.

In 2022, around 84% of the total waste managed by Sarlux was classified as "hazardous", and derived almost entirely from industrial processes, while, when analyzing waste by destination, for Sarlux it is found that about 99% is allocated to the appropriate forms of treatment and recovery, while only a minimal part is sent for direct disposal in landfills.

Another commitment of Sarlux is to optimize the collection of waste similar to urban waste, for which a performance in line with that of 2021 was recorded in 2022. However, a number of improvement initiatives are underway with results expected as early as 2023.

SOCIAL RESPONSIBILITY AND ACTIVITIES WITHIN THE COMMUNITY

Relations with the community

Every company starts out and grows in a specific local context and the relationship it establishes with that community characterizes the future growth of both the company and the local community.

The Saras Group, now a solid international company, was founded almost 60 years ago in Sardinia, and immediately integrated with local communities, committing itself to creating sustainable value and promoting social projects. For decades, this relationship has characterized a joint development process in which the company and the community benefit in a symbiotic way.

The Group's policy, called "Our Stakeholders", outlines its approach to managing relations with local communities and recognizes the community and its territories, among the various stakeholders, as its strategically important interlocutors.

The choice of projects, after an assessment that covers both economic aspects and congruity with the values of the Group's Purpose, falls on those considered to have the greatest impact and value for the territory, useful for supporting the social fabric, in particular following precise guidelines on the areas of intervention based on two main aspects: the social context, i.e. the subjects deserving support - especially young people, the elderly and the less well-off - and the territory, i.e. the range of interventions to be implemented to enhance the history and traditions of the territory with particular focus on the needs of the community.

One of the objectives for which Saras aims with greater commitment is to spread the business culture and make people understand that "doing business" in Sardinia is still possible; for this reason, it promotes training activities for young people in schools and maintains ongoing relations with universities, with the aim of fostering knowledge, skills and professional standards that will enable young people to be promoters of a social development that cannot ignore the issues of work, sustainability and economic growth, in a region weakened by depopulation, especially among young people.

Saras for schools

Saras, through its Group companies, has set up a number of initiatives to meet the demands of schools and contribute to innovative and more effective teaching.

In 2022, 2 projects related to the ministerial program "Transversal Skills and Orientation" (PCTO) were organized for 2 Technical High Schools. Ad hoc lessons were organized for each course, during which technical experts and managers of the Company have covered topics of an industrial nature such as safety, environment, energy efficiency, production processes, maintenance processes, ICT, and sustainability, often using simulations to represent the Group's way of working, and convey what is useful to know when entering the world of work.

Over the past few years, more than a thousand students have participated in Courses for Transversal Skills and Orientation (PCTO), which gave them the opportunity to experience the world of work at first hand and in particular to observe the complex system of skills and technological innovation that develops in an industrial group. This has definitely contributed to increasing interaction with the community and consolidating a model of social responsibility within the Company that is ongoing.

For secondary schools, Saras has been supporting, for over 20 years, the cultural development of students at the public secondary school in Sarroch and Villa San Pietro, the municipalities where the Sarlux industrial site is located.

In the context of the "Saras for school" educational programs, the Group, as every year, has donated textbooks to the approximately 120 students of the Institute and, over the years, it has donated to the school new computers and printers to support distance learning.

In the name of sustainability and circular economy, the books are delivered on loan for use and returned at the end of the year to future students, except in cases where new editions must be adopted.

The Group's commitment to the right to education, which began in the early years of Saras' presence in the area, has allowed over time the creation of a chemical laboratory, sports facilities (also equipped with defibrillators), the creation of thematic seminars, workshops and financial literacy activities.

Saras for universities

As part of the memorandum of understanding with the University of Cagliari, Saras has continued its activities in the area of corporate social responsibility also in 2022, pursuing the exchange of know-how with the University.

Technical seminars are organized on a regular basis as part of the training for future engineers as well as projects in collaboration with the various faculties, aimed at advancing scientific and technological innovation.

Particularly interesting partner, given the training and educational objectives, is the Department of Mechanical, Chemical and Materials Engineering of the University Faculty of Engineering with which the Saras Group organizes, on a regular basis, seminars, meetings, workshops and internships.

During the meetings, Saras Group managers and engineers will present the company as an industrial site, fully integrated between refining, energy production and petrochemicals, that represents a value for the area in terms of economic, social, cognitive and environmental growth. An important aspect is given by the presentation of the innovations in progress on the themes of energy saving and environmental sustainability, fully in line with the European Green Deal and the national PNIEC.

Moreover, in 2022, Saras participated in projects organized by the Italian Association of Chemical Engineering (AIDIC - Associazione Italiana di Ingegneria Chimica) and the Italian Thermotechnical Association (ATI - Associazione Termotecnica Italiana).

Finally, in 2022, the Group has also joined a project promoted by the Italian Association of Chemical Engineering (AIDIC) and, together with other Sardinian companies, has contributed to offering scholarships to the best engineering graduates.

Saras for the community and sport

Saras also supports the community by sponsoring amateur and professional sports associations. In 2022, the Saras Group supported the "Sarroch Polisportiva Volley", an important expression of the area. Saras is proud to contribute to the growth of these sports clubs, which are real training centers for young athletes.

Amatori Rugby Capoterra, which competes in national championships; ASD Gioventù Sarroch, made up of young people from Sarroch and enrolled in the third category football championship.

Accademia Pugilistica Sarroch, which participates in national-level tournaments and organizes various activities also for young people.

These sports associations involve youth sectors and carry out projects in compulsory schools that combine sports and education. That is why we are proud to help them grow and continue to be true training centers for young athletes.

Community and safety

Saras shares its expertise in the field of safety at the workplace with many local firms and holds HSE training courses with a view to disseminating an appropriate industrial culture in tune with these fundamental principles.

RISK ANALYSIS

The Saras Group bases its risk management policy on the identification, assessment and possible mitigation with reference to the strategic, operational and financial areas. The principal risks are reported to and discussed by the Group's top management so as to create the prerequisites for their management and also to assess the acceptable residual risk.

The management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and monitors the level of exposure to risk and the results of risk mitigation actions. To manage financial risks, the Saras Group policy includes the use of derivatives, only for hedging and without using complex structures.

FINANCIAL RISKS

Exchange rate risk

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

Interest rate risk

Loans at variable interest rates expose the Group to the risk of variations in results and in cash flows, due to interest payments. Loans at fixed interest rates expose the Group to the risk of changes of the fair value of the loans received. The main existing loan contracts are stipulated in part at variable market rates and in part at fixed rates. The Saras Group also uses derivative instruments to reduce the risk of changes in results and in cash flows deriving from interest. Inflationary pressures, resulting from an increase in the prices of raw materials and commodities, led to an increase in both short- and medium-term interest rates. The ECB has revised upwards the marginal refinance rate and the deposit rate, which for Saras resulted in an increase in financial charges, the cost of derivative transactions and the cost of managing working capital.

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. It should be remembered that the group regularly carries out the disposal of trade receivables "without recourse" on a monthly revolving basis. Following the economic crisis caused by the Covid-19 emergency, the Group's credit risk profile has not changed. Please note that the Group is not directly and indirectly exposed to Russian counterparties.

Liquidity risk

The Group finances its activities both through the cash flows generated by its operations and through the use of external sources of financing. It is therefore exposed to liquidity risk, consisting of the ability to find adequate lines of credit so as to meet the related contractual obligations, including compliance with covenants.

Self-financing capacity, and consequently the level of debt, is determined by the generation of cash from operations and the performance of working capital; in particular, the latter is based on levels of demand and supply of crude oil and oil products as well as the relative prices and their extreme volatility and sensitivity to external phenomena (such as economic, social and political factors).

Starting in 2020, the spread of Covid-19 had a significant negative impact on the oil market, affecting the Group's financial debt level with a Net Financial Position that was negative until 31st December 2021, while the Group regained its cash generation capacity in 2022.

In order to mitigate the liquidity risk, a loan of EUR 312.5 million was obtained, disbursed in May 2022, and 70% of which was backed by a guarantee issued by SACE under the "Support-*bis* Decree Law", with the aim of reshaping the Group's debt maturity profile.

In 2022, thanks to the subsiding of the pandemic emergency and the changed oil scenario, the Group regained its ability to generate cash from core business, recording a positive net financial position at the end of the year of EUR 227.5 million (after IFRS 16).

It should also be noted that the financial parameters on existing loans subject to review at 31st December 2022 are complied with.

Finally, it should be noted that the level of debt could also undergo positive and negative changes due to the trend in working capital, strongly affected by the considerable volatility of the prices of oil and energy commodities caused by the Ukrainian crisis which could also affect the profitability of the core business.

OTHER RISKS

Price fluctuation risk

The Saras Group results are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, principally crude oil). In addition, for its production activities, the Saras Group is required to maintain adequate inventories of crude oil and finished products and the value of these inventories is subject to the fluctuations of market prices. The risk of price fluctuation and of the related financial flows is closely linked to the very nature of the business and it can be only partly mitigated through the use of appropriate risk management policies. In order to address the risks arising from price changes and more specifically to mitigate the precise price fluctuations on the quantities bought and sold compared to the monthly averages, the Group also enters into hedging contracts on commodities. The selling price of electricity sold by our subsidiaries Sarlux and Sardeolica is also prone to fluctuations, as are the prices of Energy Efficiency Certificates and of the CO_2 emission quotas.

The outbreak of the Russian-Ukrainian conflict radically changed the global energy scenario, triggering immediate very high volatility and an unprecedented rise in energy commodity prices (oil and derivatives, gas and electricity), with very significant impacts on the reported results of Oil & Gas and Refining companies. This phenomenon has more directly involved Europe, which is more dependent on Russia in terms of energy.

As described in the previous chapter "Impact of the Russia – Ukraine war", these phenomena have had an overall positive impact on the economic and financial situation of the Saras Group, although they have generated critical elements, such as, first of all, a significant increase in premiums for crude oils with low sulfur content and a strong appreciation of electricity. Last but not least, volatility in the commodity markets of reference has made operational planning more complex. In order to describe the extent of the "impact of the conflict" on the Group's business in 2022, it is possible to compare the assumptions made by the main industry analyst companies during the period in a "normality scenario" immediately prior to the conflict, with the relevant average values actually recorded during the year.

The Russia-Ukraine crisis is leading to a shortage of crude oil on the market and thus to a liquidity crunch on the market itself, with an impact on the volatility of oil product prices.

Risk related to the procurement of crude oil

A significant portion of the crude oil refined by Saras Group originates from countries exposed to high political, social and macroeconomic uncertainties; changes in legislation, politics, economic stability and social unrest could have a negative impact on the commercial relationships between the Saras Group and those countries, with potentially negative effects on the Group's economic and financial position.

As described in the previous chapter "Impact of the Russia – Ukraine war", the Russia-Ukraine crisis is causing increased difficulties of supplying crude oil which are added to the limitation of imports of crude oil from countries subject to restrictions and embargoes.

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shut-downs. The Saras Group 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, the Saras Group has a major program of insurance cover in place to offset such risks. However, under certain circumstances, this program may not be sufficient to prevent the Group from incurring costs in the event of accidents and/or interruption to production.

Environmental 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; in particular, the subsidiary Sarlux has already implemented reclamation activities following the current environmental requirements. 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 exchange activities and promptly evaluating any legal amendments, acting on minimizing the economic impact deriving from them. In this context, the most significant aspects of the main regulatory developments relate to:

- regulations relating to the reduction of national emissions of specific atmospheric pollutants and their relative impact on the limits indicated in the current AIA permit;
- the view of the European Commission and the ARERA (Italian Regulatory Authority for Energy, Networks and Environment) implementing documents in relation to the recognition of the Sarlux subsidiary as an energy-consuming enterprise;
- regulatory provisions related to energy efficiency certificates for the Power sector and incentives for the Wind sector and their consequences for the G.S.E.;
- reference regulations relating to the fact that the Sarlux Srl subsidiary has sold, until April 2021, the electricity generated to the G.S.E. under the conditions specified by the legislation in force (Law no. 9/1991, Law no. 10/1991, CIP Decision 6/92 as amended, Law no. 481/1995), which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the costs avoided and time-limited incentives, linked to the actual production;
- regulations and implementing documents issued by Terna and ARERA regarding the "essentiality" requirements of the IGCC plant in Sarlux, and the cost reimbursement regime;
- measures taken to contain electricity costs, such as for example the *TER* Support decree and the 2023 Budget Law which impact on the one hand on the system charges and the variable energy components for the "energy-intensive" companies (Sarlux) and on the other on the sales prices of electricity from renewable sources (Sardeolica).

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

Climate Change Risk
The Group's activities are intrinsically exposed to risks and opportunities related to climate change. These risks and opportunities, which are included in the Corporate Risk Management model, can be both physical and regulatory, i.e., arising from the policies being implemented to accompany the energy transition and limit climate change.

With respect to physical risks, the Group could be exposed to significant accidents at its facilities due to adverse weather events (e.g., torrential rains, lightning strikes, sea level rise, drought). Possible mitigation measures could be insurance coverage and a proper HSE system. With regard to regulatory risk, the Group could face further tightening of European and national legislation on decarbonization and ecological transition. The group constantly monitors regulatory developments and assesses mitigating measures and actions from time to time. Finally, the Group will have to manage the reputational risk related to the assessment of the sustainable business strategy based on ESG indicators.

The Saras Group has developed a decarbonization and energy transition process involving the following areas: (i) the development of the production capacity of electricity from renewable sources such as wind and photovoltaic to reach 500 MW of installed power (ii) increase in production of biofuel up to 250 kton/year (iii) development of green hydrogen production from renewable sources (iv) study for the construction of a CO_2 Carbon Capture & Storage plant in order to reduce the Group's CO_2 emissions into the atmosphere.

Protection of Personal Data
The Saras Group operates in compliance with the current regulations on data protection regarding its customers, employees, suppliers and all those with whom it comes into contact daily. In particular, on 25th May 2018 the new Regulation (EU) 679/2016 ("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 specialized in the subject and adopting the international standard IEC 62443.

In 2022, the Group increased the level of protection against cyber attacks through a service (Uptime security monitoring service) and the activation of awareness courses for the company's population.

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

Involvement in legal proceedings
The Saras Group is a party in civil and administrative proceedings and in legal actions related to the normal course of its business. In addition to the provision for risks for disputes set aside in the financial statements, it is possible that in the future the Saras Group may incur other liabilities, even significant ones due to: (i) uncertainty with respect to the final outcome of pending litigation for which its liability is currently assessed as not probable or the related estimate not reliable; (ii) the occurrence of further developments or the emergence of new evidence and information that may provide sufficient elements for a reliable estimate of the amount of the obligation, (iii) inaccuracy in the estimate of the provisions due to the complex process of determination that involves subjective judgments by management. Violations of the Code of Ethics, laws and regulations, including anti-corruption rules, by the Saras Group, its business partners, agents or other persons acting in its name or on its behalf, may expose the Saras Group and its employees to the risk of criminal and civil penalties that could damage the Group's reputation and shareholder value. For more details on the proceedings in progress, please refer to paragraph 7.1 of the Notes to the Consolidated Financial Statements.

OTHER INFORMATION

Treasury shares
In 2022, Saras SpA has not bought or sold any treasury shares.

The number of ordinary shares outstanding as at 31st December 2022 is 951,000,000.

Performance Cash Plan
The Shareholders' Meeting of Saras has also approved, on 12th May 2021, the long-term incentive plan for the Saras Group's Top Management, called Performance Cash Plan 2021-2023, with the aim of providing the Company with a remuneration tool that best represents the Company's objectives and the management performance, which is more in line with the current strategy and capable of supporting the engagement and retention of the Group's management figures.

The beneficiaries of the Plan were identified among:

- key managers within the Company;
- the directors of the Italian and/or foreign subsidiaries;
- other top managers with a high impact on the creation of value for the Group.

The Plan provides for the possibility for the beneficiaries to accrue, at the end of a three-year performance period, a monetary amount depending on the degree of achievement of the following objectives:

- Saras margin vs. EMC benchmark – 40% weight
- Total Shareholder Return – 20% weight
- Debt reduction - 40% weight

Transactions with related parties
At the end of 2022, the effect on the Saras Group Balance Sheet and Income Statement arising from transactions or positions with related parties was not significant. For further details please refer to the Notes to the Consolidated Financial Statements, chapter 7.3 "Transactions with Related Parties".

Use of financial instruments
Details can be found in the Notes to the Consolidated Financial Statements, in the chapter "Additional information".

Research and development
Saras did not undertake any significant research and development activities. Therefore, no significant costs have been capitalized or recorded in the Income Statement in 2022.

Information by segment and geographical area
Information on the breakdown of purchases and sales by business segment and geographical area is provided in chapter 4 "Information by business segment and geographical area" of the Notes to the Consolidated Financial Statements.

Non-recurring and unusual transactions
There were no significant transactions in 2022 and there are no positions resulting from atypical and/or unusual transactions.

Information on shareholdings held by members of the Board of Directors, Board of Statutory Auditors and Managers

Details are available in the Notes to the Separate Financial Statements of Saras SpA at section 7.5 "Shareholdings held by members of the Board of Directors, Statutory Auditors, General Manager and Key Managers".

Adoption of the fiscal consolidation
Details are available in paragraph 3.4 "Summary of accounting standards and policies" in the Notes to the Consolidated Financial Statements, under paragraph Y "Taxes".

Reconciliation between Group Net Result and Shareholders' Equity

The reconciliation between the Group's Net Result and Shareholders' Equity with the Parent Company's Net Result and Shareholders' Equity is provided in the table below.

EUR thousand	NET RESULT	EQUITY
As per the Financial Statements of Saras SpA as at 31st December 2022	**399,161**	**1,048,456**
Differences between book value and Equity as at 31st December 2022 of shareholdings at cost in the Financial Statements valued of Saras SpA	21,345	136,973
Corrections made during consolidation	(3,680)	26,945
As per the Group Consolidated Financial Statements as at 31st December 2022	**416,916**	**1,212,374**

Other relevant information
In August 2022, an employee of the company Turisman, a contracting company working for Sarlux Srl, which specializes in industrial docks and scaffolding, died during the dismantling of a pontoon in the refinery area. The Cagliari public prosecutor's office opened an investigation into the death of the Turisman employee. The file, currently against unknown persons, was opened by the public prosecutor's office with the criminal offense of manslaughter.

MAIN EVENTS AFTER THE END OF 2022

Please refer to the relevant section in the Notes to Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS AT 31ST DECEMBER 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

Thousands of EUR	(1)	(2)	31/12/2022	31/12/2021
ASSETS				
Current assets	**5.1**		**3,010,759**	**2,284,904**
Cash and cash equivalents	5.1.1	A	707,115	366,680
Other financial assets	5.1.2	B	187,555	115,268
Trade receivables	5.1.3	C	728,881	546,511
of which with related parties:			*97*	*88*
Inventories	5.1.4	D	1,287,312	1,169,172
Current tax assets	5.1.5	E	74,929	32,954
Other assets	5.1.6	F	24,967	54,319
Non-current assets	**5.2**		**1,253,568**	**1,414,691**
Property, plant and equipment	5.2.1	H	1,147,135	1,227,395
Intangible assets	5.2.2	K	40,802	41,510
Right-of-use of leased assets	5.2.3	J	45,384	44,585
Other equity investments	5.2.4	M	745	507
Deferred tax assets	5.2.5	Y	15,398	96,555
Other financial assets	5.2.6	N	4,104	4,139
Non-current assets held for sale	**5.2.7**	I	**333**	**0**
Total assets			**4,264,660**	**3,699,595**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**2,327,702**	**2,683,506**
Short-term financial liabilities	5.3.1	S	224,376	928,683
Trade and other payables	5.3.2	S	1,444,441	1,580,564
Current tax liabilities	5.3.3	Y	356,952	110,397
Other liabilities	5.3.4	S	301,933	63,862
Non-current liabilities	**5.4**		**724,584**	**222,371**
Long-term financial liabilities	5.4.1	S	446,909	51,845
Provisions for risks and charges	5.4.2	Q, AB	267,800	159,718
Provisions for employee benefits	5.4.3	R	6,002	6,883
Deferred tax liabilities	5.4.4	Y	3,730	3,734
Other liabilities	5.4.5	S	143	191
Total liabilities			**3,052,286**	**2,905,877**
SHAREHOLDERS' EQUITY	5.5	O, P, X		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			729,902	718,828
Net result			416,916	9,334
Total parent company shareholders' equity			**1,212,374**	**793,718**
Third-party minority interests			-	-
Total shareholders' equity			**1,212,374**	**793,718**
Total liabilities and shareholders' equity			**4,264,660**	**3,699,595**

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

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

CONSOLIDATED STATEMENT OF INCOME FOR 2022

Thousands of EUR	(1)	(2)	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Revenues from core business	6.1.1	T	15,777,146	8,561,324
Other income	6.1.2	T	58,638	75,124
of which with related parties:			*117*	*159*
Total revenues			**15,835,784**	**8,636,448**
Purchases of raw materials and consumables	6.2.1	U	(12,869,707)	(7,183,639)
Cost of services and sundry costs	6.2.2	U, AB	(1,621,185)	(1,033,218)
of which with related parties:			*954*	*(1,075)*
Personnel expense	6.2.3	R,U	(174,542)	(142,570)
Depreciation/amortization and write-downs	6.2.4	H, K, J	(204,715)	(198,525)
Total costs			**(14,870,149)**	**(8,557,952)**
Operating result			**965,635**	**78,496**
Financial income	6.3	V	240,087	64,217
Financial charges	6.3	V	(316,552)	(110,505)
Result before taxes			**889,170**	**32.208**
Income taxes	6.4	Y	(472,254)	(22.874)
Net result			**416,916**	**9.334**
Net result attributable to:				
Shareholders of the parent company			416,916	9,334
Third-party minority interests			0	0
Net earnings per share – base (EUR cents)		AA	**43.84**	**0.99**
Net earnings per share – diluted (EUR cents)		AA	**43.84**	**0.99**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2022

Thousands of EUR		01/01/2022 31/12/2022	01/01/2021 31/12/2021
Net result (A)		**416,916**	**9,334**
Items of comprehensive income that may subsequently be restated to profit or loss for the year			
Effect of translation of the financial statements of foreign operations	W	565	(751)
Items that will not be restated to profit or loss for the year			
Actuarial effect IAS 19 on employee post-employment benefits	R, U	1,038	613
Cash Flow Hedging reserve	Z	137	
Other profit/(loss), net of the fiscal effect (B)		**1,740**	**(138)**
Total consolidated net result (A + B)		**418,656**	**9,196**
Total consolidated net result attributable to:			
Shareholders of the parent company		418,656	9,196
Third-party minority interests		0	0

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

(2) Please refer to the Notes, section 3.4 "Summary of accounting standards and measurement bases"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2022

Thousands of EUR	Share capital	Legal reserve	Other reserves	Profit (Loss) for the year	Total shareholders' equity attributable to the parent company	Third-party minority interests	Total shareholders' equity
Balance at 31/12/2020	**54,630**	**10,926**	**994,482**	**(275,516)**	**784,522**	**0**	**784,522**
Period 1/1/2021 - 31/12/2021							
Allocation of previous year result			(275,516)	275,516	0		0
Conversion effect of financial statements in foreign currency			(751)		(751)		(751)
Actuarial effect IAS 19			613		613		613
Net result				9,334	9,334		9,334
Total net result			*(138)*	*9,334*	*9,196*		*9,196*
Balance at 31/12/2021	**54,630**	**10,926**	**718,828**	**9,334**	**793,718**	**0**	**793,718**
Period 1/1/2022 - 31/12/2022							
Allocation of previous year result			9,334	(9,334)	0		0
Conversion effect of financial statements in foreign currency			565		565		565
Actuarial effect IAS 19			1,038		1,038		1,038
Cash Flow Hedging reserve			137		137		137
Net result				416,916	416,916		416,916
Total net result			*1,740*	*416,916*	*418,656*		*418,656*
Balance at 31/12/2022	**54,630**	**10,926**	**729,902**	**416,916**	**1,212,374**	**0**	**1,212,374**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2022

Thousands of EUR	(1)	(2)	01/01/2022 31/12/2022	01/01/2021 31/12/2021
A - Initial cash and cash equivalents			**366,680**	**558,997**
B - Cash flow from (for) operating activities				
Net result	5.5		416,916	9,334
Unrealized exchange rate differences on bank current accounts			37,238	(14,178)
Depreciation/amortization and write-downs of fixed assets	6.2.4	K, J	204,715	198.525
Net change in provisions for risks	5.4.2	P, AA	108,082	(84,447)
Net change in provision for employee benefits	5.4.3	Q	(881)	(2,018)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	X	81,153	25,293
Net interest		U	29,832	19,708
Income tax set aside	6.4	X	391,101	(2,419)
Change in the fair value of derivatives	5.1.2 - 5.3.1		(6,633)	9,117
Other non-monetary components	5.5		1,740	(138)
Profit for the year before changes in working capital			**1,263,264**	**158,777**
(Increase)/Decrease in trade receivables	5.1.3	C	(182,370)	(289,870)
(Increase)/Decrease in inventories	5.1.4	D	(118,140)	(431,783)
(Increase)/Decrease in trade and other payables	5.3.2	R	(136,123)	663,970
Change in other current assets	5.1.5 - 5.1.6	F	(12,623)	47,073
Change in other current liabilities	5.3.3 - 5.3.4	R	208,329	28,287
Interest received		U	1,286	47
Interest paid		U	(31,118)	(19,755)
Taxes paid	5.3.2	X	(114,804)	0
Change in other non-current liabilities	5.4.5	R	(48)	(189)
Total (B)			**877,652**	**156,557**
C - Cash flow from (for) investment activities				
(Investments) in property, plant and equipment and intangible assets	5.2.1 - 5.2.2	H, I	(113,583)	(100,050)
(Investments) in Right-of-use of leased assets			(10,963)	(11,146)
(Increase)/Decrease in other financial assets and other equity investments	5.1.2	B	5,498	97,889
Change in non-current assets held for sale	5.2.1 - 5.2.2		(333)	0
Total (C)			**(119,381)**	**(13,307)**
D - Cash flow from (for) financing activities				
Increase/(decrease) m/l-term financial payables	5.4.1	R	395,064	(600,219)
Increase/(decrease) in short-term financial payables	5.3.1	R	(775,662)	250,473
Total (D)			**(380,598)**	**(349,746)**
E - Cash flows for the period (B+C+D)			**377,673**	**(206,496)**
Unrealized exchange rate differences on bank current accounts			(37,237)	14,178
F - Final cash and cash equivalents			**707,115**	**366,680**

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"
(2) Please refer to the Notes, section 3.4 "Summary of accounting standards and measurement bases"

For the Board of Directors - The Chairman
Massimo Moratti

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31ST DECEMBER 2022

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

1. Foreword

Saras SpA (hereinafter also the "Parent Company") is a joint-stock company listed on the Milan Stock Exchange, with registered office in Sarroch (CA) (Italy), SS 195 "Sulcitana" Km. 19. It is jointly controlled by Massimo Moratti SAP.A. (20.01%), Angel Capital Management SpA (10.005%) and Stella Holding SpA (10.005%), which together represent 40.02% of the share capital of Saras SpA, under the shareholders' agreement signed by these companies on 30th March 2022. The Company duration is until 31st December 2056, as per the Articles of Association.

Saras SpA operates in the domestic and international oil markets by purchasing crude oil and selling finished products. Saras Group activities include crude oil refining and the production and sale of electricity produced from both the integrated combined cycle gasification plant of the subsidiary Sarlux Srl, and the wind farms of the subsidiaries Sardeolica Srl, Energia Alternativa Srl and Energia Verde Srl.

These Consolidated Financial Statements for the year ended 31st December 2022 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, Cash Flow Statement, Statement of Changes in Shareholders' Equity and these Notes. All values in the Notes to the consolidated financial statements are stated in thousands of Euro, unless indicated otherwise.

As described in more detail in the "Impact of the Russia - Ukraine war" paragraph of the Report on Operations, the outbreak of the Russian-Ukrainian conflict has changed the global energy scenario, triggering extreme volatility and a sharp increase in energy commodity prices (oil and derivatives, gas and electricity) particularly in Europe, which is more exposed to the Russian market, and has characterized 2022 with effects that are expected to continue into the next year, as it is now difficult to foresee an end of the conflict and a return to new geopolitical balances in the short term.

With regard to the oil market, following the Russian invasion of Ukraine on 24th February, major Western players have progressively distanced themselves from the exports of Russia, the world's largest exporter, first voluntarily, then in compliance with the introduction of sanctions by the US, UK and Europe. This has led, within a context of sustained demand, and close to pre-Covid levels already in early 2022, to a sharp reduction in the global availability of crude and, especially in Europe, of middle distillates.

In response to the invasion of Ukraine, many of the major Western oil companies decided to immediately cut off supplies from Russia, in line with the decision of Europe, the United States, the United Kingdom, and Canada to introduce sanctions against the country.

The sanctions against Russia, the world's leading exporter and third largest producer of oil, have completely changed the scenario, leading to a reduction in the availability of crude oil in Western countries and, especially in Europe, of refined products, especially middle distillates, with consequent price increases.

As described in the Report on Operations, these phenomena have had an overall positive impact on the economic and financial situation of the Saras Group, although they have generated critical elements, such as, first of all, a significant increase in premiums for crude oils with low sulfur content and a strong appreciation of electricity. Last but not least, volatility in the commodity markets of reference has made operational planning more complex.

On the basis of current market conditions and available information, it is difficult to be able to articulate and assess the economic and financial impacts deriving from the evolution of the crisis. As also described in the Report on Operations, the short-term scenario, although characterized by extreme volatility, will remain positive for the Group. Therefore, the medium and long-term financial calculations used in the company projections aim at identifying a better forecast that does not consider the current volatility deriving from this sudden and unexpected crisis as it cannot be considered a normal market condition. In this context, the Company has made consistent operating decisions aimed at maximizing the production factors under its direct management, confirming the maintenance of all plants in operation in order to provide a concrete response to the national energy crisis.

During the year, the Group continued to implement its cost efficiency plan. In terms of operating costs, during 2022 it finalized the internalization of engineering activities through its subsidiary Sartec; in this context, the merger into the subsidiary Sarlux is envisaged.

Moreover, in 2022, resolution 740/2022 of 29th December 2022 confirmed the combined cycle power plant of Sarlux Srl IGCC among the essential plants for the security of the Italian electricity system.

At the same time, the Group, through its subsidiary Sardeolica Srl, continued to implement the plan for the expansion of the Renewables segment, as stated in the Plan, by completing the authorization process for the Helianto project, which involves the construction of an approximately 80 MW photovoltaic plant in Macchiareddu (CA).

As regards the Renewables segment, the valorization of the segment's production has taken into account the provisions of Decree Law no. 4 of 27th January 2022, the so-called "*TER* Support", which establishes a "compensation" mechanism for non-incentivized renewable sources, under which producers must repay, up until the end of 2022, the difference between the prices that will occur on the market and "an equitable remuneration", referred to the historical average of the market area prices, from the start-up of the plant until 31st December 2020. For Sardeolica, the compensation is based on a historical average price of about 61 EUR/MWh, to be applied to the non-incentivized production sections which became operational prior to 2010 (around 85% of the installed capacity). This measure was complemented by the one resulting from the 2023 Budget Law, which imposed a "cap" of 180 EUR/MWh on electricity prices from incentivized renewable sources as from 1st December 2022. This measure was also extended to the first half of 2023. The application of these restrictions reduced the EBITDA of 2022 by approximately EUR 25.4 million, of which the subsidiary Sardeolica was mainly affected by approximately EUR 20.7 million. Regarding medium-term projections, the recent geopolitical events do not allow us to predict a normalization of the market in the medium term, although we are witnessing a positive impact on margins and working capital, which cannot yet be quantified due to the appreciation of refining margins, and, partially offset by a negative impact arising from higher energy costs.

For further details, please refer to the paragraph "Outlook" in the Report on Operations.

These Financial Statements were prepared in accordance with the going concern principle, as the Directors determined that there are no financial, management or other indicators that could signal criticalities in the Group’s ability to meet its obligations in the foreseeable future. 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 performances are exposed, are described in the relevant 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.

2. General preparation criteria for the Consolidated Financial Statements

The consolidated financial statements of the Group for the year ending 31st December 2022 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 Regulation (EC) 1606/2002 of the European Parliament and Council of 19th July 2002 and in accordance with the measures adopted in implementation of Article 9 of Legislative Decree no. 38 of 28th February 2005.

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

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

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

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

3. Accounting standards applied

3.1 New accounting standards, interpretations and amendments applicable from this financial year and adopted by the group

The accounting standards adopted by the Saras Group to draft the consolidated financial statements at 31st December 2022 are consistent with those used to prepare the consolidated financial statements at 31st December 2021, with the exception of the new accounting standards, interpretations and amendments outlined below which, at the reporting date, had already been issued and entered into force during the current year. The Group did not arrange early adoption of any new standards, interpretations or amendments issued but not yet in force.

Standards issued and in force
A list of the new accounting standards, amendments and interpretations applicable to the Group, effective 1st January 2022, and with no impact on the Group's Consolidated Financial Statements is shown below:

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2 - issued on 27th August 2020 and approved on 13th January 2022. The Phase 2 amendments address issues that could affect financial reporting when the interest rates change, including the effects of changes in contractual cash flows or hedging relationships resulting from the replacement of a benchmark interest rate with an alternative benchmark rate (replacement issues).

These changes are effective as from 1st January 2022.

New accounting standards, interpretations and amendments effective for periods after 31st December 2022 and not adopted by the Group early

A list of new accounting standards, amendments, and interpretations that will be applied by the Group in the financial years after the year ending 31st December 2022, of which the Group will assess any expected impact upon first-time adoption, is provided below:

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the requirements of the standard. The amendment 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, instead of the Conceptual Framework, to determine whether a present obligation exists at the date of acquisition.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition as assets at the date of acquisition. In accordance with the transition rules, the Group applies the amendment prospectively, i.e., to business combinations that occur after the beginning of the financial year in which the amendment is adopted for the first time (date of first-time adoption). These amendments had no impact on the Group's consolidated financial statements as no contingent assets, liabilities, and contingent liabilities were recognized for the purposes of these amendments

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendments prohibit 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. An entity will recognize such sales proceeds from such products and related costs to produce such products in the income statement. In accordance with the transition rules, the Group applies the amendment retrospectively only for items of property, plant and equipment that came into operation after or at the beginning of the financial year in which the amendment is adopted for the first time (date of first-time adoption). These amendments had no impact on the Group's consolidated financial statements as there were no sales related to these items of property, plant and equipment before they came into operation before or after the beginning of the previous comparative period.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is one in which the non-discretionary costs (i.e., costs that the Group cannot avoid because it is a party to a contract) required to fulfill its obligations are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment specifies that in determining whether a contract is onerous or generates losses, an entity must consider costs directly related to the contract for the supply of goods or services that include both incremental costs (i.e., the cost of direct labor and materials) and costs directly attributable to contractual works (i.e., depreciation of equipment used to fulfill the contract as well as costs for managing and supervising the contract). 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. These amendments have had no impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
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, if no adjustments had been made in consolidation procedures and for the effects of the business combination in which the parent company acquired the subsidiary. This amendment also applies to associated companies or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

This amendment had no impact on the Group's consolidated financial statements as the Group is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
This amendment clarifies what the fees an entity must include in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. No such amendment has been proposed regarding IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transition rules, the Group applies the amendment to financial liabilities that are modified or exchanged after or at the beginning of the financial year in which the amendment is adopted for the first time (date of first-time adoption). This amendment had no impact on the Group's consolidated financial statements as there were no changes in the Group's financial liabilities during the half-year.

3.2 Standards issued but not yet in force

IAS 8.30 requires disclosure for those standards that have been issued but are not yet in force; it is required for the purpose of providing known or reasonably estimable information that is relevant to enable users to assess the possible impact of the application of these standards on an entity's financial statements. Below, standards and interpretations are illustrated which, at the Group's reporting date, had been issued but were not yet in force. The Group intends to adopt these standards and interpretations, if applicable, when they enter 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, replacing the concept of change in accounting estimates. Under the new definition, accounting estimates are monetary amounts subject to measurement uncertainty. Entities develop accounting estimates if accounting standards require financial statement items to be measured in such a way as to result in measurement uncertainty. The Board clarifies that a change in accounting estimates that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or measurement approach used to develop an accounting estimate qualify as changes in accounting estimates if they do not result from the

correction of prior period errors. A change in an accounting estimate may only affect the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods. These amendments will apply from 1st January 2023, subject to endorsement.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In February 2021, the IASB issued amendments to IAS 11 and IFRS Practice Statement 2 Making Materiality Judgments to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by the right to defer settlement;
- that the right of 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 1st January 2023 and must be applied retrospectively. The Group is currently assessing the impact that the amendments will have on the current situation and whether the renegotiation of existing loan contracts would become necessary; it also keeps updated on the IFRS, IC and IASB discussions on this topic.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
These changes are intended to assist the person in charge of preparing the financial statements in deciding which accounting policies to present in the financial statements. In particular, an entity is required to disclose material accounting policies, rather than significant accounting policies, and several paragraphs are introduced to clarify the process for establishing material policies, which may be material by their very nature, although the amounts involved may be immaterial. An accounting policy is material if the users of the financial statements need it to understand other information included in the financial statements. In addition, IFRS Practice Statement 2 was amended by adding guidelines and examples to demonstrate and explain the application of the four-step materiality process to disclosures about accounting policies to support the amendments to IAS 1. These amendments apply, subject to endorsement, from 1st January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Issued on 7th May 2022, pending endorsement. IAS 12 requires the recognition of deferred taxes whenever temporary differences arise, i.e., taxes that are due or recoverable in the future. In particular, it has been established that companies, in specific circumstances, may be exempted from including deferred tax when they recognize assets or liabilities for the first time. This provision previously gave rise to some uncertainty as to whether the exemption was applicable to transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability. By amending IAS 12, IFRS clarifies that the exemption does not apply to this case and that companies are required to recognize the deferred tax on such transactions. The objective of the amendments is to reduce diversity in the reporting of deferred taxes on leases and decommissioning obligations. The amendments are effective for financial years beginning on 1st January 2023 and early adoption is permitted.

Amendment to IFRS 16-'Leases', lease liability in a sale and leaseback (issued on 22nd September 2022)
A sale and leaseback transaction involves the transfer of an asset from one entity (the seller-lessee) to another entity (the purchaser-lessor) and the leaseback of the same asset by the seller-lessee. The amendment specifies how a selling lessee should measure the lease liability that arises in a sale and leaseback transaction, to ensure that it does not recognize any amount of the profit or loss related to the retained right of use. The amendment does not change the accounting for leases other than sale and leaseback transactions. The first adoption is scheduled for 1st January 2024.

3.3 Consolidation Scope and Criteria

The consolidated financial statements include the financial statements of the Parent Company and of the companies over which it exercises control, directly or indirectly, starting from the date on which it was acquired and up to the date when such control ceases. In this case, said control is exercised both by virtue of the direct or indirect ownership of the majority of shares with voting rights and the exercise of a dominant influence expressed by the power to determine, even indirectly by virtue of contractual or legal agreements, financial and managerial choices of the entities, obtaining the relative benefits, also regardless of any shareholding relationship. The existence of potential voting rights exercisable at the end of the reporting period is considered for the purpose of determining control.

The consolidated financial statements have been prepared at 31st December and are 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.

On 15th March 2023, the Board of Directors of Saras SpA approved the draft separate financial statements of Saras SpA.

Consolidated subsidiaries are listed in the table below:

Consolidated on a line-by-line basis	% owned
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie Srl	100%
Sarint SA and subsidiaries	100%
Saras Energia SAU	100%
Terminal Logistica de Cartagena SLU	100%
Reasar SA	100%
Sardeolica Srl	100%
Energia Verde Srl	100%
Energia Alternativa Srl	100%
Saras Trading SA	100%

Other equity investments: measured at cost as not significant	
Sardhy Green Hydrogen Srl	50%
Sarda Factoring	4.01%
Consorzio La Spezia Utilities	5%

No changes were made compared to 31st December 2021.

It should be noted that at the end of 2020, the Parent Company Saras Spa established Sardhy Green Hydrogen Srl a joint venture with Enel Green Power to design, build and operate the first green hydrogen production plant in the Sarroch refinery area. The equity investment is equal in terms of shareholdings, and shareholders' agreements that govern relations between the two shareholders. In view of this, the company is not majority-owned by the Saras Group and has therefore been valued, in these financial statements, using the equity method.

The criteria adopted for the line-by-line consolidation of subsidiaries consolidated on a line-by-line basis are as follows:

[I] assets and liabilities, expenses and income are consolidated on a line-by-line basis attributing to minority shareholders, where applicable, the portion of shareholders' equity and net result for the period pertaining to them; these items are reported separately in specific items of Shareholders' Equity and the Consolidated Statement of Comprehensive Income;

[II] business combinations that lead to the control of an entity being acquired are accounted for using the purchase method. The cost of acquisition equates to the fair value on the date on which the entity's assets and liabilities are acquired. The difference between:

- the consideration paid (generally calculated on the basis of its fair value at acquisition date) and – in the case of a business combination achieved in stages – the fair value at the date of acquisition of control of the equity investment already held in the Company; and

- the fair value of the identifiable assets acquired net of the identifiable liabilities taken on, measured at the date that control is acquired

is recognized, where the relevant conditions apply, as goodwill on the date that control of the business is acquired. In the case of negative goodwill, this is recognized in the income statement;

[III] gains and losses arising from transactions between companies that are consolidated on a line-by-line basis, which have yet to be realized with third parties, are derecognized, where significant, as are any intragroup payables and receivables, costs and revenues and financial income and charges;

[IV] gains and losses arising from the disposal (without loss of control) of equity investments in consolidated companies are charged to equity for amounts corresponding to the difference between the selling price and the portion of consolidated equity effectively transferred. If further acquisitions of equity investments take place without a change in control, the difference between the purchase price and the corresponding portion of equity acquired is recognized through equity.

Equity investments in companies over which control is exercised jointly with other companies (joint ventures) and in companies over which the Group exercises significant influence (referred to hereinafter as "affiliated companies"), which is presumed to exist when a stake of between 20% and 50% is held, are accounted for using the equity method, except where the application of this method does not impact on the Group's financial position, operating results and cash flow; in such instances, the equity investment is measured at fair value. The way in which the equity method is applied is described below:

[I] the book value of an equity investment is brought into line with the equity of the investee, adjusted, where necessary, to reflect the adoption of accounting policies that are consistent with those adopted by the Parent Company and includes, where applicable, any goodwill identified at the time of the acquisition;

[II] the Group's proportionate share of profits or losses is recognized in the consolidated income statement from the date on which the significant and controlling influence commences until the day it ceases to exist. Should the company, as a result of losses, report a net deficit, the book value of the equity investment is eliminated and any excess amount attributable to the Group is allocated to the relevant provision, only where the Group has undertaken to meet the investee's legal or constructive obligations or in any event to cover its losses. Changes in the shareholders' equity of investee companies that are not allocated to the result posted in the income statement are directly added to or deducted from equity reserves;

[III] unrealized gains and losses arising from transactions between the Parent Company and subsidiaries or investee companies are derecognized based on the value of the stake held by the Group in the investees. Unrealized losses are eliminated, except where they represent an impairment loss.

The financial statements of the companies included in the scope of consolidation are prepared using the currency of the main economic environment in which they operate (functional currency). The consolidated financial statements are presented in Euro, which is the functional currency of the Parent Company. The following rules are followed when translating the financial statements of companies expressed in a currency other than the functional currency into Euro:

[I] assets and liabilities are translated at the applicable exchange rates on the reporting date;

[II] costs and revenues are translated at the average exchange rate for the period;

[III] the translation reserve includes both exchange rate differences arising from the translation of income statement amounts at an exchange rate different from the year-end rate and those arising from the translation of equity balances at the beginning of the year at an exchange rate different from the year-end rate;

[IV] goodwill and fair value adjustments relating to the acquisition of a foreign entity are treated as assets and liabilities of that entity and translated at the previous year-end exchange rate;

[V] when preparing the consolidated statement of cash flows, the average exchange rates for the period are used to translate the cash flows of foreign subsidiaries.

3.4 Summary of accounting standards and measurement bases

The consolidated statements have been prepared based on the cost principle, except in the specific cases described in the notes below, where fair value has been applied.

The main measurement bases used are described below and are unchanged from the previous year.

A Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, demand deposits with banks, other short-term, highly liquid investments (convertible into cash within 90 days) and overdraft facilities; overdrafts in bank accounts are reported under current liabilities. Items listed under net cash and cash equivalents are measured at fair value and changes are reported in the income statement.

B Other financial assets

Other financial assets are reported at fair value, with any gains reported in the income statement under "Financial income" and "Financial charges". Other financial assets also include derivative contracts, which are discussed in the appropriate section "Y Derivative Instruments" to which reference is made for additional details.

C Trade receivables

Trade receivables are measured at fair value on initial recognition. Subsequently, they are valued at amortized cost by applying the effective interest rate method. Where there is objective evidence indicating impairment (in terms of both solvency and the credit risk characteristics of individual debtors), the asset's book value is decreased to an amount equal to the discounted value of its future cash flows.

At the end of each reporting period, the Group conducts an analysis of any expected losses on trade receivables measured at amortized cost and recognizes or adjusts specific provisions for impairment.

The provisions for the above-mentioned expected losses are based on assumptions regarding the risk of default and expected losses. To this end, management uses its professional judgment and historical experience, as well as knowledge of current market conditions and forward estimates at the end of each reporting period.

Expected Credit Loss (ECL), determined using probability of default (PD), loss given default (LGD) and exposure at default (EAD), is determined as the difference between the cash flows due under the contract and the expected cash flows (including loss of earnings) discounted using the original effective interest rate.

The Group essentially applies an analytical approach, on individually significant positions and in the presence of specific information on the significant increase in credit risk. For individual assessments, PD is obtained mainly from external providers such as legal advisers who are entrusted with debt collection cases.

Receivable assignments

Receivable assignments are accounted for in accordance with the method indicated by IFRS 9 for the derecognition of financial assets. Consequently, all receivables assigned to factoring companies, when contractual provisions include clauses that involve maintaining significant exposure to the performance of cash flows arising from the receivables assigned, remain recognized in the financial statements. It should be noted that the group regularly carries out non-recourse trade receivable disinvestments on a monthly revolving basis.

D Inventories

Inventories are recognized at the lower of purchase or production cost and the net realizable value at the end of the financial year represented by the amount that the Group expects to obtain from their sale as part of its ordinary business activities, also considering sales made after the end of the reporting period, or, for later periods, the expected price curves. The value of crude oil, materials and spare parts is determined by the FIFO method. The value of oil product inventories is calculated using the weighted average cost of the last quarter.

E Current tax assets

Current tax assets are booked at initial recognition in the amount that is expected to be recovered from the tax authorities, taking into account their expected realizable value.

F Other assets

Other current assets are measured at fair value on initial recognition. Where there is objective evidence indicating impairment, the asset's book value is decreased to an amount equal to the discounted value of its future cash flows. Impairment losses are recognized in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortized cost had the asset not been written down.

White certificates are recognized on an accrual basis under "Other income", in proportion to the savings, expressed as tons of oil equivalent (TOE), achieved during the year.

The certificates are valued at the average market value for the year, unless the market value at the end of the year is significantly lower. The decreases due to the sale of white certificates accrued in the current or prior years are measured at the sale price. Gains and losses arising from the sale of certificates in different years from those in which they were accrued are recognized under "Other income" or "Services and sundry costs", respectively.

G Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized at once (e.g., removed from the statement of financial position of the Group) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed the contractual obligation to pay them in full and without delay and (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over that asset.

In cases where the Group has transferred the rights to receive cash flows from an asset or entered into an agreement under which it retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all the risks and benefits or has not lost control over it, the asset continues to be recognized in the Group's financial statements to the extent of its residual involvement in the asset. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that continue to be incumbent upon the Group.

When the entity's continuing involvement is a guarantee on the transferred asset, the involvement is measured at the lower of the amount of the asset and the maximum amount of consideration received that the entity may have to repay.

A financial liability is derecognized when the obligation underlying the liability is extinguished, cancelled or fulfilled. Where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such exchange or change is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences in book values recognized in the income statement.

H Property, plant and equipment
Property, plant and equipment are measured at purchase or production cost, less accumulated depreciation and any impairment. The cost includes all expenses incurred directly in preparing the assets for use, as well as any disposal and removal charges incurred as a result of contractual obligations. Any interest expenses relating to the construction of property, plant and equipment are capitalized until the asset is ready to be used.

Costs associated with requirements to restore or dismantle plants arising from statutory or contractual obligations are accounted for as an increase in the historical cost of the asset with an offsetting entry in the provisions for risks and charges.

Charges incurred for maintenance and repairs are charged directly to the income statement for the period in which they are incurred. Costs relating to the expansion, modernization or improvement of facilities owned by Saras or used by third parties are only capitalized up to the limits within which they fulfil the conditions for separate classification as an asset or part of an asset in accordance with the component approach. Turnaround costs are classed as extraordinary maintenance costs and capitalized in the year in which they are incurred. They are depreciated over the expected length of time until the next turnaround. Similarly, the costs of replacing the identifiable components of complex assets are recognized as assets and depreciated over their useful life; the residual book value of components thus replaced is charged to the income statement. Government grants relating to capital expenditure are deducted from the purchase price or production cost of the relevant assets when the conditions necessary for receiving them have been met.

The book value of property, plant and equipment is adjusted by systematic depreciation, calculated on the basis of historical cost less residual value on a straight-line basis, from the time the asset is available and ready for use, in accordance with its estimated useful life.

The useful life estimated by the Group for each of the various asset categories is as follows:

	for I.G.C.C. plant	for other fixed assets
Buildings	until 2031	18 years
General plants	until 2031	12 years
Highly corrosive plants	until 2031	9 years
Thermoelectric plant	until 2031	
Wind farm		10/25 years
Transformation stations	until 2031	13 years
Office furniture and equipment		4 years
Vehicles		4 years
Other assets		5/12 years
Leasehold improvements	The shorter of the duration of the lease and the asset's useful life	

Property, plant and equipment and their residual value are revised annually at each end of the reporting period and adjusted accordingly.

Land is not depreciated.

If an asset to be depreciated consists of separately identifiable components and the useful life of one component differs significantly from that of the others, each component of the asset is depreciated separately in accordance with the component approach. Property, plant and equipment are derecognized at the time of their disposal or when no future economic benefits are expected from their use or disposal; the relative profit or loss is recognized in the income statement.

I Non-current assets held for sale

Non-current assets and groups of assets held for sale are classified as held for sale when their book value is expected to be recovered through a sale transaction in line with IFRS 5.

This condition is met when the sale is considered highly probable and the asset (or group of assets) is available for sale in its current condition. For this purpose, the Company Management must have committed to a program for the sale and must have started activities to identify a purchaser and complete the program.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their book value or market value less costs to sell.

If the above criteria are met after the end of the reporting period, the non-current asset (or disposal group) is not classified as held for sale in the preparation of the financial statements; however, if these circumstances occur after the reporting period but before the financial statements are authorized for issue, information about the nature of the non-current asset (or disposal group), the facts and circumstances of the sale and any capital gains or losses arising from the transaction are included in the Notes to the financial statements.

J Leased assets and rights to use assets

Assets held through leasing contracts or contracts granting rights to use third party assets are recognized as Group assets at their current value or, if lower, at the current value of the minimum lease payments due, except for those of short-term or low value. The corresponding liability to the lessor is recognized on the statement of financial position under financial liabilities. The assets are depreciated on a straight-line basis over the term of the underlying contract and the financial liability is repaid on the basis of the payments provided for in the lease or the right to use.

K Intangible assets

Intangible assets are made up of elements that are non-monetary in nature, without physical substance and clearly identifiable (i.e., distinct, able to be separated, dismantled or traded and deriving from other contractual or legal rights), controlled by the company and capable of generating future economic benefits. These elements are recognized at acquisition and/or production cost, which includes any directly attributable charges incurred in preparing the asset for use, net of accumulated amortization and any impairment losses. Any interest expenses accrued during and in respect of the development of intangible assets are charged to the income statement. Amortization commences from the time the asset is available for use and is charged on a straight-line basis over its estimated useful life.

Property, plant and equipment are derecognized at the time of their disposal or when no future economic benefits are expected from their use or disposal; the relative profit or loss is recognized in the income statement.

[1] Goodwill

Goodwill is the excess cost of the acquisition cost plus the fair value of any minority interests already held at the point when control is acquired, incurred over net fair value, as recorded on the acquisition date, when acquiring assets and liabilities forming businesses or business units. Goodwill relating to equity-accounted investments is included in the value of the equity investments. It is not systematically amortized, but is periodically tested for impairment. This test is carried out with regard to the cash generating unit to which goodwill is to be allocated. Any reduction in goodwill is recognized where the recoverable amount of goodwill is lower than its book value; the recoverable amount is the higher of the fair value of the cash generating unit, less disposal costs and its value in use, which is the present value of the cash flows expected to be generated in the years during which the cash generating unit is operating and from its disposal at the end of its useful life.

In the event that the impairment arising from the test is greater than the amount of goodwill allocated to the cash generating unit, the residual amount is in turn allocated to the assets included within the cash generating unit, in proportion to their book value. The minimum amount for this allocation is the highest of the following:

- the fair value of the asset, less disposal costs;
- its value in use, as defined above;
- zero.

Where goodwill was previously written down for impairment, the write-down is not reversed.

[II] **Patent rights, concessions, licenses and software (intangible assets with a finite useful life)**
Intangible assets with a finite useful life are amortized systematically over their useful life, taken to be the estimated period in which the assets will be used by the company; the recoverability of the book value of the assets is checked using the same method applied to "Property, plant and equipment".

[III] **Research and development expenses**
The costs associated with the acquisition of new knowledge or discoveries, the development of alternative products or processes, new techniques or models, the design and construction of prototypes, or otherwise relating to other scientific research or technological development are treated as current costs and taken to the income statement when incurred.

L Impairment of assets

At each end of the reporting period, property, plant and equipment and intangible assets with a finite useful life and equity investments are tested for impairment, originating from both internal and external sources. Where such indicators exist, the recoverable amount of these assets is estimated and any impairment loss duly charged to the income statement. The recoverable amount of an asset is the greater of its fair value minus selling costs and its value in use, where the latter is the present value of the future cash flows that the asset is expected to generate. In determining value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset. The realizable value of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit to which the asset belongs. An impairment is recognized in the income statement whenever the book value of an asset, or of the cash generating unit to which it is allocated, is higher than its recoverable amount. When the reasons for impairment no longer exist, the impairment loss is reversed to the income statement up to the book value that the asset would have had, had it not been impaired and if it had been depreciated/amortized.

M Other equity investments

The equity investments included under "Other equity investments" are measured at fair value, with the impact of any changes in fair value recognized directly in the statement of comprehensive income. Where fair value cannot be reliably determined or is insignificant, they are measured at cost less any impairment losses, in compliance with IFRS 9. These costs are periodically reviewed in order to determine whether any impairment indicators exist that might indicate that their recoverable amount is lower than their book value.

N Classification of other financial assets

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets are classified into the following categories:

(i) financial assets measured at amortized cost;

(ii) financial assets measured at fair value with recognition of the effects among the other components of comprehensive income (hereinafter also OCI);

(iii) financial assets measured at fair value with recognition of the effects in the income statement.

Initial recognition is at fair value; for trade receivables without a significant financial component, the initial recognition value is represented by the transaction price. Subsequent to initial recognition, financial assets that generate contractual cash flows exclusively representing capital and interest payments are measured at amortized cost if held for the purpose of collecting the contractual cash flows (hold-to-collect business model). The application of the amortized cost method results in the recognition in the income statement of interest income determined on the basis of the effective interest rate, exchange rate differences and any write-downs.

The treatment of financial assets linked to derivative instruments is shown under point "Y Derivatives".

O Treasury shares

Treasury shares are recognized at cost and deducted from equity.

P Shareholders' equity

[I] **Share capital**
Share capital consists of the Parent Company's subscribed and paid-up capital. Costs strictly related to the issue of new shares are deducted from equity reserves, after any deferred tax effect.

[II] **Reserves**
Reserves comprise equity-related reserves set aside for a specific purpose relating to the Parent Company; they include retained earnings.

Q Provisions for risks and charges
Provisions for risks and charges are recognized only where a present obligation (legal or constructive) exists in relation to past events that is expected to result in an outflow of financial resources, the amount of which can be reasonably assessed. This amount represents the best estimate of the sum that must be paid to discharge the obligation.

Those risks for which a future liability is only possible are disclosed in the section on commitments and risks and no provision is made.

R Provisions for employee benefits
The Group provides various types of pension plans, in keeping with the conditions and practices that are commonly applied locally in those countries in which it carries out its activities.

From 1st January 2007, the regulations governing post-employment benefits (TFR) were amended to include the option for employees to decide where these are held. Specifically, new post-employment benefits may be allocated to pension funds or held at the company (if it has fewer than 50 employees, or allocated to INPS if it has more than 50 employees). The introduction of these regulations has resulted in the following accounting changes:

- **Amounts set aside until 31st December 2006**
  Post-employment benefits pursuant to Article 2120 of the Italian Civil Code are treated in the same way as "defined benefit plans"; these plans are based on the working life of the employees and on the remuneration they receive over a pre-determined period of service. The liability relating to post-employment benefits is entered on the statement of financial position based on their actuarial value, since this can be quantified as a staff benefit due on the basis of a defined benefit plan. The recognition of defined benefit plans requires the estimate of the benefits accrued by the employees in exchange for the service provided using actuarial techniques. These services are then discounted in order to determine the present value of the Group's obligations. The present value of the Group's obligations is determined by an external consultant using the projected unit credit method. This method, which comes under the more general area of "accrued benefit methods", considers each period of service at the company as an additional unit of entitlement: actuarial liabilities must therefore be quantified solely on the basis of years worked at the valuation date; thus, the total liability is normally extrapolated from the number of years of service at the valuation date and the total number of years worked at the time the benefit is expected to be paid.

  The cost accrued for the year in respect of defined benefit plans is recorded in the income statement under personnel expense and is equivalent to the sum of the average present value of entitlements accrued by current employees and the annual interest accrued on the present value of the Group's obligations at the beginning of the year, calculated using the discount rate for future disbursements that is used to estimate liabilities at the end of the previous year. The annual discount rate adopted for these calculations is the end-of-year market rate for zero coupon bonds with the same maturity as the average remaining duration of the liabilities.

  Following application of IAS 19 (revised), actuarial gains and losses relating to the change in parameters, previously reported in the income statement (personnel expense), are now recognized in the statement of comprehensive income.

- **Allocations accrued from 1st January 2007**
  The allocations in question are accounted for using the method adopted for defined contribution pension plans (which are not subject to actuarial valuations) as the amount relating to employees has been transferred in full outside the Group.

  The corresponding liability is determined according to Article 2120 of the Italian Civil Code.

S Financial liabilities, trade and other payables and other liabilities
They are measured, on initial recognition, at fair value and subsequently at amortized cost, using the effective interest rate method. Where there is a change in the estimated future cash flows and these can be reliably estimated, the value of the payables is recalculated to reflect this change on the basis of the present value of the new estimated future cash flows and the internal rate of return originally calculated.

Sale transactions with a repurchase obligation represent a form of financing as the risks attached to ownership (mainly the risk relating to changes in fair value) remain with the Company. In this case, the assets are not derecognized, the debt for the repurchase is of a financial nature and the difference is recognized in profit and loss as a component of a financial nature.

Financial liabilities also include derivative contracts, which are discussed in the appropriate section below. Derivative contracts are measured at fair value with a balancing entry in the income statement at each end of the reporting period.

T Revenue recognition

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone sale price of each good or service; (v) recognition of the revenue when the relative performance obligation is satisfied, i.e., when the promised good or service is transferred to the customer; the transfer is considered completed when the customer obtains control of the good or service, which can occur continuously (over time) or at a specific time (at a point in time).

With reference to the products sold for the Group, the time of revenue recognition generally coincides:

- for crude and oil products, with shipping;
- for electricity with delivery to the customer;
- for oil products sold on the network market, with delivery to service stations.

The recognition of revenues from services is based on the stage of completion reached.

Revenues are recorded net of returns, discounts, allowances and premiums and of directly related taxes.

Excise duties paid on purchases are netted off against those collected on sales.

U Recognition of costs

Costs are recognized when they relate to goods and services that are sold or used during the year or by systematic allocation, or when their future usefulness cannot be determined.

V Interest income and expenses

Interest income and expenses are booked on an accruals basis, according to the effective interest rate method.

W Conversion of items expressed in a currency other than the Euro

Foreign currency transactions are translated into Euros at the exchange rates ruling on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liability items denominated in a foreign currency are recorded in the income statement.

X Dividends

[A] Dividends received

Dividends are recognized on the date on which the resolution approving them is carried by a shareholders' meeting.

[B] Dividends distributed

The payment of dividends to Parent Company shareholders is recognized as a liability in the statement of financial position of the year in which the distribution was approved by the company's shareholders.

Y Taxes

Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the end of the reporting period.

Deferred taxes are calculated on all temporary differences arising between the tax base of an asset or liability and its book value, with the exception of goodwill and those relating to temporary differences originating from equity investments in subsidiaries, when the timing of the reversal of such differences is controlled by the Group and it is probable that the differences will not be reversed within a reasonably foreseeable timescale. In respect of deferred tax assets (including those relating to tax losses from previous periods) that cannot be offset against deferred tax liabilities in full, the residual portion is recognized to the extent that it is probable that taxable income will be generated in future against which they can be recovered.

Deferred taxes are calculated using the tax rates that are expected to apply in the years in which temporary differences are realized or reversed.

Changes in tax rates due to regulatory amendments are recorded in the income statement or under equity, in relation to the transaction that generated the underlying deferred tax.

Current and deferred taxes are recognized in the income statement, with the exception of those related to items directly deducted from or added to equity, in which case the tax effect is taken directly to equity. Current and deferred taxes are offset when income taxes are applied by the same tax authority, when there is a legal right of offset and a settlement of the net balance is expected.

Other taxes not related to income, such as property taxes, are included under "Cost of services and sundry costs".

The Parent Company allows its Italian subsidiaries to participate in the tax consolidation scheme for the purposes of calculating corporate income tax (IRES), pursuant to Articles 117-128 of the Consolidated Law on Income Tax (the "Consolidated National Tax"). As a result, a single tax base is created for the Parent Company and some Italian subsidiaries, essentially through the algebraic sum of the tax profit or loss of each participant. Participation in a particular scheme is confirmed by a communication to the tax authority made by the Parent Company indicating which subsidiaries have decided to take up this option. The option has a fixed duration of three years (except in the event of interruptions provided for by law) and the matter is governed between the two parties by a consolidation agreement. With specific reference to the transfer of tax losses, the agreements in force provide for remuneration commensurate with the ordinary IRES tax rate, equal to the portion of the loss of each subsidiary that was effectively offset by taxable income generated by other consolidated companies. Any excess losses remain allocated to the parent company and remuneration for these losses is deferred until the year that they are actually used under the national tax consolidation scheme.

Z Derivative instruments

All derivatives are financial assets and liabilities that are recognized at fair value.

They are classified as hedging instruments when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge, verified periodically, is high. When derivatives hedge the risk of changes in the fair value of the underlying items (fair value hedges, e.g., hedging the variability of the fair value of assets/liabilities), they are recorded at fair value in the income statement; at the same time, the hedged items are adjusted to reflect the changes in fair value associated with the risk hedged.

Derivative financial instruments on commodities, in accordance with IFRS 9, are recognized at fair value with the change in the fair value of the instrument recognized in the income statement and this change is allocated to the items of operating costs to which the hedges refer.

Derivative financial instruments on commodities, realized on the basis of strategies other than the fixing of prices of crude oil and products, are entered at fair value with the recognition of economic effects in financial management items.

Derivative financial instruments on exchange rates and interest rates are recorded at fair value with the change in the fair value of the instrument recognized under financial management items in the income statement.

To determine the fair value of financial instruments listed on active markets, the bid price of the instrument at the end of the reporting period is used. In the absence of an active market, fair value is determined by using measurement models based largely on objective financial variables and by considering, wherever possible, the prices observed in recent transactions and the prices for comparable financial instruments.

Some strategic refining risk hedging transactions have been accounted for in hedge accounting in accordance with IFRS 9. This application entailed, for derivatives that hedge the risk of changes in the cash flows of the hedged instruments (Cash Flow Hedge), the initial recognition in the equity reserve and other components of comprehensive income of changes in the fair value of the derivatives deemed effective, and subsequently, their recognition in the income statement, consistent with the economic effects produced by the hedged transaction.

AA Earnings per share

[I] Basic

Basic EPS is calculated by dividing the Group’s EBITDA, adjusted by the portion of profit or loss attributable to the holders of preference shares, by the weighted average of ordinary shares outstanding during the year, excluding treasury shares.

[II] Diluted

Diluted EPS is calculated by dividing the Group's EBITDA, adjusted by the portion of earnings attributable to the holders of preference shares, by the weighted average of ordinary shares outstanding during the year, excluding treasury shares. For the purpose of calculating diluted earnings per share, the weighted average of shares outstanding is modified by assuming the conversion of all potentially dilutive ordinary shares, while the Group’s profit or loss is adjusted to take into account the after-tax effects of the conversion.

AB Emission Trading
Decree Law no. 216 of 4th April 2006 has introduced limits on CO_2 emissions from plants. If these limits are exceeded a company must purchase allowances or credits on the relevant market representing the excess CO_2.

If the allowances allocated are insufficient, the value of the shortfall is measured at market value and recorded in provisions for risks; if, however, the allowances exceed requirements, the surplus, measured at purchase cost aligned to the market value at the end of the year if lower, is recorded under intangible assets.

AC Segment information
An operating segment is a part of an entity:

- that undertakes trading & supply activities that generate revenues and costs (including revenues and costs relating to transactions with other parts of the same entity);

- whose operating results are reviewed periodically at the highest operational decision-making level of the entity in order to adopt decisions on the resources to be allocated to the segment and the assessment of the results; and

- for which separate accounting information is available.

A geographical segment is defined as a group of assets and transactions used for specific services in a particular geographical area and subject to risks and benefits substantially different from those related to other geographical areas.

3.5 Use of estimates and discretionary evaluations, also as a consequence of the Russian-Ukrainian conflict

The preparation of the financial statements requires directors to apply accounting standards and methodologies that, in certain situations, are based on difficult and subjective 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.

3.6 Most significant estimates requiring a greater degree of discretion

A brief description is provided below of the most significant accounting policies requiring greater discretion by the directors in the preparation of their estimates and in respect of which a change in the conditions underlying the assumptions used could have a significant effect on the restated aggregate financial information.

[I] Depreciation of fixed assets: depreciation of fixed assets is a significant cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the assets concerned. The useful life of the Group's fixed assets is determined by the directors at the time they are purchased; it is based on past experience for similar assets, market conditions and expectations as to future events that could affect their useful life, such as changes in technology. Their actual useful life could therefore differ from the estimate. The Group periodically assesses technological changes and industry developments, dismantling and disposal costs and recoverable amount in order to adjust the asset's remaining useful life. This periodic revision process could lead to a change in the depreciation period considered and, therefore, in the depreciation charged in future years.

[II] Recoverable amount of property, plant and equipment: in the presence of impairment indicators, the estimated recoverable amount is derived from a complex valuation process that largely depends on external sector variables or changes in the regulatory framework. The corresponding environment is monitored continuously and sector analyses are obtained regularly. However, it may be that the effective change in the key variables is not in line with expectations.

[III] Recoverable amount of inventories: the estimate of the recoverable amount of inventories entails a valuation process that is highly influenced by the performance of the oil product market, which is exposed to significant changes, including of a short-term nature. Therefore, the net realizable value of crude oil and finished goods at year end is estimated based on the amount that the Group expects to obtain from their sale, by observing the sales taking place after the end of the reporting period. Consequently, this assessment is influenced by market conditions.

[IV] Deferred tax assets: deferred tax assets are accounted for on the basis of expected taxable income in future periods. The measurement of expected income for deferred tax recognition purposes depends on factors that may vary over time and may have a significant effect on the measurement of deferred tax assets.

[V] Provisions for risks and impairment losses on current assets: in certain circumstances, determining whether there is a current obligation (either legal or constructive) or the recoverability of current assets is not always straightforward. The directors consider such circumstances on a case-by-case basis and at the same time estimate the amount of financial resources needed to discharge the obligation. When the directors feel that a liability or the risk of not recovering an asset are only possible, the associated risks are disclosed in the note concerning commitments and risks and no accrual is made. When the directors feel that a liability or the risk of not recovering an asset are only probable, a special risk provision is recorded.

[VI] Revenues from the sale of electricity under the Essentiality Regime agreement: since the end of April 2022, the subsidiary Sarlux Srl has been included in the list of essential facilities for the national electricity system. As a result of this qualification, the subsidiary sells the energy produced in exchange for a regulated fee based on two main conditions. The first condition includes, in addition to the QAR component (amortization and remuneration of the invested capital, as required by Resolution 111/06), the reintegration component of the fixed costs strictly required for the production of electricity. The second condition involves the integration of the differential (positive or negative) between the variable costs incurred in production compared to the amount received from the sale on the market at the zonal reference price.

The assessment of the amount of these revenues and particularly of reinstatements involves an estimation process by the directors that, while not characterized by particular discretion, has a significant impact in economic terms.

[VII] Measurement of the recoverable amount of receivables: most of the receivables arising from the Group's operations are factored without recourse (and derecognized) and/or covered by other credit risk mitigation measures applicable to wholesale customers (mainly through insurance policies and, to a lesser extent, bank sureties) and receivables from cargo trading activities (collection, including through letters of credit, bank sureties or parent company guarantees). Most receivables arising from cargo trading activities (with a significant unit amount) are characterized by extremely limited terms of payment; the bad debt provision is currently calculated based on specific assessments of the recoverability of past due positions. It should also be noted that the losses on receivables historically recognized by the Group are not of a significant amount.

[VIII] Estimation of the fair value of derivatives: the assessment depends on expectations regarding the trend of the market variables, including commodity prices and exchange rates, the variability and volatility of which depends on factors that are outside the sector.

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 amount of inventories as well as the volatility of the current values of financial instruments. The underlying valuation processes, again complex, involve the expression of estimates which depend on variables that are outside the sector, which are highly volatile and which are based on assumptions which, by their nature, involve the use of a high degree of judgement on the part of Company Management. The same, for this purpose, also considers scenarios expressed by independent sector experts.

4. Information by business segment and geographical area

4.1 Foreword

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

- Industrial & Marketing;
- Renewables.

As from April 2021, the combined cycle power plant of Sarlux Srl, IGCC, was listed as a plant essential to the security of the electric power system.

4.2 Segment information

In order to continuously and consistently present the individual marginality attributable to the various segments, in the event of extraordinary corporate transactions such as mergers and business transfers, the inter-divisional relationships that cease as the result of such corporate transactions continue to be reported based upon the conditions set forth in the previously existing contracts.
A breakdown by segment follows below. For further quantitative details and comments, please refer to the appropriate sections of the Report on Operations:

Income Statement at 31st December 2022	INDUSTRIAL & MARKETING	WIND	TOTAL
Revenues from core business	15,733,334	43,812	15,777,146
Other operating revenues	54,560	4,078	58,638
Depreciation/amortization and write-downs	(196,825)	(7,892)	(204,715)
Operating result	**935,770**	**29,865**	**965,635**
Financial income (a)	264,868	850	265,718
Financial charges (a)	(341,142)	(1,044)	(342,186)
Income taxes	(447,353)	(24,901)	(472,254)
Net result	**412,146**	**4,770**	**416,916**
Total directly attributable assets (b)	**4,096,161**	**168,499**	**4,264,660**
Total directly attributable liabilities (b)	**3,010,112**	**42,174**	**3,052,286**
Investments in property, plant and equipment	**84,078**	**18,677**	**102,755**
Investments in intangible assets	**2,686**	**234**	**2,920**

Income Statement at 31st December 2021	INDUSTRIAL & MARKETING	WIND	TOTAL
Revenues from core business	8,529,211	32,113	8,561,324
Other operating revenues	65,933	9,191	75,124
Depreciation/amortization and write-downs	(191,024)	(7,501)	(198,525)
Operating result	**52,602**	**25,894**	**78,496**
Financial income (a)	74,603	0	74,603
Financial charges (a)	(120,255)	(640)	(120,895)
Income taxes	(16,353)	(6,521)	(22,874)
Net result	**(9,399)**	**18,733**	**9,334**
Total directly attributable assets (b)	**3,546,881**	**152,714**	**3,699,595**
Total directly attributable liabilities (b)	**2,878,366**	**27,511**	**2,905,877**
Investments in property, plant and equipment	**88,790**	**8,375**	**97,165**
Investments in intangible assets	**2,887**	**0**	**2,887**

(a) Determined without considering intercompany eliminations. For an assessment of intercompany transactions, see section 7.2 of the separate financial statements of Saras SpA.

(b) Total assets and liabilities are calculated after intercompany eliminations.

4.3 Information by geographical area

The breakdown by geographical area takes into account the size of the reference market and the countries in which the registered offices of counterparties are located.

Directly attributable assets and investments by geographical area of location.

Directly attributable assets	31/12/2022	31/12/2021	Change
Italy	4,013,587	3,387,762	625,825
Other EEC countries	185,596	126,002	59,594
Non-EEC	65,477	185,831	(120,354)
Total	**4,264,660**	**3,699,595**	**565,065**

Investments in property, plant and equipment and intangible assets	31/12/2022	31/12/2021	Change
Italy	105,674	100,052	5,622
Total	**105,674**	**100,052**	**5,622**

Total revenues by geographical area.

Total revenues	31/12/2022	31/12/2021	Change
Italy	4,198,978	4,321,903	(122,925)
Spain	1,716,590	271,759	1,444,831
Other EEC countries	2,617,123	1,675,005	942,118
Non-EEC	7,085,787	2,273,937	4,811,850
USA	217,306	93,846	123,460
Total	**15,835,784**	**8,636,450**	**7,199,334**

Amounts are shown net of inter-company eliminations. For more information on the sector, please refer to the relevant section of the Report on Operations.

The following table shows a breakdown of trade receivables by geographical area:

Trade receivables	31/12/2022	31/12/2021	Change
Italy	437,894	227,210	210,684
Spain	110,474	53,271	57,203
Other EEC countries	34,237	108,508	(74,271)
Non-EEC	168,746	145,444	23,302
USA	609	30,271	(29,662)
Bad debt provision	(23,078)	(18,193)	(4,885)
Total	**728,881**	**546,511**	**182,370**

The most significant changes to the statement of financial position and statement of income compared with the previous year are illustrated below.

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	31/12/2022	31/12/2021	Change
Bank and postal deposits	707,077	366,629	340,448
Cash	38	51	(13)
Total	**707,115**	**366,680**	**340,435**

Bank deposits are mainly attributable to Saras SpA for EUR 599,343 thousand, Saras Trading SAU for EUR 51,261 thousand and Saras Trading SA for EUR 36,274 thousand.

There are no constraints or restrictions on such bank deposits.

For further details on the net financial position, reference is made to the relevant section of the Report on Operations and the statement of cash flows.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets:

Other financial assets	31/12/2022	31/12/2021	Change
Current financial derivatives	77,988	57,652	20,336
Derivative guarantee deposits	108,034	56,087	51,947
Other assets	1,533	1,529	4
Total	**187,555**	**115,268**	**72,287**

The item current financial derivatives comprises the positive fair value of existing instruments at the end of the reporting period and the positive differentials realized and not yet received.

For further details, see 5.3.1.

The item derivative guarantee deposits includes deposits requested by the counterparties with which the Group uses derivative instruments to guarantee open positions at the end of the reporting period. The change of EUR 51,947 thousand is due to the increase in oil prices.

5.1.3 Trade receivables

Trade receivables amounted to EUR 728,881 thousand, up EUR 182,370 thousand from the previous year. The trend of receivables follows the increase in market prices at the end of the year and the trend of sales. Please note that all customers are subject to a credit assessment (KYC), and in particular customers in the wholesale market are all insured by leading insurance companies. For comments on sales performance, please refer to the Report on Operations.

This item is shown net of the bad debt provision, which amounted to EUR 23,078 thousand (EUR 18,193 thousand at 31st December 2021). As already mentioned, the Group conducts a specific analysis of credit positions and the provision for write-downs includes the results of these assessments. For further analysis, see section 7.4, Information pursuant to IFRS 7 and 13.

5.1.4 Inventories

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

Inventories	31/12/2022	31/12/2021	Change
Raw materials and consumables	339,550	262,819	76,731
Unfinished products and semi-finished products	113,237	124,561	(11,324)
Finished products and goods	736,189	675,178	61,011
Spare parts and raw materials, consumables	98,336	106,614	(8,278)
Total	**1,287,312**	**1,169,172**	**118,140**

The increase in the value of oil inventories (crude oil, semi-finished products and finished products) was essentially due to the combined effect of the increase in quantities in inventory at the end of the year and the increasing trend in prices.

Inventories of consumables have been valued at their presumed recovery value.

In compliance with the provisions of the accounting standards, the Group has measured inventories of oil products at the lower of purchase or production cost and the recoverable amount on the market and this comparison leads to the recording of a lower value of inventories - essentially products - in the amount of EUR 2 million.

No inventories are used as collateral for liabilities.

The item "Inventories" includes around 1,667 thousand tons of oil products (valued at around EUR 1,026 thousand) held for group companies and certain third parties in accordance with the obligations of Legislative Decree no. 22 of 31st January 2001 (in the previous year, these stocks amounted to 1,151 thousand tons valued at around EUR 640 million).

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/12/2022	31/12/2021	Change
VAT credit	2,121	2,131	(10)
IRES credits	1,355	27,482	(26,127)
IRAP credits	190	(2,879)	3,069
Other amounts due from the tax authorities	71,263	6,220	65,043
Total	**74,929**	**32,954**	**41,975**

Other amounts due from the tax authorities include taxes for which reimbursement has been requested or provisionally paid. The increase for the year mainly refers to the recognition of the tax credit in favor of energy-intensive companies (mainly in favor of the subsidiary Sarlux Srl) in accordance with the provisions of the "*TER* Support" Decree. Specifically, the latter refers to the residual balance of the energy-intensive company receivable from the last quarter of 2022, accrued and not yet used in compensation by the company.

It should be noted that the receivable was fully used at the date of approval of these financial statements.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/12/2022	31/12/2021	Change
Accrued income	356	109	247
Prepaid expenses	10,980	5,801	5,179
Other short-term receivables	13,631	48,409	(34,778)
Total	**24,967**	**54,319**	**(29,352)**

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

Other short-term receivables at 31st December 2022 mainly refer to Energy Efficiency Certificates (TEE) claimed by the subsidiary Sarlux Srl and shown net of the bad debt provision. The decrease is due to the collection of the receivable, recorded in the previous year, claimed from the Equalization Fund for the Electricity Sector for the repayment of the Emission Trading Directive charges, paid to the subsidiary Sarlux, until April 2021 as it is considered a producer at the Cip6 tariff; for further details, see point 7.1.

5.2 Non-current assets

The spread of the Covid-19 pandemic and the negative impact of the severe restrictions imposed at the global level had led to an unprecedented decline in global demand for oil products in recent years. With the end of the most critical period of the health crisis and the subsequent recovery of economic activities, oil consumption showed the first signs of recovery on a global scale. Faced with the restart of demand, supply was unable to grow as quickly, leading to a significant rise in prices: in the first phase of 2022, prices rose due to the supply/demand imbalance caused by the post-pandemic consumption recovery and low available production capacity, particularly as a result of years of underinvestment in upstream oil. In a context of rising prices, the Russian-Ukrainian conflict exacerbated the trend.

In mid-2022, fears of reduced availability of diesel due to the embargo on Russian imports, on which Europe depends for about 30% of its needs, triggered a rush to buy to secure diesel supplies for the winter. These tensions have since eased as international markets have gradually rebalanced.

Thus, during 2022, the market of oil and crude products recovered in terms of demand and supply of products with a significant increase in prices: in this context, the refining sector, thanks to the development of demand for refined products and the dynamics of crude oil priced, recovered previous values, starting from the second half of 2022. In Italy, total refining runs increased by about 6.9% compared to 2021. This had a positive effect on the business of the Saras Group and consequently on the market capitalization of the Parent Company.

In addition to the macroeconomic and sectoral context, related to the strong volatility of the oil and refining scenario (price and demand of Brent and related commodities, crack spread, refining margins), there was also a strong volatility of the energy scenario (electricity and CO_2 price), which was not offset by the essentiality mechanism when prices increased.

The recent geopolitical situation and the consequent international crisis that has been generated are also expressing substantial changes in the balance of the oil and energy market and it will take time to return to a condition of normality. However, the causes of the previous pandemic crisis and of the geopolitical crisis are not financial in nature, but are mainly attributable to factors external to the company's economic environment, which suffers the effects of instability and relative volatility in the short term, but which should not undermine its medium-term fundamentals.

Also in compliance the recommendations of the main regulatory authorities that have given their opinions on the matter (ESMA, Consob, IOSCO), the Company has performed the necessary checks regarding corporate continuity, any certain or predictable effects of the geopolitical crisis on the amounts of the financial statements and the Group's financial structure and, finally, in accordance with the provisions of IAS 36 (impairment of assets), has assessed whether its assets are carried at a value that is greater than their recoverable amount. In performing this test, the 2015 Italian PIV and international valuation standards were adopted as guidelines for the preparation of the impairment test, in addition to IAS/IFRS, and in particular IAS 36 (Impairment of assets).

On the basis of current market conditions and available information, it is extremely difficult to be able to articulate and assess the future economic and financial impacts deriving from the evolution of the macroeconomic context. Therefore, the short, medium and long-term financial calculations that must be used in the company projections aim at identifying a better forecast that does not consider the volatility in the company's fundamentals.

Such assessments were performed on the Cash Generating Units (CGUs) to which the value of the assets was allocated, assuming the recoverable amount to be the greater of the market value and the value in use obtainable on the basis of the discounting of the derivable cash flows of the updated and approved economic and financial projections by the Board of Directors on 15th March 2023.

The current macroeconomic and geopolitical scenario and the effects deriving from the volatility of the main commodities has resulted in a situation of uncertainty that has led the Company to make choices consistent with the production factors under its management, confirming the maintenance of all plants in operation both to provide a concrete response to the national energy crisis and in anticipation of an expected return to normal conditions.

It was also assumed that the Company's long-term income capacity would remain at the level expected in the previous financial year, as this uncertainty is due to external and non-financial phenomena, the intensity and timing of which are still uncertain.

The scenario outlined is therefore based on medium- and long-term economic and financial calculations aimed at identifying a better forecast that considers a gradual return to normal market conditions, since the context referable to 2022 is not to be considered a normal market condition.

The impairment test was conducted in accordance with the General Criteria approved by the Board of Directors on 9th February 2023, and based on the cash flows of the Budget and the medium-long term economic and financial forecasts approved on 9th February and 15th March 2023, respectively. The analysis was performed with specific reference to the complex of property, plant and equipment and intangible assets that make up the "Industrial & Marketing" CGU and the goodwill recorded under intangible assets for the "Renewables" CGU, in which the valuation process is aimed at verifying whether the same had suffered an impairment at the end of the reporting period of these Financial Statements. To identify the CGUs, the company considered:

- the internal control system;
- the criteria according to which management takes strategic and operational decisions.

The "maximum" limitation relating to the segment is defined by the accounting standard only with reference to the Impairment Test of goodwill, which in this case is relevant only for the Renewables CGU. As regards the Impairment Test of tangible assets, as in the case of the Industrial & Marketing CGU of Saras, the reference for recoverability is to the investments made and their application (or use) in the reference business.

The valuation process was structured in a similar way to that described in the 2021 Annual Report and in the 2022 Half-Yearly Financial Report.

The assessment process was structured in a similar way to that already described in the Financial Statement 2021 and in the half-yearly Financial Report 2022. With regard to the macroeconomic and sectoral context, the impairment indicators that emerged in 2021 still remain, connected to the strong volatility of the oil and refining scenario (Brent price, commodity price, crack spread, refining margins) to which was added a strong volatility of the energy scenario (price of electricity and carbon dioxide), only partially compensated by the mechanism of "essentiality".

The flows incorporate scenario forecasts prepared by accredited third-party sources and approved by the Board of Directors on 15th March 2023.

In determining the value in use, reference was made to the cash flows reflected in the 2023-2026 economic and financial projections, which provide a better forecast and do not reflect the particularly favorable conditions of the last year of the oil and energy market, as they are not considered to be normal market conditions. Specifically, the scenario is based on the assumption that refining market margins will gradually decline over the next three years, just as electricity prices are expected to decline.

These documents reflect the best estimates that can be made by the Management regarding corporate operations, production profiles, the market environment and the evolution of the regulatory framework of reference.

Following the process described above, the recoverable amount was determined in terms of value in use comparable with the book value of the "Industrial & Marketing" CGU, which will be accounted for below.

With regard to the Renewables CGU, the valuation process was structured in a similar way to the previous year, updating the electricity scenarios, the progress of investments and the value of the WACC, which will be described below.

For more detailed information, see the specific note at *sub*-paragraph 5.2.2 below.

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	31/12/2021
Land and buildings	179,129	917	(8,314)	0	8,099	179,831
Plant and machinery	3,761,697	50,112	(33,361)	0	140,484	3,918,932
Industrial and commercial equipment	37,658	0	(1,451)	0	2,276	38,483
Other assets	669,318	1,500	(4,861)	0	15,261	681,218
Property, plant and equipment under construction	246,465	31,283	399	0	(105,139)	173,008
Total	**4,894,267**	**83,812**	**(47,588)**	**0**	**60,981**	**4,991,472**

Accumulated depreciation	31/12/2020	Depreciation	Use	Write-downs	Other changes	31/12/2021
Land and buildings provision	105,191	3,944	(4,758)	0	3,473	107,850
Plant and machinery provision	2,952,884	142,309	(24,661)	0	31,048	3,101,580
Industrial and commercial equipment provision	32,413	2,818	(1,266)	0	847	34,812
Other assets	492,985	24,575	(2,904)	0	5,179	519,835
Total	**3,583,473**	**173,646**	**(33,589)**	**0**	**40,547**	**3,764,077**

Net Value	31/12/2020	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2021
Land and buildings	73,938	917	(3,556)	(3,944)	0	4,626	71,981
Plant and machinery	808,813	50,112	(8,700)	(142,309)	0	109,436	817,352
Industrial and commercial equipment	5,245	0	(185)	(2,818)	0	1,429	3,671
Other assets	176,332	1,500	(1,957)	(24,575)	0	10,083	161,383
Property, plant and equipment under construction	246,465	31,283	399	0	0	(105,139)	173,008
Total	**1,310,793**	**83,812**	**(13,999)**	**(173,646)**	**0**	**20,435**	**1,227,395**

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
Land and buildings	179,831	14,793	(1,715)	0	320	193,229
Plant and machinery	3,918,932	38,961	(8,427)	0	66,513	4,015,979
Industrial and commercial equipment	38,483	383	(1,116)	0	2,638	40,388
Other assets	681,218	1,553	(1,138)	0	31,122	712,755
Property, plant and equipment under construction	173,008	47,065	(467)	(8,743)	(96,707)	114,156
Total	**4,991,472**	**102,755**	**(12,863)**	**(8,743)**	**3,886**	**5,076,507**

Accumulated depreciation	31/12/2021	Depreciation	Use	Write-downs	Other changes	31/12/2022
Land and buildings provision	107,850	3,631	(852)	0	59	110,688
Plant and machinery provision	3,101,580	144,280	(6,709)	0	(2)	3,239,149
Industrial and commercial equipment provision	34,812	1,807	(1,078)	0	0	35,541
Other assets	519,835	24,963	(808)	0	4	543,994
Total	**3,764,077**	**174,682**	**(9,447)**	**0**	**60**	**3,929,372**

Net Value	31/12/2021	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2022
Land and buildings	71,981	14,793	(863)	(3,631)	0	261	82,541
Plant and machinery	817,352	38,961	(1,718)	(144,280)	0	66,515	776,830
Industrial and commercial equipment	3,671	383	(38)	(1,807)	0	2,638	4,847
Other assets	161,383	1,553	(330)	(24,963)	0	31,118	168,761
Property, plant and equipment under construction	173,008	47,065	(467)	0	(8,743)	(96,707)	114,156
Total	**1,227,395**	**102,755**	**(3,416)**	**(174,682)**	**(8,743)**	**3,826**	**1,147,135**

The item "Land and buildings" chiefly include industrial buildings, offices and warehouses with a net value of EUR 29,247 thousand, office buildings in Milan and Rome belonging to the Parent Company with a net value of EUR 1,902 thousand and land largely relating to the Sarroch and Arcola sites respectively belonging to the subsidiary Sarlux Srl, and the subsidiary Deposito di Arcola Srl with a net value of EUR 51,389 thousand.

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

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

The item "Other assets" mainly includes tanks and oil pipes for the movement of products and crude products of the group companies (Sarlux Srl, Saras Energia SAU and Deposito di Arcola Srl).

The item "Tangible fixed assets under construction" reflect costs incurred mainly for investments in tanks and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

The increases for the year amounted to EUR 102,754 thousand and are related to technological interventions on refining plants for EUR 86,026 thousand and EUR 14,793 thousand and are related to the purchase of land located in Macchiareddu from the subsidiary Sardeolica Srl for the construction of a photovoltaic plant.

The main depreciation rates used, unchanged comparing to 2020, are as follows:

	I.G.C.C. plant	for 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 farm (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 the service facilities of the Sarroch refinery (wastewater treatment, desalination of sea water, blow-down, flare and landing stage) issued by the Port Authority of Cagliari is valid until 31st December 2027.

During the year, no financial charges were capitalized.

The external phenomena that characterize the macroeconomic scenario, with significant impact on the volatility of the commodity market, including prices, crude oil supply and demand for finished products, have an impact on the uncertainty of the assumptions underlying the achievement of the results from financial-economic outlook, which could have repercussions with potential impact on the impairment of assets. Pursuant to the provisions of the accounting standards applied by the Group and in particular IAS 36, all property, plant and equipment and intangible assets that make up the "Industrial & Marketing" CGU were tested for impairment at the end of the reporting period.

The test was performed, with the support of an independent expert, by comparing the book value with the recoverable amount, represented by the higher of fair value, net of selling costs and value in use, as required by IAS 36.

The impairment testing process was organized into the following phases:

a) **Definition of cash-generating units (hereinafter, the CGU)**: the CGU that is the subject of valuation is represented by the complex of property, plant and equipment and intangible assets of the operating sector "Industrial & Marketing": as shown in the document on the General Criteria for the preparation of the impairment test at 31st December 2022, approved by the Board of Directors on 9th February 2023 and previously summarized.

b) **Determination of the recoverable amount of plants based on their value in use**: the recoverable amount of the CGU in question was determined on the basis of its value in use, i.e., the present value of future cash flows expected to originate from the CGU. Cash flows were determined on the basis of the assumptions included in the medium- and long-term economic and financial projections underlying business planning under normal conditions, approved by the Board of Directors, which aim to identify a better forecast that does not consider the current volatility resulting from the sudden crisis as it cannot be considered a normal market condition and is not due to market fundamentals, considering the cash flows net of future developments.

The 2023-2026 cash flows (explicit period) were determined by taking into account the oil scenario (crude oil prices, petroleum products and refining margins), which is supported by recent publications of leading sector analysts, applied to the production levels consistent with the past and with the expected production plans of the Group's plants expected in application of the industrial rationales described above. With regard to the electrical structure, the IGCC plant, which is highly integrated with the refinery, has been included in the system of essential plants for the stability of the electric service of the Sardinia region since April 2021. In order to determine the reimbursement of fixed and variable costs and the return on capital, which is also assumed in the medium term, a remuneration for energy in accordance with the conditions set by the relevant regulations was taken into account. With regard to the electricity scenario, more specifically the price of electricity and CO_2, reference was made to studies by leading sector analysts. The assumptions underlying the estimate of revenue flows are related to the forecast of the evolution of the global and national economic scenarios of the oil and energy sector, generally of complex forecasting, but lately even more difficult due to the effects of the recent conflicts at a geopolitical level, aggravating significant and unpredictable volatility.

The recoverable amount of the CGU in question was determined on the basis of the estimate of its value in use, using the valuation methodology of the Unlevered Discounted Cash Flow, as follows:

- the discount rate for the discounting of financial flows (weighted average cost of capital - WACC) was estimated by weighing the market parameters of an extended panel of the oil & gas sector with those of a panel restricted to the refinery sector. A single sensitivity was also carried out on the discount rate on Saras' unlevered beta. Compared to 2021, the risk-free rate increased from 0.3% to 2% due to rising market rates. In the light of the analyses carried out, an intermediate rate has been estimated between the extended panel and the restricted one, which leads to an 8.0% rate, up compared to 6.2% in 2021;

- at the end of the explicit period horizon, a constant trend was assumed until the end of the EBITDA Essentiality regime agreement based on those for the last explicit period and an unchanged investment profile from the previous Impairment Test. A growth rate of 1% was applied to both, a value consistent with the previous Impairment Test and, to date, lower than analysts' estimates of expected long-term inflation.

The oil and energy market scenarios of the last explicit year were then extended on a like-for-like basis to 2030, the year by which energy production can reasonably be expected to continue.

The scenarios of the oil and energy market of the last year have therefore been extended on equal terms until 2030, the year up to which it is reasonable to assume the production of electricity in the framework of essentiality. In this context, the configuration of the refinery structure was hypothesized due to two scenarios based on the expected end of the essential operational structure (2030 vs. 2028). Based on these developments, the normalized cash flow at the end of the essentiality was assumed. In the absence of a production plan extended up to 2030 and in compliance with the previous Impairment Test, a normalized flow when fully operational has been forecasted, with a growth rate of 1% based on an EBITDA of the Refinery sector only, built on the basis of different assumptions of unit margin per barrel produced, and long-term investments estimated on the basis of the same proportion on EBITDA as in the last Impairment Test. Also, the same was considered as a variable input in the above range using the Montecarlo simulation technique.

The forecasting difficulties related to the estimation of the business trend in the long term, concerning the identification of a better forecast that does not consider the current volatility deriving from the sudden crisis, since it cannot be considered as a normal market condition, make it desirable to use statistical techniques, which associate the relevant variables with probabilities of occurrence according to specific distribution curves.

In general, in conditions of high uncertainty, as well as difficulty in estimating the relevant parameters for determining the value of an asset, the valuation process can be enriched and completed through the application of probabilistic simulation techniques. In particular, the best practice has identified the most suitable tool in the simulation technique called "Montecarlo". The contribution, provided by the Montecarlo Simulation, to the valuation models is expressed in a systematic and detailed analysis of the risk and uncertainty situations linked to the estimation of the values of the determining input variables (or drivers). In order to identify results that take due account of the variability of the valuation drivers, a deterministic approach considered complete would in fact require: firstly, an analysis of all possible scenarios (oil and energy commodities) - obtained by varying the input on a case-by-case basis - and, subsequently, a selection of the results deemed most plausible.

The application of the Montecarlo simulation technique allows to assign probability of occurrence to the values that the factors subject to greater uncertainty (or variability) can assume, to simulate their behavior in a random manner, and to measure the frequency of occurrence of the results related to the different simulated variables. Consequently, such an analysis provides the evaluator with more complete and detailed support, as it is enriched with measures of sensitivity of the results according to any changes in the parameters.

The input variables of the simulation process considered for the purposes of the impairment test were the following:

i) Beta and Gearing parameters of the discount rates;

ii) long-term growth rate (starting from 2026);

iii) investments for the continuation of the business beyond 2026;

iv) percentage reduction of reinstatements for essentiality after 2026;

v) long-term EBITDA per unit of product based on different operating margin scenarios (at the end of the Essentiality Regime agreement).

The statistical distributions were constructed taking into account the dynamics of the parameters of the comparables with regard to the variables of the discount rate, and the intervals supported by external sources. The simulation was conducted for both scenarios based on the essentiality term, taking into account a 50%-50% probability of occurrence.

As a result of sensitivity analysis, taking into account the same probability of occurrence of the two scenarios, the recoverable amounts are higher than the book value of the "Industrial & Marketing" CGU, thus not showing any impairment as defined by IAS 36.

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	31/12/2021
Industrial patent and original work rights	59,479	493	(5,392)	0	506	55,086
Concessions, licenses, trademarks and similar rights	24,543	1,715	(1,716)	0	0	24,542
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible assets	530,414	345	(30)	0	506	531,235
Intangible assets under construction	929	336	0	0	0	1,265
Total	**636,384**	**2,889**	**(7,138)**	**0**	**1,012**	**633,147**

Accumulated amortization	31/12/2020	Amortization	Use	Write-downs	Other changes	31/12/2021
Industrial patent and original work rights	51,876	3,692	(3,321)	1,834	(2,063)	52,018
Concessions, licenses, trademarks and similar rights	13,041	1,224	(1,186)	0	622	13,701
Other intangible assets	524,160	1,077	(30)	0	629	525,836
Total	**589,159**	**5,993**	**(4,537)**	**1,834**	**(812)**	**591,637**

Net Value	31/12/2020	Increases	Decreases	Amortization	Write-downs	Other changes	31/12/2021
Industrial patent and original work rights	7,603	493	(2,071)	(3,692)	(1,834)	2,569	3,068
Concessions, licenses, trademarks and similar rights	11,502	1,715	(530)	(1,224)	0	(622)	10,841
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	6,254	345	0	(1,077)	0	(123)	5,399
Intangible assets under construction	929	336	0	0	0	0	1,265
Total	**47,225**	**2,889**	**(2,601)**	**(5,993)**	**(1,834)**	**1,824**	**41,510**

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
Industrial patent and original work rights	55,086	1,709	(31)	0	6,758	63,522
Concessions, licenses, trademarks and similar rights	24,542	0	0	0	0	24,542
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible assets	531,235	511	0	0	(3,708)	528,038
Intangible assets under construction	1,265	700	0	0	0	1,965
Total	**633,147**	**2,920**	**(31)**	**0**	**3,050**	**639,086**

Accumulated amortization	31/12/2021	Amortization	Use	Write-downs	Other changes	31/12/2022
Industrial patent and original work rights	52,018	5,582	0	0	(64)	57,536
Concessions, licenses, trademarks and similar rights	13,701				39	13,740
Other intangible assets	525,836	1,019	0	0	71	526,926
Total	**591,637**	**6,600**	**0**	**0**	**47**	**598,284**

Net Value	31/12/2021	Increases	Decreases	Amortization	Write-downs	Other changes	31/12/2022
Industrial patent and original work rights	3,068	1,709	(31)	(5,582)	0	6,822	5,986
Concessions, licenses, trademarks and similar rights	10,841	0	0	0	0	(39)	10,802
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	5,399	511	0	(1,019)	0	(3,779)	1,112
Intangible assets under construction	1,265	700	0	0	0	0	1,965
Total	**41,510**	**2,920**	**(31)**	**(6,600)**	**0**	**3,003**	**40,802**

Amortization of intangible assets totaled EUR 6,600 thousand and was calculated using the annual rates shown below.

Industrial patent and original work rights	20%
Concessions, licenses, trademarks and similar rights	3% - 33%
Other intangible assets	6% - 33%

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

Concessions, licenses, trademarks and similar rights
The balance of the item mainly refers to the concession for the operation of the Ulassai wind farm of the subsidiary Sardeolica Srl, which will be fully amortized by 2035.

Goodwill and intangible assets with indefinite life
This item relates to the goodwill recognized for the subsidiary Sardeolica Srl (EUR 20,937 thousand), paid by Saras SpA for the purchase of Parchi Eolici Ulassai Srl (merged by incorporation into Sardeolica Srl in 2017): this goodwill is justified by the projection of future cash flows expected by the subsidiary Sardeolica Srl over a time horizon extended until the term of the concessions obtained.

In accordance with the accounting standards applied by the Group, particularly IAS 36, the goodwill in question was tested for impairment as of the date of these financial statements to verify whether the asset had undergone no impairment.

As in previous years, the analysis did not reveal any impairment requiring a write-down. The test was performed by comparing the book value of the CGU, to which the goodwill is allocated, with its recoverable amount represented by its value in use. The impairment testing process was organized into the following phases:

Definition of cash-generating units (CGUs): Sardeolica Srl is identified as a CGU, i.e., as the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows generated by other assets or groups of assets, given that it is the only company of the Group to manage the business of electricity generation from wind power.

Allocation of goodwill to the CGU: goodwill is entirely attributable to the subsidiary Sardeolica Srl as it arose during the purchase of 30% of the share capital of the same. It is equal to EUR 20,937 thousand.

Determination of the recoverable amount of goodwill based on value in use: the recoverable amount of the CGU Sardeolica Srl was determined on the basis of value in use, i.e., the present value of the nominal future cash flows expected to be generated by the CGU with a time horizon of 2035 (period of validity of the concession obtained by the Municipality of Ulassai and the Municipality of Perdasdefogu).

At the end of the concession period, a terminal value equal to the net invested capital remaining at the end of the time horizon was assumed and discounted at the WACC.

Cash flows were determined based on the 2023-2026 economic and financial projections prepared by management and subject to approval by the Board of Directors considering cash flows net of future developments.

The cash flow determination was made in view of the scenario of energy sale prices until the end of the concession, bearing in mind the impact of the legislative provisions on electricity prices from renewable sources for 2022, until the expiry of the concession, applying an expected wind speed based on the historical series, valued by applying the expected price curves drawn from important independent companies specialized in the sector, and consistent with the Business Plan.

a) **The discount rate for cash flows** (weighted average cost of capital - WACC) has been estimated at 6.3%, through the application of market parameters specific to the reference sector;

b) **Sensitivity analysis**: this specific analysis has concluded that a change within a reasonable range in the main basic assumptions (the quantity of electricity produced and the sale prices of electricity) shows recoverable amounts that are higher than the book value of the goodwill in question, therefore not showing impairment losses as defined by IAS 36;

c) **External indicators**: lastly, no events took place during the year that had an impact on the production of wind power in general or that generated by the CGU in particular, which would lead to an impairment.

Other intangible assets
They amounted to 1,112, down from the previous year by 4,287 thousand.

Intangible assets under construction and advance payments
The item includes investments underway to purchase software licenses. There are no intangible assets with a finite useful life held for disposal.

5.2.3 Right-of-use of leased assets

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

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

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

Historical Cost	31/12/2020	Increases	Decreases	Write-downs	Other changes	31/12/2021
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	11,261	0	0	0	19,500
Total	**61,261**	**11,261**	**0**	**0**	**0**	**72,522**

Accumulated depreciation	31/12/2020	Depreciation	Use	Write-downs	Other changes	31/12/2021
Leased land and buildings provision	10,113	4,891	0	0	114	15,118
Leased plant and machinery provision	3,167	1,453	0	0	1	4,621
Other assets	5,180	3,018	0	0	0	8,198
Total	**18,460**	**9,362**	**0**	**0**	**115**	**27,937**

Net Value	31/12/2020	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2021
Leased land and buildings	32,639	0	0	(4,891)	0	(1,796)	25,952
Leased plant and equipment	8,785	0	0	(1,453)	0	(1)	7,331
Other leased assets	3,060	11,261	0	(3,018)	0	(1)	11,302
Total	**44,484**	**11,261**	**0**	**(9,362)**	**0**	**(1,798)**	**44,585**

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
Leased land and buildings	41,070	8,422	0	0	0	49,492
Leased plant and equipment	11,952	0	0	0	(65)	11,887
Other leased assets	19,500	1,975	0	0	0	21,475
Total	**72,522**	**10,397**	**0**	**0**	**(65)**	**82,854**

Accumulated depreciation	31/12/2021	Depreciation	Use	Write-downs	Other changes	31/12/2022
Leased land and buildings provision	15,118	5,612	0	0	(610)	20,120
Leased plant and machinery provision	4,621	1,453	0	0	0	6,074
Other assets	8,198	3,099	0	0	(21)	11,276
Total	**27,937**	**10,164**	**0**	**0**	**(631)**	**37,470**

Net Value	31/12/2021	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2022
Leased land and buildings	25,952	8,422	0	(5,612)	0	610	29,372
Leased plant and equipment	7,331	0	0	(1,453)	0	(65)	5,813
Other leased assets	11,302	1,975	0	(3,099)	0	21	10,199
Total	**44,585**	**10,397**	**0**	**(10,164)**	**0**	**566**	**45,384**

The balance at 31st December 2022, of EUR 45,384 thousand, relates to the application of the standard IFRS 16 - Leases. The registration essentially refers to the following types of contracts:

1) concessions, surface rights and similar: these are mainly concessions of areas on which part of the production site of Sarroch and the oil depots of Arcola and Cartagena are located, as well as the area on which the Ulassai wind farm was built and operates;

2) plants: these are mainly contracts stipulated by the subsidiary Sarlux with suppliers for the construction and operation of some plants within the production site of Sarroch;

3) company car fleets: these are long-term lease contracts on company cars used both within the industrial site of Sarroch and by employees in various managerial and commercial sites;

4) leases of buildings to be used as management and commercial premises.

5.2.4 Equity investments

Following is a list of the equity investments held at 31st December 2022, with an indication of the main information relating to investee companies:

Name	Registered office	Currency	Share capital	Percentage held by the Group (%) at 31-12-22	Percentage held by the Group (%) at 31-12-21	Percentage (%) of share capital	Shareholder	% voting rights	% owned
Deposito di Arcola Srl	Arcola (SP)	Euro	1,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie Srl	Assemini (CA)	Euro	3,600,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sarint SA and subsidiaries:	Luxembourg	Euro	50,705,314	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Saras Energia SAU and subsidiary:	Madrid (Spain)	Euro	5,000,000	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect Subsidiary
Terminal Logistica de Cartagena SLU	Cartagena (Spain)	Euro	3,000	100.00%	100.00%	100.00%	Saras Energia SA	100.00%	Indirect Subsidiary
Reasar SA	Luxembourg	Euro	2,225,000	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect Subsidiary
Sarlux Srl	Sarroch (CA)	Euro	100,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sardeolica Srl	Cagliari	Euro	56,696	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Energia Verde Srl	Cagliari	Euro	10,000	100.00%	100.00%	100.00%	Sardeolica Srl	100.00%	Indirect Subsidiary
Energia Alternativa Srl	Cagliari	Euro	10,000	100.00%	100.00%	100.00%	Sardeolica Srl	100.00%	Indirect Subsidiary
Saras Trading SA	Geneva (Switzerland)	USD	1,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sardhy Green Hydrogen Srl	Sarroch (CA)	Euro	10,000	50.00%	50.00%	50.00%	Saras SpA	50.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	Euro	122,143	5.00%	5.00%	5.00%	Deposito di Arcola Srl	5.00%	Other equity investments
Sarda Factoring	Cagliari	Euro	9,027,079	4.01%	4.01%	4.01%	Saras SpA	4.01%	Other equity investments

As previously mentioned, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements.

5.2.4.1 Other equity investments

Other equity investments break down as follows:

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

The change for the year, attributable to the Sardhy Green Hydrogen equity investment, is due to the capital contribution.

The company is currently inactive.

5.2.5 Deferred tax assets

The net deferred tax assets and liabilities of the Saras Group at 31st December 2022 amounted to EUR 11,668 thousand (consisting of deferred tax assets of EUR 15,398 thousand recognized under non-current assets and deferred tax liabilities of EUR 3,730 thousand recognized under non-current liabilities).
At the consolidated level and also by virtue of the tax consolidation agreements in force among the Group's Italian companies, the deferred tax assets and deferred tax liabilities of the same companies are offset and shown on a net basis (which consists of the aforementioned net asset of EUR 15,398 thousand), while the deferred tax liabilities of the foreign subsidiaries are not offset and constitute the aforementioned deferred tax liabilities of EUR 3,730 thousand).

With regard to the above, the total balance of the Group's net position is almost entirely due to the taxes of the Italian companies and consists more or less of the following:

- deferred tax assets set aside on the tax assessment of inventories for EUR 21,395 thousand;
- deferred tax assets set aside on provisions for risks and charges for EUR 29,862 thousand;
- deferred tax liabilities for EUR 19,050 thousand relating to excess and prepaid depreciation.

The following table shows the changes in the net position of prepaid and deferred taxes.

Figures in thousands of EUR	Amounts at 31/12/2021	Accruals	Uses	Amounts at 31/12/2022
Deferred tax assets				
Expenses deductible in future years	2,294	*2,803*	*1,966*	3,131
Write-downs of fixed assets and receivables and temporary differences in statutory-tax amortization	35,397	*2,328*	*3,101*	34,624
Tax losses	96,261	*9,718*	*105,979*	0
Provisions (taxed) for risks and charges	(91)	*29,682*	-	29,591
Tax assessment of inventories	20,054	*1,341*	-	21,395
Bad debt provision	2,435	-	-	2,435
Other residual items	4,895	*2,978*	*1,819*	6,054
IAS/Consolidated effect (other residual items of Group companies)	11,869		*10,948*	921
Total deferred tax assets	**173,113**	**48,850**	**123,813**	**98,150**
Deferred tax liabilities				
Non-accounting amortization/depreciation	21,171		*2,121*	19,050
Deferred taxable income	9,683			9,683
Land revaluation	7,995			7,995
Other residual items	32,975	*8,954*	*51*	41,878
IAS/Consolidated effect (other residual items of Group companies)	3,734		*4*	3,730
IAS/Consolidated effect (Adjustment of the value of land to fair value - Sarlux)	1,150			1,150
IAS/Consolidated effect (Wind farm license valuation - Sardeolica)	2,956		*227*	2,729
IAS/Consolidated effect (homogenization of inventory valuation criteria - Saras)	628		*361*	267
Total deferred tax liabilities	**80,292**	**8,954**	**2,764**	**86,482**
Total net	**92,821**	**39,896**	**121,049**	**11,668**

5.2.6 Other financial assets

At 31st December 2022, this item amounts to EUR 4,104 thousand (EUR 4,139 thousand in the previous year) and mainly relates to medium/long-term receivables.

5.2.7 Non-current assets held for sale

The balance at 31st December 2022 of EUR 333 thousand is represented by assets held for sale of the subsidiary Saras Energia SAU.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

Short-term financial liabilities	31/12/2022	31/12/2021	Change
Current bond loan	0	199,684	(199,684)
Current bank loans	118,569	385,252	(266,683)
Bank current accounts	12,134	163,134	(151,000)
Financial derivatives	71,355	66,769	4,586
Other short-term financial liabilities	22,318	113,844	(91,526)
Total	**224,376**	**928,683**	**(704,307)**

The bond loan was repaid in advance in the second quarter.

The item "Current bank loans" includes the short-term portion of bank loans granted to the Group, which are valued at amortized cost. The terms and conditions of the loans and bonds are described in the table in paragraph 5.4.1 long-term financial liabilities.

It should be noted that at 31st December 2021, following the receipt by Saras Spa on 24th December 2021 of the notification of the termination of the investigations relating to the purchases of crude oil of Kurdistan origin (as better described in the specific section of the Report on Operations) and the possible involvement of the company as a responsible party pursuant to Legislative Decree no. 231/2001, which contractually determines the lender's right to demand repayment of the credit lines used or granted on that date (SACE loan, Unicredit loan and RCF), the Parent Company had classified among short-term loans the SACE loan of EUR 320 million and the loan taken out with Unicredit of EUR 50 million, despite being contractually medium-term, in application of accounting standard IAS1.74 which provides for such classification when a clause of a long-term loan agreement is violated at the end of the reporting period or before the end of the reporting period with the effect that the liability becomes a debt payable on demand, as the unconditional right to defer its settlement for at least twelve months from that date is lost, even if the lender has agreed after the reporting period not to request payment as a consequence of the violation.

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

Moreover, as described below in paragraph 7.1, the Preliminary Hearing Judge of the Court of Cagliari issued a nonsuit against the company, a judgment later made final pursuant to Legislative Decree no. 213/2001, the statute of limitations having expired.

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

The item "Financial derivatives" includes the negative fair value of derivative financial instruments held at the end of the reporting period.

Financial derivatives	31/12/2022 Assets	31/12/2022 Liabilities	31/12/2021 Assets	31/12/2021 Liabilities
Interest rate swaps	7,274	586	0	878
Fair value derivatives on commodities	70,714	58,498	57,652	65,277
Fair value forward purchases and sales on exchange rates	0	770	0	509
Fair value forward purchases and sales on CO_2 allowances	0	11,501	0	105
Total	**77,988**	**71,355**	**57,652**	**66,769**

The following tables show the notional values and corresponding fair values of the derivatives outstanding at 31st December 2022 and 31st December 2021:

Type of Operation	31/12/2022				31/12/2021			
	Notional value		Fair value		Notional value		Fair value	
	Purchases	Sales	Pos.	Neg.	Purchases	Sales	Pos.	Neg.
Oil and crude products	(300,019)	572,327	70,714	(58,498)	(359,789)	339,677	57,652	(65,185)
Exchange rates	(91,746)			(770)	(512,892)			(509)
Interest rates	(350,000)		7,274	(586)	400,000			(970)
CO_2 allowances				(11,501)				(105)
Total	**(741,765)**	**572,327**	**77,988**	**(71,355)**	**(1,272,682)**	**339,677**	**57,652**	**(66,768)**

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

For further details, see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

Payables to suppliers	31/12/2022	31/12/2021	Change
Advances from customers	21,039	61,521	(40,482)
Current payables to suppliers	1,423,402	1,519,043	(95,641)
Total	**1,444,441**	**1,580,564**	**(136,123)**

"Advances from customers" relate to payments on account received from customers for the supply of oil products. The balance of "Trade payables" essentially includes payables for crude oil supplies; the decrease compared to the previous financial year is mainly due to lower purchases of crude oil and petroleum products made at the end of the financial year.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/12/2022	31/12/2021	Change
Payables for VAT	20,743	20,638	105
IRES payables (and income tax of foreign firms)	239,802	8,809	230,993
IRAP payables	23,744	2,505	21,239
Other tax payables	72,663	78,445	(5,782)
Total	**356,952**	**110,397**	**246,555**

"IRES payables" includes the payable for current taxes and the payable for the "Extraordinary Contribution on the extra-profits" of companies operating in the energy sector. Specifically, Law no. 197 of 29th December 2022, the 2023 Budget Law, introduced a temporary solidarity contribution against high bills by changing the scope of application of the extraordinary contribution related to 2022. It required the payment of a contribution by companies engaged in the business of producing, importing, distributing or selling electricity, natural gas or oil and crude products in the territory of the State equal to 50% of the total income determined for IRES purposes related to the tax period prior to the one in progress on 1st January 2023, which exceeds by at least 10% the average of the total income earned in the four tax periods prior to the one in progress on 1st January 2022. The amount of this tax, defined in this way, cannot exceed 25% of the shareholders' equity of 31st December 2021 of the companies subject to the same contribution amounting to approx. EUR 266 million, of which EUR 170 million will be paid by June 2023. The group reserves the right to take any legal action for its own protection.

"Other tax payables" mainly include payables for excise duties on products released for consumption.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below:

Other current liabilities	31/12/2022	31/12/2021	Change
Payables employee benefit and social security	20,724	12,306	8,418
Payables due to employees	49,307	27,960	21,347
Payables to others	226,202	16,037	210,165
Accrued liabilities	618	887	(269)
Deferred income	5,082	6,672	(1,590)
Total	**301,933**	**63,862**	**238,071**

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

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

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/12/2022	31/12/2021	Change
Non-current bank loans	401,415	5,244	396,171
Other long-term financial liabilities	45,494	46,601	(1,107)
Total	**446,909**	**51,845**	**395,064**

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

Values expressed in millions of EUR	Loan acquisition/ renegotiation	Original amount	Base rate	Contractual maturity	Balance at 31/12/2021	Balance at 31/12/2022	Maturities 1 year	Maturities 1 > 5 years
Saras SpA								
Bond	December 2017	200	1.7%	Dec-22	199.7	-		
Unicredit	February 2020	50	6M Euribor	Aug-23	50.0	-		
Sace loan	December 2020	350	0.95%	Sept-24	320.8	**203.6**	116.7	86.9
Sace loan	May 2022	312.5	1.70%	Mar-28		**312.2**	-	312.2
Energia Alternativa Srl	January 2017	16	2.5% + 6M Euribor	Jun-26	**5.2**	**4.2**	**1.9**	**2.3**
Total liabilities to banks for loans					**575.7**	**520.0**	**118.6**	**401.4**

The bond loan was repaid in advance in the second quarter of 2022.

During the month of December 2020 - SARAS signed a EUR 350 million loan contract with 70% of the amount backed by SACE guarantees issued under the Italy Guarantee program and intended to strengthen the capital structure of the Company.
This loan was classified under short-term financial liabilities in the previous year.

In May 2022, Saras signed a new EUR 312.5 million loan, 70% of which was backed by a guarantee issued by SACE under the "Support-*bis* Decree Law", with the aim of reshaping the Group's debt maturity profile.
The loan was disbursed in a lump sum and the repayment plan provides for a 36-month grace period and repayment in 12 constant quarterly instalments starting on 30th June 2025 and ending on 31st March 2028, the loan's maturity date.

The proceeds were used to prepay the EUR 200 million bond maturing on 28th December 2022 and the EUR 50 million medium- to long-term loan maturing on 14th August 2023. The remaining EUR 62.5 million were used to support the company's working capital, in line with SACE regulations.

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

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

Provisions for risks and charges	31/12/2020	Provisions	Use	Other changes	31/12/2021
Provision for decommissioning plants	19,038	0	0	0	19,038
Provision for CO_2 allowances	179,038	133,307	(179,038)	0	133,307
Other provisions for risks and charges	46,089	1,645	(40,361)	0	7,373
Total	**244,165**	**134,952**	**(219,399)**	**0**	**159,718**

Provisions for risks and charges	31/12/2021	Provisions	Use	Other	31/12/2022
Provision for decommissioning plants	19,038	10,677	0	0	29,715
Provision for remediation costs	0	11,290	0	0	11,290
Provision for CO_2 allowances	133,307	87,324	0	0	220,631
Other provisions for risks and charges	7,373	1,148	(2,357)	0	6,164
Total	**159,718**	**110,439**	**(2,357)**	**0**	**267,800**

The provision for decommissioning plants relates to the future costs of decommissioning plants and machinery, which are accounted for wherever there is a legal and implicit obligation to be met in this regard. This item increased by approximately EUR 10 million compared to the previous year due to updated values for dismantling costs.
The fund restoration cost includes a provision of approx. € 11 million made during the year for the activities that Sarlux S.r.l. will have to perform on its site in the following years.

The provision for CO_2 allowances (EUR 220,631 thousand) was accrued pursuant to Legislative Decree no. 216 of 4th 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 provision relates to the portion of allowances, necessary to meet the obligation for the current year, not yet purchased at 31st December 2022 consistent with the accounting standard historically adopted by the group.
"Other provisions for risk and charges" mainly refer to provisions accrued in respect of contingent legal and tax liabilities.

5.4.3 Provisions for employee benefits

The balance breaks down as follows:

Provisions for employee benefits	31/12/2022	31/12/2021	Change
Post-employment benefits	6,002	6,883	(881)
Total	**6,002**	**6,883**	**(881)**

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

31/12/2020	**8,901**
Provision of part of the defined contribution plan	6,056
Interest	81
actuarial (income)/charges	613
Utilizations/Contributions to supplementary funds or INPS Treasury	(8,768)
31/12/2021	**6,883**
Provision of part of the defined contribution plan	7,648
Interest	284
actuarial (income)/charges	(1,038)
Utilizations/Contributions to supplementary funds or INPS Treasury	(7,775)
31/12/2022	**6,002**

Pursuant to IAS 19, the post-employment benefits fund was valued using the projected unit credit cost method and the following assumptions:

ECONOMIC ASSUMPTIONS	31/12/2022	31/12/2021
Increase in the cost of living:	3.00%	1.50%
Discount rate:	4.14%	0.98%
Pay increase:	2.50%	2.50%
Annual rate of CPAS increase:	n.a.	n.a.

DEMOGRAPHIC ASSUMPTIONS	
Probability of death	Use of tables SIM 2002 differentiated between males and females
Probability of invalidity	Use of tables C.N.R. unisex
Probability of dismissal	Constant annual rate assumption used, corresponding to the company's historical values
Probability of retirement	It was assumed that the first of the retirement requirements for A.G.B. was reached.
Probability of payout	An annual value per year of 3% is assumed

At 31st December 2022, the discount rate used was the IBOXX Eurozone Corporates AA- (4.14%).
The actuarial calculation takes into account the changes to pensions legislation (Decree Law no. 201/2011).

Given the accounting method used (see the section entitled "Summary of accounting standards and measurement bases" and *sub*-paragraph Q "Provisions for employee benefits" of these Notes), at 31st December 2022, an actuarial income is recorded in the financial statements.

As required by IAS 19 (revised), a sensitivity analysis of the main actuarial assumptions at 31st December 2022 and 2021 for post-employment benefits are indicated:

2022		Reference parameter change
	-0.5%	0.5%
ANNUAL DISCOUNT RATE	5,950	6,198
		Reference parameter change
	-0.5%	0.5%
ANNUAL INFLATION RATE	5,950	5,783
		Reference parameter change
	-0.5%	0.5%
ANNUAL TURNOVER RATE	5,950	5,897

2021		Reference parameter change
	-0.5%	0.5%
ANNUAL DISCOUNT RATE	7,251	6,515
		Reference parameter change
	-0.5%	0.5%
ANNUAL INFLATION RATE	6,645	7,102
		Reference parameter change
	-0.5%	0.5%
ANNUAL TURNOVER RATE	6,851	6,879

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totaling EUR 3,730 thousand, relate to the foreign subsidiaries. For more details, please see 5.2.5 "Deferred tax assets".

5.4.5 Other non-current liabilities

The balance at 31st December 2022 was EUR 143 thousand, a decrease of EUR 48 thousand compared to the previous year.

5.5 Shareholders' equity

Shareholders' equity is comprised of by the following:

Total shareholders' equity	31/12/2022	31/12/2021	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	729,902	718,828	11,074
Net profit (loss) for the year	416,916	9,334	407,582
Total	**1,212,374**	**793,718**	**418,656**

Share capital
At 31st December 2022, the fully subscribed and paid-up share capital of EUR 54,630 thousand was represented by 951,000,000 ordinary shares with no par value.

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

Other reserves
This item totals EUR 729,902 thousand, up by a net EUR 11,074 thousand compared with the previous year-end balance. The increase was the combined result of:

- allocation of the result of the previous year (profit of EUR 9,334 thousand);
- positive effect of the translation of foreign currency financial statements by foreign subsidiaries for EUR 565 thousand;
- increase of EUR 1,038 thousand, due to the effect of IAS 19 discounting;
- increase of EUR 137 thousand, due to recognition in the reserve related to cash flow hedge as required by IFRS 9.

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

Net result
The consolidated profit for the year amounted to EUR 416,916 thousand.

Dividends
On 28th April 2023, the Ordinary Shareholders' Meeting of Saras SpA, called to approve the financial statements for the year ending 31st December 2022, resolved to cover the loss for the year in full using "other reserves".

The average number of outstanding shares was 951,000,000 in 2022, unchanged from the previous year.

Saras SpA held no treasury shares at 31st December 2022.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from core business

The "Revenues from core business" break down as follows:

Revenues from core business	31/12/2022	31/12/2021	Change
Revenues from sales and services	14,540,825	7,927,630	6,613,195
Sale of electricity	1,231,319	628,770	602,549
Other remunerations	5,002	6,544	(1,542)
Change in contract work in progress	0	(1,620)	1,620
Total	**15,777,146**	**8,561,324**	**7,215,822**

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

Revenues from the sale of electricity mainly included those related to the gasification plant (EUR 1,067,552 thousand), those related to the sale of energy within the Internal User Networks - RIU (EUR 120,692 thousand) and those related to the wind farms of the subsidiaries Sardeolica, Energia Verde ed Energia Alternativa (EUR 43,074). For more details, please refer to the contents of the Report on Operations.

It should be noted that revenues for the sale of electricity with respect to the subsidiary Sarlux were recognized in accordance with Resolution no. 630/2021/R/EEL issued by ARERA (the Italian Authority for Energy, Networks and the Environment), within the framework of the Essentiality Regulation, which provides for the admission to the reinstatement of costs advanced by SARLUX Srl, for the year 2022, for its IGCC (Integrated Gasification Combined Cycle) power plant. The economic conditions to which the IGCC plant will therefore be subjected, for the period in question, consist of two main terms. The first term includes the component of reintegration of the fixed costs strictly necessary for electricity production (thus excluding the production of hydrogen and steam); these costs are in line with the rationalization and optimization plans envisaged by SARLUX, providing a positive contribution to reducing the costs of the national electricity system. The QAR component is also reintegrated (depreciation and remuneration of the invested capital, as required by Resolution 111/06). The second term provides, as regards essential electricity production, the integration of variable costs compared to the amount received from the sale on the market at the zonal reference price. The main items of variable costs include the fuel of the IGCC plant, the cost of the oxygen necessary for the transformation of the aforementioned fuel into synthesis gas completely clean of all traces of sulfur or other pollutants, and the charges associated with CO_2 emission allowances according to the Emissions Trading System.

The revenues of the subsidiary Sardeolica take into account the Decree Law no. 4 of 27th January 2022, the "*TER* Support", which establishes, inter alia, a "compensation" mechanism for non-incentivized renewable sources, under which producers must repay, for the period from 1st February up until the end of 2022, the difference between the prices that will occur on the market and "an equitable remuneration", referred to the historical average of the market area prices, from the start-up of the plant until 31st December 2020.

For the month of December alone, the revenues of the subsidiary Sardeolica were reduced by the provisions of the 2023 Budget Law no. 197-2022.

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

Revenues from core business are broken down by business segment and geographical area in sections 4.2 "Segment information" and 4.3 "Information by geographical area" above.

6.1.2 Other income

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

Other income	31/12/2022	31/12/2021	Change
Compensation for storage of mandatory stocks	2,236	2,426	(190)
Sale of various materials	464	211	253
Contributions	2,200	1,808	392
Ship tanks hire	2,832	1,828	1,004
Recovery for claims and compensation	272	411	(139)
Repayment of CO_2 charges	0	24,138	(24,138)
Other revenues	50,634	44,302	6,332
Total	**58,638**	**75,124**	**(16,486)**

The net decrease refers primarily to the item "Repayment of CO_2 charges" and comprises the revenues recognized in the previous year by the subsidiary Sarlux Srl following the recognition, pursuant to Title II, point 7-*bis* of CIP Measure no. 6/92, of the repayment of the charges incurred as part of the application of Directive 2003/87/EC (Emissions Trading) as per AEEG's Resolution no. 77/08, no longer included in the period due to the termination of the CIP 6/92 sales contract.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials and consumables

Purchases of raw materials and consumables	31/12/2022	31/12/2021	Change
Purchase of raw materials	7,965,026	3,888,189	4,076,837
Purchase of semi-finished products	105,504	148,707	(43,203)
Purchase of consumables	75,937	59,654	16,283
Increase in property, plant and equipment	(9,100)	(18,507)	9,407
Purchase of finished products	4,848,710	3,525,752	1,322,958
Change in inventories	(116,370)	(420,156)	303,786
Total	**12,869,707**	**7,183,639**	**5,686,068**

The item consists mainly of the purchase costs of raw materials and finished products; the net increase is due for EUR 4,076,837 thousand to the increase in the price of raw materials and for EUR 1,322,958 thousand mainly to the increase in prices and higher quantities of finished product purchased. For more details, please refer to the contents of the Report on Operations.
In accordance with the accounting standards, the Group valued inventories at the lower of purchase or production cost and recoverable market value: this comparison showed the need to recognize inventories at a lower value of EUR 2 million.

6.2.2 Cost of services and sundry costs

Cost of services and sundry costs	31/12/2022	31/12/2021	Change
Costs for services	1,412,580	838,873	573,707
Capitalizations	(36,502)	(18,364)	(18,138)
Derivatives on crude oil and petroleum products and CO_2	88,445	41,807	46,638
Costs for use of third-party assets	5,671	4,754	917
Provisions for risks	98,911	133,440	(34,529)
Bad debt provision trade receivables	5,530	8,178	(2,648)
Other operating costs	46,550	24,530	22,020
Total	**1,621,185**	**1,033,218**	**587,967**

Costs for services mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges. The increase in the item is mainly attributable to the strong increase in the prices of utilities which have occurred during the year. These costs are shown net of the tax credit granted to the Group's energy-intensive companies on the purchase of electricity of EUR 121.9 million. Also included in the item "Costs for services" are the purchases of CO_2 allowances, equal to EUR 271,423 thousand, made during the year to fulfill the obligations of Directive 2003/87/EC (Emission Trading); for more details, please refer to the Report on Operations.
The "Capitalization" item mainly refers to turn-around maintenance costs capitalized during the period.

The item "Provisions for risks" mainly includes the provision for charges related to the application of Directive 2003/87/EC (Emissions Trading). The decrease compared to 31st December 2021 is mainly due to the increase in CO_2 allowances purchased during the year; for further details see paragraph 5.4.2. Provisions for risks and charges.
"Other operating costs" chiefly comprise indirect taxes (municipal tax on property and air emission taxes) and membership fees.

6.2.3 Personnel expense

The breakdown of "Personnel expense" is as follows:

Personnel expense	31/12/2022	31/12/2021	Change
Salaries and wages	114,421	98,802	15,619
Increases in fixed assets for internal work	(4,218)	(4,469)	251
Social security contributions	34,762	29,104	5,658
Post-employment benefits	7,648	6,056	1,592
Other long-term costs and incentives	19,869	12,550	7,319
Remuneration to the Board of Directors	2,060	527	1,533
Total	**174,542**	**142,570**	**31,972**

Personnel expense increased by EUR 31,972 thousand from the previous year. This increase is partly due to the lack of use of the Redundancy Fund, to a provision related to agreements for the consensual termination and to an increase in performance bonuses deriving from the results achieved for the corporate performance of the year.

6.2.4 Depreciation/amortization and write-downs

"Depreciation/amortization and write-downs" are shown below:

Depreciation/amortization and write-downs	31/12/2022	31/12/2021	Change
Amortization of intangible assets	6,600	5,447	1,153
Impairment (Reversal of impairment) of intangible assets	0	1,834	(1,834)
Depreciation of property, plant and equipment	174,682	181,882	(7,200)
Impairment (Reversal of impairment) of property, plant and equipment	13,269	0	13,269
Total	**194,551**	**189,163**	**5,388**

The item increased as a result of the entry into operation and therefore the depreciation the investments made during the financial year and due to the write-downs of EUR 13 million on the value of property, plant and equipment under construction.

"Depreciation of leased items" break down as follows:

Depreciation of leased items	31/12/2022	31/12/2021	Change
Depreciation of leased property, plant and equipment	10,164	9,362	802
Total	**10,164**	**9,362**	**802**

This item represents the effect from the application of IFRS 16.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below:

Financial income	31/12/2022	31/12/2021	Change
Bank interest income	1,286	47	1,239
Unrealized differences on derivatives	7,274	0	7,274
Realized differences on derivatives	19,859	2,821	17,038
Other income	497	170	327
Profit on exchange rates	211,171	61,179	149,992
Total	**240,087**	**64,217**	**175,870**

Financial charges	31/12/2022	31/12/2021	Change
Unrealized differences on derivatives	31	836	(805)
Realized differences on derivatives	(4,186)	(1,622)	(2,564)
Interest expenses on loans and other financial charges	(31,118)	(19,078)	(12,040)
Interest on rights of use on leases	(668)	(677)	9
Exchange rate losses	(280,611)	(89,964)	(190,647)
Total	**(316,552)**	**(110,505)**	**(206,047)**

The table below shows net income/charges by type:

Net financial income and charge	31/12/2022	31/12/2021	Change
Net interest	(30,500)	(19,708)	(10,792)
Result of derivative instruments, of which:	22,978	2,035	20,943
Realized	*15,673*	*1,199*	*14,474*
Fair value of open positions	*7,305*	*836*	*6,469*
Net exchange rate differences	(69,440)	(28,785)	(40,655)
Other	497	170	327
Total	**(76,465)**	**(46,288)**	**(30,177)**

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

The entire fair value of the derivatives in place at 31st December 2022 refers to the exchange rate and interest rate hedges, as well as speculative transactions.

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

6.4 Income taxes

Income taxes are summarized below:

Income taxes	31/12/2022	31/12/2021	Change
Current taxes	498,192	109,675	388,517
Net deferred tax liabilities (assets)	(25,938)	(86,801)	60,863
Total	**472,254**	**22,874**	**449,380**

Current taxes consist of IRAP and IRES calculated on the taxable income of the companies and the application of the "extra-profit contribution".

Specifically, Decree Law no. 21 of 21st March 2022, then converted with amendments by Law no. 51 of 20th May 2022, on "Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis", introduced an extraordinary contribution to be borne by entities operating in the energy and oil sectors, to the extent of 25% of the increase in the balance between asset and liability transactions achieved from 1st October 2021 to 30th April 2022, compared to the same period between 2020 and 2021. This contribution amounted to approx. EUR 96 million, fully paid during the year.

Subsequently, Law no. 197 of 29th December 2022, known as the 2023 Budget Law, introduced a temporary solidarity contribution against high bills by changing the scope of application of the extraordinary contribution related to 2022. Specifically, it required the payment of a contribution by companies engaged in the business of producing, importing, distributing or selling electricity, natural gas or oil and crude products in the territory of the State equal to 50% of the total income determined for IRES purposes related to the tax period prior to the one in progress on 1st January 2023, which exceeds by at least 10% the average of the total income earned in the four tax periods prior to the one in progress on 1st January 2022. The amount of this tax, defined in this way, cannot exceed 25% of the shareholders' equity of 31st December 2021 of the companies subject to the same contribution. This contribution amounts to approx. EUR 170 million to be paid by 30th June 2023.

The group reserves the right to take any legal action for its own protection.

IRES	2022	2021
PRE-TAX RESULT [A]	889.2	32.2
IRES THEORETICAL TAX [A*24%] [B]	213.4	7.7
THEORETICAL TAX RATE [B/A*100] %	24.0%	24.0%
EFFECTIVE INCOME TAX [C]	170.5	9.5
EFFECTIVE TAX RATE [C/A*100] %	19.2%	29.5%

	2022		2021	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	**213.4**	**24.0%**	**7.7**	**24.0%**
Effect of A.C.E. concession (Article 1 Decree Law no. 201/11)	(2.1)	-0.2%	(1.8)	-5.4%
Previous years' taxes		0%	1.2	3.7%
Super amortization facilitation	(8.5)	-0.9%	(8.6)	-26.7%
Tax receivables	(29.6)	-3%		0%
Other permanent differences	(7.7)	-0.8%	10.9	33.9%
Effective tax	**170.5**	**19.2%**	**9.5**	**29.5%**

IRAP	2022	2021
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS	986.3	363.0
IRAP THEORETICAL TAX [2.93%] FOR 2022 [3.9%] FOR 2021 [B]	28.9	10.6
THEORETICAL TAX RATE [B/A*100] %	2.93%	2.93%
EFFECTIVE INCOME TAX [C]	36.2	13.3
EFFECTIVE TAX RATE [C/A*100] %	3.7%	3.7%

	2022		2021	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	**28.9**	**2.9%**	**10.6**	**2.93%**
IRAP effect on foreign companies with positive production value	(0.5)	-0.1%	(1.0)	-0.27%
Effect of different regional rates on production value	(6.7)	-0.7%	(6.6)	-1.83%
Non-recognition of Tax Asset for IRAP companies with negative EBIT	1.7	0.2%	11.4	3.15%
Other permanent differences	12.9	1.3%	(1.2)	-0.33%
Effective tax	**36.2**	**3.7%**	**13.3**	**3.7%**

The theoretical tax rate for 2022 was calculated using the reduced rate of 2.93%, instead of the generally applicable 3.90%, which is currently set by the Autonomous Region of Sardinia (Regional Law no. 5/2015).

Moreover, the above tax rate does not include the impact of the "extra-profit contribution."

7. Other information

7.1 Main legal actions pending

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

The company Saras SpA was subjected to investigations in the context of criminal proceedings no. 9603/2021 R.G.N.R. mod. 21 D.D.A.T., pending at the Cagliari District Attorney - District Anti-Mafia and Terrorism Directorate. The claim against Saras - pursuant to Art. 25-*octies* of Legislative Decree no. 231/2001 - concerned the administrative offense deriving from the crime of "use of money, goods or benefits of unlawful origin" (pursuant to Art. 648 *ter* of the Italian Criminal Code) alleged against some of its managers. On 28th March 2022, the Company and the managers involved in the investigations related to the purchase of crude oil of Kurdish origin were notified of the notice of preliminary hearing date before the Cagliari GUP [Preliminary Hearing Judge] for 16th June 2022. Since it became aware of the existence of the criminal proceedings, Saras SpA has issued seven press releases, in which it has made its position known to the market, refuting all the accusations (see: press releases dated 8/10/2020, 9/10/2020, 24/1/2021, 26/2/2022, 28/3/2022, 28/11/2022, 27/01/2023 available on the Company's website).

On 13th December, the Preliminary Hearing Judge of the Court of Cagliari filed judgment no. 1162/22, declaring "nonsuit" against all Saras managers as well as against the company itself "because there is no substance to the fact."

The criminal court's judgment was appealed by the prosecutor's office on 13th January 2023, and the hearing before the Court of Appeals was set for 5th March 2024.

The judgment was not appealed with regard to the Company's acquittal of the offense under 231/2001.

On 8th August 2022, following the aforementioned indictment, the Tax Police served Saras SpA with a Report of Findings in which it challenged the non-deductibility of the purchase cost and refining cost of crude oil of Kurdish origin for the years 2015, 2016 and 2017.

Moreover, in this context, on 9th December 2022, the Tax Authorities - Regional Directorate of Sardinia issued two Invitations to be cross-examined (for IRES and IRAP) challenging the non-deductibility of the alleged criminal costs pertaining to 2016.

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

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

The Company decided to conclude a settlement in the terms stated above because of the special nature of the tax proceedings in question, which provides, according to the relevant provision, as expressly interpreted by the Tax Authorities, the right to a refund of the amount paid in the event of an acquittal in a criminal trial.

Moreover, as a result of the settlement, the Company significantly reduces the overall dispute and also avoids the risk of provisional collection while the case is pending. Therefore, any tax assessment settlement will amount for 2016 to approx. EUR 35 million (in terms of tax, penalties and interest), and according to the same agreed criteria, any tax assessment settlement will amount for 2015 to approx. EUR 40 million (in terms of tax, penalties and interest).

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

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

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

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

It should be noted that on 11th November 2022, the Council of State deemed the appeal brought by the GSE inadmissible, confirming the annulment ordered by the Rome Regional Administrative Court regarding the calculation of the CEC (application of the K coefficient referred to in AEEG Resolution no. 89 of 2010). The company is evaluating the proper administrative course of action to be taken from which it is believed no contingent liabilities will emerge to be reflected in the financial statements.

Furthermore, other assets (as described in note 5.1.6 – Other assets) include receivables for white certificates (TEE) related to benefits assigned for energy savings obtained through specific projects preliminarily authorized by GSE. In 2016, the latter commenced its inspections on all projects, although they had been already preliminary authorized. Upon completion of the inspections, in 2017 GSE recalculated the portion of TEE pertaining to the Company to the extent of the projects inspected. The Group initiated an administrative dispute challenging the outcome of the above inspections. Its assessment of the risk arising from the possible outcome of the dispute was reflected in the financial statements. In 2018 and 2020, the GSE partially accepted the claims put forward by the subsidiary for some projects, thus arriving at the final settlement. The effects of these developments have been properly reflected in the respective financial statements.

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

On 25th July, following the meeting with the Company, the Corpo Forestale (Forest Rangers) made an additional data request, which was notified to Sarlux on 1st August. This request was met by Sarlux with the new response note sent to the Corpo Forestale on 6th September.

In June 2022, the Corpo Forestale e di Vigilanza Ambientale ("C.F.V.A.") notified some managers of Sarlux Srl of the application of a decree ordering the inspection of places and goods, issued by the Public Prosecutor's Office of the Court of Cagliari, for the offense referred to in Article 452 *bis* of the Italian Criminal Code, allegedly committed in Sarroch until December 2019, as a result of possible emissions and spillage of waste. At the end of the inspection, the C.F.V.A. ordered the criminal seizure of a limited tank area for the presence of traces of hydrocarbons on the soil, and of one of the rainwater collection tanks for the presence of oily products. The site surrounding the seized areas was closed and access was restricted for the sole purpose of environmental monitoring.

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

7.2 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit (loss) for the year by the weighted average number of Saras SpA shares outstanding during the year.

Net earnings per share are EUR +43.84 cents per share for the 2022 financial year and EUR 0.99 cents per share for the 2021 financial year. Diluted earnings per share do not vary significantly from basic earnings per share.

The average number of shares outstanding in 2022 was 951,000,000. Saras SpA held no treasury shares at 31st December 2022.

7.3 Related-party transactions

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature.

The figures for commercial and financial transactions with related parties are set out below and information is provided on the largest transactions.

The effects of transactions or positions with related parties on statement of financial position items are shown in the following summary table:

Description	Absolute value (Euro/000) and % on balance sheet item 31/12/2022		Absolute value (Euro/000) and % on balance sheet item 31/12/2021	
Related party transactions involving Saras Group's majority shareholders				
Trade receivables	97	0.01%	88	0.02%
Other income	117	0.20%	159	0.21%
Cost of services and sundry costs	954	0.06%	1,075	0.10%

With regard to the above-mentioned transactions, contracts governing provision of services are settled with amounts in line with market conditions.

The main cash flows with related parties are shown in the table below:

Description	Absolute value (Euro/000) and % on balance sheet item 31/12/2022			Absolute value (Euro/000) and % on balance sheet item 31/12/2021		
	Related parties	Total	Incidence %	Related parties	Total	Incidence %
Trade receivables	97	728,881	0.01%	88	546,511	0.02%
Other operating revenues	117	58,638	0.20%	159	75,124	0.21%
Cost of services and sundry costs	954	1,621,185	0.06%	1,075	1,033,218	0.10%

The main cash flows with related parties are shown in the table below:

Flows with related parties	2022	2021
(Increase) Decrease in trade receivables	(9)	(1)
Increase (Decrease) in trade payables	0	0
Cash flow from (for) activities in the year	**(9)**	**(1)**
Interest received (paid)	0	0
Cash flow from (for) investment activities	**0**	**0**
(Increase)/Decrease financial payables	0	0
Cash flow from (for) financial activities	**0**	**0**
Total cash flows towards related parties	**(9)**	**(1)**

The effects of cash flows with related parties are shown in the table below:

	Absolute value (Euro/000) and % on balance sheet item 31/12/2022			Absolute value (Euro/000) and % on balance sheet item 31/12/2021		
	Related parties	Total	Incidence %	Related parties	Total	Incidence %
Cash flow from (for) activities in the year	(9)	880,845	0.00%	(1)	(196,495)	0.00%

7.4 Information pursuant to IFRS 7 and 13 – Financial instruments: Disclosures

To the extent that it is applicable to the Saras Group, the disclosure on financial instruments to be provided in financial statements and interim reports is mainly set out in IFRS 7 and 13.

IFRS 7 – Financial Instruments: Disclosures, requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

a) the value of financial instruments with respect to the financial position and results of operations;

b) the nature and extent of the risks deriving from financial instruments to which the company is exposed during the year and at the end of the reporting period and the way in which this is managed.

IFRS 13 – Fair Value Measurement, which is applicable from 1st January 2013, requires supplementary disclosures on fair value, some of which is also required for interim reports. In general, the standard clarifies how fair value should be calculated for the purposes of financial statements and it applies to all IFRS standards that require or permit fair value measurement or the presentation of information based on fair value.

Fair value hierarchy
Sub-paragraphs a) and b) of paragraph 93 of the standard in question require the submission of the amount of assets and liabilities measured at fair value broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-tier fair value hierarchy. The criterion used concerns the actual degree to which inputs used for

the estimate can be observed. As such, the hierarchy establishes the various levels of reliability of fair value, depending on whether it is based on:

a) unadjusted quotations taken from an active market – as defined by IAS 39 – for the assets and liabilities being measured (level 1);

b) measurement techniques based on factors other than the quoted prices referred to above, which can either be observed directly (prices) or indirectly (derived from prices) on the market (level 2);

c) measurement techniques that are not based on observable market data as a reference (level 3).

Given the above, the following table shows assets and liabilities measured at fair value by the Group at 31st December 2022, broken down by fair value hierarchy:

Type of Operation	31/12/2022 Assets	Fair value level 1	Fair value level 2	Fair value level 3	31/12/2022 Liabilities	Fair value level 1	Fair value level 2	Fair value level 3
Interest rate swaps	7,274		7,274		586		586	
Derivatives on commodities	70,714	70,714			58,498	58,498		
Exchange rate derivatives					770		770	
Derivatives on CO_2 allowances					11,501		11,501	
Total	**77,988**	**70,714**	**7,274**	**0**	**71,355**	**58,498**	**12,857**	**0**

The Group's criterion specifies that the transfer of financial assets and liabilities measured at fair value from one hierarchy to another is recognized on the date that the event that causes the transfer takes place.

Pursuant to *sub*-paragraph c) of paragraph 93, there were no reclassifications among the various levels of the fair value hierarchy during the year.

Measurement techniques
As shown in the table in the section above, financial instruments measured at fair value by the Saras Group largely consist of derivatives entered into by the Parent Company and the subsidiaries Sarlux Srl and Saras Trading SA to hedge the currency and interest rate risks and the fluctuating price of oil and crude products and CO_2 emission allowances.

Specifically, the fair value measurement of these instruments is carried out:
- for interest and exchange rate derivatives, based on regular official statements received from counterparties (financial intermediaries) with which the instruments were created;
- for commodity-based derivatives and CO_2 allowances, based on the account statements of open positions that are periodically received from the clearing broker through which these instruments are agreed.

For all types of derivatives described above, the fair value measurements received from the counterparties in open positions are verified by comparing them to the fair value measurement carried out within the Group for the same positions. These internal measurements are carried out using reference parameters observable on markets (spot and forward interest rates, exchange rates and crude oil and oil product prices available in active regulated markets).

The valuation does not consider the counterparty risk as the effect is not significant considering the existing security deposits.

The Saras Group has no financial assets or liabilities that are measured at fair value level 3 pursuant to IFRS 13.

The standard applies to all entities and all types of financial instrument, except for equity investments in subsidiaries, associates and joint ventures accounted for in accordance with IAS 27, 28 or 31, employers' rights and obligations arising from employee benefit schemes (IAS 19), contracts relating to business combinations (IFRS 3), insurance contracts (IFRS 4) and financial instruments, contracts and obligations relating to share-based payments (IFRS 2).

7.4.1 Information on the Statement of Financial Position

With reference to the Statement of Financial Position, paragraphs 8 - 19 of the standard in question state that the book value of all financial instruments belonging to the categories set out in IFRS 9 must be provided, as well as detailed information where the Group has opted to record financial assets or liabilities at fair value through profit and loss, or where it has restated financial assets or derecognized them from the accounts. The statement of financial position of the Saras Group at 31st December 2022 and 31st December 2021 is shown below, with details of the Group's financial instruments:

31/12/2022	Book value of financial instrument categories, defined according to IFRS 9				
ASSETS	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2022
Current assets	**1,631,582**	**1,533**	**0**	**1,377,645**	**3,010,759**
Cash and cash equivalents	707,115				707,115
Other financial assets	186,023	1,533			187,555
Securities held for trading purpose					
Derivative instruments	*186,023*				
Other current financial assets		*1,533*			
Trade receivables	728,881				728,881
Inventories				1,287,312	1,287,312
Current tax assets				74,929	74,929
Other assets	9,564			15,403	24,967
Emissions Trading Credit	*0*				
Other	*9,564*				
Non-current assets	**4,104**	**0**	**0**	**1,249,464**	**1,253,568**
Property, plant and equipment				1,147,135	1,147,135
Intangible assets				40,802	40,802
Right-of-use of leased assets				45,384	45,384
Equity investments valued using the equity method					0
Other equity investments				745	745
Deferred tax assets				15,398	15,398
Other financial assets	4,104				4,104
Loans	*632*				
Other receivables	*3,472*				
Non-current assets held for sale			0		**333**
Property, plant and equipment				333	333
Intangible assets				0	0
Total assets	0	0	0	0	**4,264,660**
LIABILITIES					
Current liabilities	**71,355**	**1,597,461**	0	**658,885**	**2,327,702**
Short-term financial liabilities	71,355	153,020			224,376
Bond loans					
Bank loans (secured)		*118,569*			
C/a advances		*12,134*			
Financial payables to non-consolidated companies and other payables		*22,318*			
Derivative instruments	*71,355*				
Trade and other payables		1,444,441			1,444,441
Current tax liabilities				356,952	356,952
Other liabilities				301,933	301,933
Other payables				*301,933*	
Non-current liabilities	0	**447,052**	0	**277,532**	**724,584**
Long-term financial liabilities		446,909			446,909
Bank loans (secured)		*401,415*			
Bond loans		*0*			
Financial payable IFRS 16		*41,128*			
Other payables		*4,367*			
Provisions for risks				267,800	267,800
Provisions for employee benefits				6,002	6,002
Deferred tax liabilities				3,730	3,730
Other liabilities		143		0	143
Other payables		*143*			
Total liabilities	**71,355**	**2,044,514**	0	**936,418**	**3,052,286**

31/12/2021	Book value of financial instrument categories, defined according to IFRS 9				
ASSETS	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2021
Current assets	**1,058,175**	**1,529**	**0**	**1,225,200**	**2,284,904**
Cash and cash equivalents	366,680				366,680
Other financial assets	113,739	1,529			115,268
Securities held for trading purpose					
Derivative instruments	*113,739*				
Other current financial assets		*1,529*			
Trade receivables	546,511				546,511
Inventories				1,169,172	1,169,172
Current tax assets				32,954	32,954
Other assets	31,246			23,073	54,319
Emissions Trading Credit	*23,684*				
Other	*7,562*				
Non-current assets	**4,139**	**0**	**0**	**1,410,551**	**1,414,691**
Property, plant and equipment				1,227,395	1,227,395
Intangible assets				41,510	41,510
Right-of-use of leased assets				44,585	44,585
Equity investments valued using the equity method					0
Other equity investments				507	507
Deferred tax assets				96,555	96,555
Other financial assets	4,139				4,139
Loans	*372*				
Other receivables	*3,766*				
Non-current assets held for sale			**0**		**0**
Property, plant and equipment				0	0
Intangible assets				0	0
Total assets	**0**	**0**	**0**	**0**	**3,699,595**
LIABILITIES					
Current liabilities	**66,769**	**2,442,478**	**0**	**174,259**	**2,683,506**
Short-term financial liabilities	66,769	861,914			928,683
Bond loans					
Bank loans (secured)		*584,936*			
C/a advances		*163,134*			
Financial payables to non-consolidated companies and other payables		*113,844*			
Derivative instruments	*66,769*				
Trade and other payables		1,580,564			1,580,564
Current tax liabilities				110,397	110,397
Other liabilities				63,862	63,862
Other payables				*63,862*	
Non-current liabilities	**0**	**52,035**	**0**	**170,335**	**222,371**
Long-term financial liabilities		51,845			51,845
Bank loans (secured)		*5,244*			
Bond loans		*0*			
Financial payable IFRS 16		*41,343*			
Other payables		*5,257*			
Provisions for risks				159,718	159,718
Provisions for employee benefits				6,883	6,883
Deferred tax liabilities				3,734	3,734
Other liabilities		191		0	191
Other payables		*191*			
Total liabilities	**66,769**	**2,494,513**	**0**	**344,594**	**2,905,877**

Financial instruments measured at fair value through profit or loss comprise derivatives held by the Parent Company and the subsidiaries Sarlux Srl and Saras Trading SA, described in paragraph 5.4.1. The derivatives relate to commodities, interest rates and foreign exchange. The first type was entered into by the Parent Company to hedge the risks inherent in the business in which it operates, which stem from changes in the price of crude and oil products (futures, options and swaps). The second type was entered into by the Parent Company and the subsidiary to hedge the interest rate risk on loans. Finally, the third type was entered into by the Parent Company to hedge the currency risk on open currency positions.

All trade receivables and most other current and non-current receivables are classed as "Loans" since they consist of non-derivative financial assets with fixed or determinable payments that are not listed on any active market. The value entered in the financial statements is close to fair value.

With regard to the remaining financial assets and liabilities that are not directly measured at fair value, their book value is close to their fair value.

Other financial liabilities valued at amortized cost include all the Group's financial liabilities and trade payables arising from the Group's contractual obligations to deliver cash or other financial assets to another entity.

During the year, no financial assets were restated between those measured at amortized cost and those designated at fair value, nor were any financial assets transferred or derecognized, with the exception of trade receivables sold without recourse. An analysis of the contractual terms and conditions confirmed that the receivables in question could be derecognized.

All financial assets are booked on the trade date.

During the year, the company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

7.4.2 Information on the Income Statement

Paragraph 20 of the standard in question requires companies to state the net gains or losses generated by financial assets and liabilities, broken down according to the various income statement items. This information may be provided in either the financial statements or the notes to the accounts. To avoid overloading the accounting statements with information, the Group has opted for the second alternative, as advised in the Appendix to the accounting standard itself.

The following tables therefore show details of income statement items for the current and the previous year:

31/12/2022	Net profits and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2022
Revenues from core business				15,777,146	15,777,146
Other income				58,638	58,638
Total revenues				**15,835,783**	**15,835,784**
Purchases of raw materials and consumables				(12,869,707)	(12,869,707)
Cost of services and sundry costs	(88,445)			(1,532,740)	(1,621,185)
Personnel expense				(174,542)	(174,542)
Depreciation/amortization and write-downs				(204,715)	(204,715)
Total costs				**(14,781,704)**	**(14,870,149)**
Operating result					**965,635**
Net income (charges) from equity investments					
Other net financial income (charges)	22,977	(99,443)			(76,465)
from securities held for trading purpose					
- of which:					
Realized differentials					
FV change					
from Interest on current accounts		*1,286*			1,286
from Loans granted to Group companies					
from Derivative instruments	*22,977*				22,977
- of which:					
Realized differentials	*15,673*				15,673
FV change	*7,305*				7,305
from Other financial assets					
from Interest on bank loans		*(31,118)*			(31,118)
from Interest on factoring		*(5,738)*			(5,738)
from Other receivables/payables		*(63,872)*			(63,872)
Result before taxes					**889,170**
Income taxes					(472,254)
Net result					**416,916**

31/12/2021	Net profits and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2021
Revenues from core business				8,561,324	8,561,324
Other income				75,124	75,124
Total revenues				**8,636,448**	**8,636,448**
Purchases of raw materials and consumables				(7,183,639)	(7,183,639)
Cost of services and sundry costs	(41,807)			(991,411)	(1,033,218)
Personnel expense				(142,570)	(142,570)
Depreciation/amortization and write-downs				(198,525)	(198,525)
Total costs				**(8,516,145)**	**(8,557,952)**
Operating result					**78,496**
Net income (charges) from equity investments					
Other net financial income (charges)	2,034	(48,323)			(46,288)
from securities held for trading purpose					
- of which:					
Realized differentials					
FV change					
from Interest on current accounts		*47*			47
from Loans granted to Group companies					
from Derivative instruments	*2,034*				2,034
- of which:					
Realized differentials	*1,199*				1,199
FV change	*836*				836
from Other financial assets					
from Interest on bank loans		*(19,078)*			(19,078)
from Interest on factoring		*(4,413)*			(4,413)
from Other receivables/payables		*(24,879)*			(24,879)
Result before taxes					**32,208**
Income taxes					(22,874)
Net result					**9,334**

The entire fair value of the derivatives in place at 31st December 2022 refers to the exchange rate and interest rate hedges, as well as speculative transactions.

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

Financial liabilities measured at amortized cost generated losses of EUR 31,118 thousand (EUR 19,078 thousand in the previous year), mainly due to interest on loans.

7.4.3 Additional information

7.4.3.1 Accounting for transactions with derivative instruments

As stated earlier, the Parent Company enters into derivative contracts on commodities to hedge the risks arising from changes in the price of crude oil and oil products, on CO_2 emission allowances, on the EUR/USD exchange rate to hedge against the risks relating to its currency positions and on interest rates, to hedge against interest rate risk on its loans.

At 31st December 2022, outstanding derivatives contracts included derivatives on all three types of underlying assets, stated as financial instruments held for trading.

These instruments are recorded at fair value: changes in fair value, as well as differentials realized, are recorded for the part linked to the hedging of petroleum products in the income statement under revenues and costs of core business.

All other financial instruments (IRSs and Forwards on exchange rates) not related to the hedging of petroleum products are recorded at fair value: changes in fair value, as well as realized differentials, are recorded in the income statement under financial income or financial charges.

Most outstanding positions on commodities and on foreign exchange at the reporting date are expected to be closed out by the end of the first quarter of 2023, while the interest rate swaps have the same duration as the underlying loans to which they refer.

The fair value of instruments is determined on the basis of the statements that are periodically sent by the counterparties with which these instruments are stipulated.

7.4.3.2 Fair value

Financial assets and liabilities, with the exception of derivatives, are recognized at amortized cost. As these assets and liabilities mainly relate to positions underlying trade agreements due to be settled in the short term, or, alternatively, are long-term in nature and subject to interest rates in line with current market rates, the amortized cost does not differ significantly from the fair value at 31st December 2022.

In accordance with the amendment to IFRS 7 transposed in Europe by means of Regulation (EC) no. 1165 of 27th November 2009, all financial instruments measured at fair value are calculated based on valuation methods that use observable market parameters other than the prices of these instruments as their reference, except for forex and commodities futures classified under "Other current assets" or "Short-term financial liabilities", which are valued based on prices in an active market; moreover, during the year there were no changes in measurement methods compared with the previous year.

7.4.4 Risks arising from financial instruments

Risks deriving from financial instruments to which the Group is exposed are:

a. credit risk: i.e., the risk that the Group will incur a loss in the event that a counterparty to a financial instrument defaults;

b. liquidity risk: i.e., the risk that the Group will be unable to service payment obligations arising from the agreed maturities of its financial liabilities;

c. market risk: i.e., the risk relating to the performance of markets in which the Group operates, which incorporates foreign exchange risk, interest rate risk and the price risk of crude and oil products.

For information on risk management policies concerning the above, please refer to the relevant section of the Report on Operations.

7.4.4.1 Credit risk

The company's exposure to credit risk relates mainly to trade receivables, other current and non-current receivables, assets held for trading and cash and cash equivalents.

The comparative and quantitative information required by paragraph 6 - 38 of IFRS 9, is shown in the tables below:

	Book value at 31/12/2022		Credit risk		Analysis of maturities by financial assets, pursuant to paragraph 37 b) IFRS 7						Impairment	
	Total	of which financial instru-ments	Maximum expo-sure to credit risk without consideration of guarantees or other similar instruments	Guarantees	Current	Expired 0-30 days	Expired 31-60 days	Expired 61-90 days	Expired beyond 90 days	Total	Determined in the finan-cial year	Progressive
Current assets	**3,010,759**	**1,646,628**	**1,646,628**	**77,265**	**1,560,009**	**38,588**	**7,724**	**1,250**	**39,056**	**1,623,550**		
Cash and cash equivalents	707,115	707,115	707,115		707,115					707,115		
Other financial assets held for trading	187,555	187,555	187,555		187,555					187,555		
Trade receivables	751,959	751,959	751,959	77,265	665,340	38,588	7,724	1,250	39,056	728,881		
Bad debt provision	(23,078)									0	0	(23,078)
Inventories	1,287,312											
Current tax assets	74,929											
Other assets	24,967											
Non-current assets	**1,253,568**	**745**	**4,217**	**0**	**3,472**	**0**	**0**	**0**	**0**	**3,472**		
Property, plant and equipment	1,147,135											
Intangible assets	40,802											
Right-of-use of leased assets	45,384											
Equity investments valued using the equity method												
Other equity investments	745	745	745									
Deferred tax assets	15,398											
Other financial assets	4,104		3,472		3,472					3,472		
Non-current assets held for sale	**333**	**0**										
Intangible assets	333											
Total assets	**4,264,660**	**1,647,373**	**1,650,845**	**77,265**	**1,563,481**	**38,588**	**7,724**	**1,250**	**39,056**	**1,627,022**		

	Book value at 31/12/2021		Credit risk		Analysis of maturities by financial assets, pursuant to paragraph 37 b) IFRS 7						Impairment	
	Total	of which financial instru-ments	Maximum expo-sure to credit risk without consideration of guarantees or other similar instruments	Guarantees	Current	Expired 0-30 days	Expired 31-60 days	Expired 61-90 days	Expired beyond 90 days	Total	Determined in the finan-cial year	Progressive
Current assets	**2,284,904**	**1,046,652**	**1,046,652**	**51,785**	**989,022**	**21,241**	**(8,276)**	**2,592**	**42,072**	**1,028,459**		
Cash and cash equivalents	366,680	366,680	366,680		366,680					366,680		
Other financial assets held for trading	115,268	115,268	115,268		115,268					115,268		
Trade receivables	564,704	564,704	564,704	51,785	507,074	21,241	(8,276)	2,592	42,072	546,511		
Bad debt provision	(18,193)									0	0	(18,193)
Inventories	1,169,172											
Current tax assets	32,954											
Other assets	54,319											
Non-current assets	**1,414,691**	**507**	**4,273**	**0**	**3,766**	**0**	**0**	**0**	**0**	**3,766**		
Property, plant and equipment	1,227,395											
Intangible assets	41,510											
Right-of-use of leased assets	44,585											
Equity investments valued using the equity method												
Other equity investments	507	507	507									
Deferred tax assets	96,555											
Other financial assets	4,139		3,766		3,766					3,766		
Non-current assets held for sale	**0**	**0**										
Intangible assets	0											
Total assets	**3,699,596**	**1,047,159**	**1,050,925**	**51,785**	**992,788**	**21,241**	**(8,276)**	**2,592**	**42,072**	**1,032,225**		

Guarantees on trade receivables are represented by sureties requested from Off-grid customers by Saras SpA and customers of Saras Energia SAU, credit insurance policies taken out by them covering most of the turnover, as well as letters of credit guaranteeing part of the Parent Company's receivables.

7.4.4.2 Liquidity risk

The company's exposure to liquidity risk relates mainly to trade payables and bank loans.
The company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

The comparative quantitative disclosures required by paragraph 39 of the relevant accounting standard are set out in the tables below:

	Book value at 31/12/2022		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to para. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of the financial liability	Guarantee	2022	2023	2024	2025	2026	beyond 5 years
LIABILITIES										
Current liabilities	**2,327,702**	**2,327,193**	**1,970,241**	**0**	**1,970,241**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	224,376	223,866	223,866	0	223,866					
Bond loans					*0*					
Interest on bond loan										
Bank loans (secured)		*118,059*	*118,059*		*118,059*					
C/a advances		*12,134*	*12,134*		*12,134*					
Interest (final average rate = 1.00%)										
Financial payables to non-consolidated companies and other payables		*22,318*	*22,318*		*22,318*					
Derivative instruments		*71,355*	*71,355*		*71,355*					
Trade and other payables	1,444,441	1,444,441	1,444,441		1,444,441					
Current tax liabilities	356,952	356,952								
Other liabilities	301,933	301,933	301,933		301,933					
Non-current liabilities	**724,584**	**447,052**	**45,637**	**0**	**7,823**	**7,966**	**93,896**	**6,119**	**6,119**	**318,284**
Long-term financial liabilities	*446,909*	*446,909*	45,494	0	7,823	7,823	93,896	6,119	6,119	318,284
Bank loans (secured)		*401,415*					*86,925*			*312,166*
Bond loans		*0*								
Financial payable IFRS 16		*41,128*	*41,128*		*0.7*	*0.7*	*0.6*	*0.5*	*0.4*	
Other		*4,366*	*4,366*							
Interest on medium-long term loans (final average rate = 1.96%)					*7,822*	*7,822*	*6,970*	*6,118*	*6,118*	*6,118*
Interest on bond loan										
Provisions for risks	267,800									
Provisions for employee benefits	6,002									
Deferred tax liabilities	3,730									
Other liabilities	143	143	143			143				
Total liabilities	**3,052,286**	**2,774,245**	**2,015,878**	**0**	**1,978,064**	**7,966**	**93,896**	**6,119**	**6,119**	**318,284**

	Book value at 31/12/2021		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to para. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of the financial liability	Guarantee	2021	2022	2023	2024	2025	beyond 5 years
LIABILITIES										
Current liabilities	**2,683,506**	**2,683,271**	**2,572,874**	**0**	**2,572,874**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	928,683	928,448	928,448	0	928,448					
Bond loans		*200,000*	*200,000*		*200,000*					
Interest on bond loan										
Bank loans (secured)		*384,701*	*384,701*		*384,701*					
C/a advances		*163,134*	*163,134*		*163,134*					
Interest (final average rate = 1.060%)										
Financial payables to non-consolidated companies and other payables		*113,844*	*113,844*		*113,844*					
Derivative instruments		*66,769*	*66,769*		*66,769*					
Trade and other payables	1,580,564	1,580,564	1,580,564		1,580,564					
Current tax liabilities	110,397	110,397								
Other liabilities	63,862	63,862	63,862		63,862					
Non-current liabilities	**222,371**	**52,036**	**46,792**	**0**	**0**	**191**	**0**	**0**	**0**	**0**
Long-term financial liabilities	51,846	51,846	46,602	0	0	0	0	0	0	0
Bank loans (secured)		*5,244*								
Bond loans		*0*				*0*				
Financial payable IFRS 16		*41,343*	*41,343*							
Other		*5,258*	*5,258*							
Interest on medium-long term loans (final average rate = 1.18%)					*0*	*0*	*0*	*0*	*0*	
Interest on bond loan					*0*	*0*	*0*	*0*	*0*	
Provisions for risks	159,718									
Provisions for employee benefits	6,883									
Deferred tax liabilities	3,734									
Other liabilities	191	191	191			191				
Total liabilities	**2,905,877**	**2,735,307**	**2,619,666**	**0**	**2,572,874**	**191**	**0**	**0**	**0**	**0**

7.4.4.3 Market risk

As stated previously, the market risks to which the Group is exposed via its financial instruments relate to:

- the EUR/USD exchange rate, which affects the value of cash and cash equivalents and the receivables and payables recorded at the end of the reporting period and which determines the exchange rate gains and losses recorded under "Financial income" or "Financial charges" as well as the fair value of derivatives held at the end of the reporting period;

- the Euribor interest rate, to which the interest rates paid by the Group on its loans are indexed, as well as the fair value of derivative instruments held at the end of the reporting period;

- prices of crude oil and oil products, which affect the fair value of the derivatives in place at the end of the reporting period.

As required by paragraph 40 of IFRS 7, a sensitivity analysis for every type of risk to which the Group is exposed at the end of the reporting period has been prepared, which shows the effects of these risks on the income statement and shareholders' equity. The ranges used in the sensitivity analysis (exchange rate, interest rate and crude price) are in line with management's forecasts. The results of the analysis are shown in the tables below.

EUR/USD exchange rate
With reference to the EUR/USD exchange rate, at the end of the reporting period, the Saras Group had a significant level of financial instruments denominated in the latter currency recorded mainly under trade receivables and payables (principally relating to the Parent Company).

The Group carried out a simulation of the impact on net profit and shareholders' equity, assuming a change of +/-10% in the EUR/USD exchange rate at the end of the year, which was used to translate currency positions in the preparation of the statement of financial position.

2022					
EUR/USD exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	EUR/USD exchange rate	Amount in thousands of EUR	-10%	+10%
Currency net position	(120,619)	1.067	97,033		
Effect on result before tax				10,781	(8,821)
Effect on net result (and shareholders' equity)				7,396	(6,051)

2021					
EUR/USD exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	EUR/USD exchange rate	Amount in thousands of EUR	-10%	+10%
Currency net position	(808,683)	1.133	(515,837)		
Effect on result before tax				(57,315)	46,894
Effect on net result (and shareholders' equity)				(39,318)	32,169

To mitigate the effects of sensitivity to the EUR/USD exchange rate, the Parent Company also enters into forward exchange rate contracts, which are recognized at their fair value at the end of the reporting period. As fair value is inevitably affected by the underlying exchange rate, the Group carried out a simulation of the impact on the Group's profit (loss) for the year and shareholders' equity, assuming a change of +/-10% in the benchmark parameters.

The details and results of the simulation are shown in the tables below:

2022		Reference parameter change	
Derivatives on:	Fair Value at 31/12/2022	-10%	+10%
Exchange rates	770	65,554	(53,635)
	770	**65,554**	**(53,635)**
Effect on result before tax		**65,554**	**(53,635)**
Effect on net result (and shareholders' equity)		**47,527**	**(38,885)**

2021		Reference parameter change	
Derivatives on:	Fair Value at 31/12/2021	-10%	+10%
Exchange rates	509	55,486	(46,388)
	509	**55,486**	**(46,388)**
Effect on result before tax		**55,486**	**(46,388)**
Effect on net result (and shareholders' equity)		**40,227**	**(33,631)**

Interest rate
The Group has medium/long-term as well as short-term exposure to variable interest rates indexed to Euribor.

A simulation of the impact of this variable on Group net profit and consequently on shareholders' equity was carried out, assuming a change of +/-50 basis points in rates and only taking into account the portion of variable-rate funding.

The analysis measures the impact in terms of greater or lower interest expense that would have accrued on floating-rate loans in 2022.

The details and results of the simulation are shown in the table below:

2022				
VARIABLE INTEREST RATES			**Reference parameter change**	
	Average annual interest rate 2022	**Annual interest expenses**	**-50 bps**	**+50 bps**
Short and medium-long term financial liabilities	1.73%	(30,500)		
Effect on result before tax			**8,815**	**(8,815)**
Effect on net profit (and shareholders' equity)			**6,391**	**(6,391)**

2021				
VARIABLE INTEREST RATES			**Reference parameter change**	
	Average annual interest rate 2021	**Annual interest expenses**	**-50 bps**	**+50 bps**
Short and medium-long term financial liabilities	1.18%	(19,708)		
Effect on result before tax			**8,351**	**(8,351)**
Effect on net profit (and shareholders' equity)			**6,054**	**(6,054)**

In addition, the fair value of the Interest Rate Swaps (IRS) and interest rate options outstanding at the end of the reporting period relating to the Parent Company is affected by the fluctuations in the Euribor rate: a simulation of the impact of this variable on net profit for the year and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates, which was considered appropriate given potential rate fluctuations (the simulation for the previous year was adjusted).

The details and results of the simulation are shown in the tables below:

2022		**Reference parameter change**	
Derivatives on:	**Fair Value at 31/12/2022**	**-25 bps**	**+25 bps**
Fair value of Interest rate swaps	6,688	(6,688)	6,688
	6,688	**(6,688)**	**6,688**
Effect on result before tax		**(6,688)**	**6,688**
Effect on net result (and shareholders' equity)		**(4,849)**	**4,849**

2021		**Reference parameter change**	
Derivatives on:	**Fair Value at 31/12/2021**	**-25 bps**	**+25 bps**
Fair value of Interest rate swaps	(970)	970	(970)
	(970)	**970**	**(970)**
Effect on result before tax		**970**	**(970)**
Effect on net result (and shareholders' equity)		**703**	**(703)**

Prices of crude and oil products
Oil prices affect the fair value of derivatives outstanding at the end of the reporting period and the relevant differences recognized in the income statement: derivatives at 31st December 2022 consisted of futures, swaps and options on oil products and the fair value recorded in the statement of financial position was derived from the market prices of the relevant underlying assets at that date.

The Group therefore carried out a simulation of the impact of this variable on net profit and consequentially, on shareholders' equity, assuming a change of +/- 20%.

The details and results of the simulation (comparative) are shown in the tables below:

2022		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2022**	**-20%**	**+20%**
Crude and oil products	12,216	72,249	(56,381)
	12,216	**72,249**	**(56,381)**
Effect on result before tax		**72,249**	**(56,381)**
Effect on net result (and shareholders' equity)		**52,380**	**(40,877)**

2021		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2021**	**-20%**	**+20%**
Crude and oil products	(7,532)	(14,862)	(6,382)
	(7,532)	**(14,862)**	**(6,382)**
Effect on result before tax		**(14,862)**	**(6,382)**
Effect on net result (and shareholders' equity)		**(10,775)**	**(4,627)**

The above analysis of the Group's exposure to risks relating to financial instruments shows that there are no significant concentrations of risk in terms of counterparty, geographical area or market; the concentration risk relating to exposure to US dollars is mitigated by the hedging policies implemented.

7.5 Average number of employees

The average numbers of staff working at companies included in the scope of consolidation, divided by category, are shown below:

Average number of employees	2022	2021
Top management	60	51
White collars	1,151	1,211
Blue collars	362	381
Total	**1,573**	**1,643**

The number of the Group's employees decreased from 1,572 at the end of 2021 to 1,576 at 31st December 2022.

7.6 Fees and remuneration of key management personnel

In 2022, key management personnel received remuneration totaling EUR 7,144 thousand. For further details, please see section 7.5.1 of the Notes to the Financial Statements of Saras SpA.

For information on indemnities in the event of the early termination of employment of directors and succession plans for executive directors (pursuant to Article 114, paragraph 5 of Legislative Decree no. 58 of 24th February 1998), please see the annual report on corporate governance and ownership structure pursuant to Article 123-*bis* of Legislative Decree no. 58 of 24th February 1998.

7.7 Commitments

At 31st December 2021 and 2022 there were no irrevocable commitments in existence for the purchase of materials or the provision of services over a period of several years.

As part of its normal activities, the Parent Company Saras issued sureties totaling EUR 119,923 thousand at 31st December 2022, mainly in favor of subsidiaries and bodies, such as Customs Agencies and the Ministry of Defense.

7.8 Disclosure of external auditor's fees

Pursuant to Art. 149-*duodecies* of the Consob Issuers' Regulation, the table below provides details of the fees relating to 2022 paid to the independent auditors for the provision of audit and other non-audit services and the services provided by the network companies.

Types of services	Service provider	Recipient	Consideration for the year 2022
Audit	EY SpA	Saras SpA	554
	EY SpA	Subsidiaries Italy	200
	Network EY	Subsidiaries abroad	128
Totale			**882**
Certification services	EY SpA	Saras SpA "Non financial reporting"	44
	EY SpA	Subsidiaries Italy	6
	Network EY	Subsidiaries abroad "AUP Saras Energia"	13
Total			**63**
Other services	Network EY	Subsidiaries Italy	135
Total			**135**
TOTAL			**1,080**

7.9 Other

For information on atypical and/or unusual transactions, please refer to the relevant section of the Report on Operations.

7.10 Subsequent events

On 27th January 2023, the Public Prosecutor's Office at the Court of Cagliari, in relation to the well-known investigations relating to the purchase of crude oil of Kurdish origin, notified the Managers of the Company involved of the deed of Appeal against the ruling of the Preliminary Hearing Judge which has declared the non-place to proceed because there is no substance to the fact.

On 1st February 2023, the Company was informed that Angel Capital Management SpA (ACM), a significant shareholder of Saras, signed a "funded collar derivative contract" with BofA Securities Europe SA for up to 47,576,140 ordinary shares of Saras. Saras is not a party to the transaction and has not issued or sold any shares of Saras in connection with it.

On 9th February, the Company announced that - effective from the approval of the 2022 financial statements - Fabio Peretti will replace Franco Balsamo in the role of Chief Financial Officer.

On 15th March 2023, Matteo Codazzi resigned, for strictly personal reasons and with immediate effect, from the position of Chief Executive Officer, Director and General Manager of the Parent Company Saras SpA. The Board of Directors acknowledged the resignation of Mr. Codazzi and appointed the Chairman of the Board of Directors Massimo Moratti as Chief Executive Officer, granting him the relevant additional powers. It also appointed Franco Balsamo, current CFO, as General Manager, giving him the same powers as the previous General Manager.

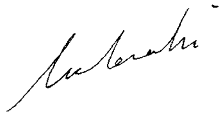
On 9th March 2023, the boards of directors of subsidiaries Sarlux Srl and Sartec Srl approved the merger plan of Sartec into Sarlux.

On March 23, 2023, the Company and the Italian Revenue Agency concluded a tax assessment with reference to the Findings Report of 8th August, 2022, regarding the non-deductibility of the purchase cost and the refining cost of the crude oil of Kurdish origin for the years 2015, 2016 and 2017. The Company has decided to conclude a membership in the terms indicated above due to the specific nature of the tax proceeding in question, which provides, based on the relevant provision, as expressly interpreted by the Agency of Revenue itself, the right to a refund of the amount paid in the case of an acquittal sentence in criminal court. Furthermore, as a result of the adhesion, the Company has significantly reduced the overall dispute, also avoiding the risk of a provisional collection pending judgment. As a result, any tax assessment for 2016 amounts to approximately 35 million euros (in terms of tax, penalties and interests). Moreover, by opting for a 4-year instalment plan for the amounts resulting from the subscription and being this plan a provisional measure, the Company can better schedule the limited cash outflow (with a maximum quarterly instalment of around 4.7 million, prudentially including the amounts due for 2016, plus legal interest) while waiting the conclusion of the proceeding and obtaining reimbursement of the amount already paid.

8. Publication of the Consolidated Financial Statements

In its meeting of 15th March 2023, Saras' Board of Directors has authorized the publication of the Financial Statements. At the same meeting, the Board vested the Chairman and the CEO with separate powers to include in the Report on Operations and/or the Notes to the Financial Statements any further detailed information deemed necessary or appropriate to provide a clearer picture of operations to shareholders.

For the Board of Directors
The Chairman
Massimo Moratti



REPORT ON OPERATIONS OF SARAS SPA

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REPORT ON OPERATIONS OF SARAS SPA

Saras SpA is the Parent Company and operates in the Italian and international oil markets buying and selling refined oil products. This has already been analyzed in detail in the Report on Operations of the Saras Group, which can be consulted for further information, as well as for a detailed analysis of the market, regulatory framework, principal events in the year, significant events after the end of the year and the business outlook.

In the 2022 financial year, the revenues of Saras SpA amounted to EUR 14,007 million, an increase of EUR 6,362 million compared to the previous financial year, essentially due to the trend in the prices of petroleum products recorded during the financial year, as well as to a slight increase in the quantities sold.

KEY PROFIT AND LOSS FIGURES

EUR million	2022	2021	Change
Revenues	14,007	7,645	6,362
EBITDA	970	343	627
EBIT	964	338	626
NET RESULT	399	30	369

EBITDA amounted to EUR 970 million, a sharp increase over the previous year, mainly due to the different impact of commodity price dynamics on oil inventories, as already described in the Report on Operations in the Group Consolidated Financial Statements.

It should be noted that in the financial statements in question a write-down was made of the book value of the equity investment in the subsidiary Sarlux Srl for EUR 13 million, aligning the same value with that of the subsidiary's shareholders' equity.

The net profit for the year of EUR 399 million is affected by the above.

The Net Financial Position of Saras SpA at 31st December 2022 was positive for EUR 809 million.

The following information is provided pursuant to Article 2428 of the Italian Civil Code:

- intangible assets do not include research and development costs;
- transactions with subsidiaries, associates and companies controlled by the latter are shown in the Notes under 7.2 "Related party transactions";
- during the year, there were no transactions for the purchase and sale of treasury shares.

For information about the use of financial instruments by the Company, see the following section of this report, "Risk analysis".

The only secondary place of business of the Company is the General and Administrative Headquarters, located in Milan, Galleria Passarella, 2.

Information about remuneration and shareholdings of directors and auditors, general managers and key managers is shown in the Notes under paragraph 7.5.

Finally, for the analysis of the main litigation pending please refer to the Notes in section 7.1 "Main Legal Actions pending", while reference is made to the relevant section of the Consolidated Financial Statements of the Saras Group for:

- Corporate Governance;
- Structure of the Group;
- Atypical and/or unusual transactions;
- Performance indicators and non-financial indicators;
- Information about staff;
- Information about the environment.

ANALISI DEI RISCHI

Saras bases its risk management policy on the identification, assessment and possible mitigation with reference to the strategic, operational and financial areas. The main risks are reported to and discussed by the Company's top management so as to create the prerequisites for their management and also to assess the acceptable residual risk.

The management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and monitors the level of exposure to risk and the results of risk mitigation actions. To manage financial risks, Saras also uses derivatives, only for hedging and without using complex structures.

FINANCIAL RISKS

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

Interest rate risk
Variable rate loans expose the Company to the risk of changes in results and cash flows due to interest. Loans at fixed interest rates expose the Company to the risk of changes in 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 company Saras also uses derivative instruments to reduce the risk of variations in results and in cash flows deriving from interest. Inflationary pressures, resulting from an increase in the prices of raw materials and commodities, led to an increase in both short- and medium-term interest rates. The ECB has revised upwards the marginal refinance rate and the deposit rate, which resulted in an increase in financial charges, in the cost of derivative transactions and in the cost of managing working capital.

Credit risk
The refining sector represents the Company's reference market and it is primarily 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. It should be noted that the Company regularly carries out non-recourse trade receivable disinvestments on a monthly revolving basis. Following the economic crisis caused by the Covid-19 emergency, the Company's credit risk profile has not changed. Please note that the Company is not directly and indirectly exposed to Russian counterparties.

Liquidity risk
The Company finances its activities both through the cash flows generated by its operations and through the use of external sources of financing. It is therefore exposed to liquidity risk, consisting of the ability to find adequate lines of credit so as to meet the related contractual obligations, including compliance with covenants.

Self-financing capacity, and consequently the level of debt, is determined by the generation of cash from operations and the performance of working capital; in particular, the latter is based on levels of demand and supply of crude oil and oil products as well as the relative prices and their extreme volatility and sensitivity to external phenomena (such as economic, social and political factors).

Starting in 2020, the spread of Covid-19 had a significant negative impact on the oil market, affecting the Company's financial debt level with a Net Financial Position that was negative until 31st December 2021, while the Company regained its cash generation capacity in 2022.

In order to mitigate the liquidity risk, a loan of EUR 312.5 million was obtained, disbursed in May 2022, and

70% of which was backed by a guarantee issued by SACE under the "Support-*bis* Decree Law", with the aim of reshaping the Company's debt maturity profile.

In 2022, thanks to the subsiding of the pandemic emergency and the changed oil scenario, the Company has regained its ability to generate cash from core business, recording a positive net financial position at the end of the year of EUR 809 million (after IFRS 16).

It should also be noted that the financial parameters on existing loans subject to review at 31st December 2022 are complied with.

Finally, it should be noted that the level of debt could also undergo positive and negative changes due to the trend in working capital, strongly affected by the considerable volatility of the prices of oil and energy commodities caused by the Ukrainian crisis which could also affect the profitability of the core business.

OTHER RISKS

Price fluctuation risk

The company Sara's results are affected by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, mainly crude oil). In addition, for its production activities, the company Saras 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 Company also enters into hedging contracts on commodities.

The outbreak of the Russian-Ukrainian conflict radically changed the global energy scenario, triggering immediate very high volatility and an unprecedented rise in energy commodity prices (oil and derivatives, gas and electricity), with very significant impacts on the reported results of Oil & Gas and Refining companies. This phenomenon has more directly involved Europe, which is more dependent on Russia in terms of energy.

As described in the previous chapter "Impact of the Russia – Ukraine war", these phenomena have had an overall positive impact on the economic and financial situation of the company Saras, although they have generated critical elements, such as, first of all, a significant increase in premiums for crude oils with low sulfur content and a strong appreciation of electricity. Last but not least, volatility in the commodity markets of reference has made operational planning more complex. In order to describe the extent of the "impact of the conflict" on the Company's business in 2022, it is possible to compare the assumptions made by the main industry analyst companies during the period in a "normality scenario" immediately prior to the conflict, with the relevant average values actually recorded during the year.

The Russia-Ukraine crisis is leading to a shortage of crude oil on the market and thus to a liquidity crunch on the market itself, with an impact on the volatility of oil product prices.

Risk related to the procurement of crude oil

A significant portion of the crude oil refined by Saras originates from countries exposed to high political, social and macroeconomic uncertainties; changes in legislation, politics, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potentially negative effects on the economic and financial position.

As described in the previous chapter "Impact of the Russia – Ukraine war", the Russia-Ukraine crisis is causing increased difficulties of supplying crude oil which are added to the limitation of imports of crude oil from countries subject to restrictions and embargoes.

Risks of interruption of production
The company Saras' activity depends significantly on the Refinery of its subsidiary Sarlux, located in Sardinia, as well as on the adjacent IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shut-downs. 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 program of insurance cover in place to offset such risks. However, under certain circumstances, this program may not be sufficient to prevent the Company from incurring costs in the event of accidents and/or interruption to production.

Climate Change Risk
The Company's activities are intrinsically exposed to risks and opportunities related to climate change. These risks and opportunities, which are included in the Corporate Risk Management model, can be both physical and regulatory, i.e., arising from the policies being implemented to accompany the energy transition and limit climate change.

With respect to physical risks, the Company could be exposed to significant accidents at its facilities due to adverse weather events (e.g., torrential rains, lightning strikes, sea level rise, drought). Possible mitigation measures could be insurance coverage and a proper HSE system. With regard to regulatory risk, the Company could face further tightening of European and national legislation on decarbonization and ecological transition. The Company constantly monitors regulatory developments and assesses mitigating measures and actions from time to time. Finally, the Company will have to manage the reputational risk related to the assessment of the sustainable business strategy based on ESG indicators.

Saras has developed, through its subsidiaries, a decarbonization and energy transition process involving the following areas: (i) the development of the production capacity of electricity from renewable sources such as wind and photovoltaic to reach 500 MW of installed power (ii) increase in production of biofuel up to 250 kton/year (iii) development of green hydrogen production from renewable sources (iv) study for the construction of a CO_2 Carbon Capture & Storage plant in order to reduce the Company's CO_2 emissions into the atmosphere.

Protection of Personal Data
Saras operates in compliance with the current regulations on data protection regarding its customers, employees, suppliers and all those with whom it comes into contact daily. In particular, on 25th May 2018 the new Regulation (EU) 679/2016 ("GDPR") on the protection of personal data entered in force. The company Saras 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 Company has long been developing projects and applying solutions that aim to significantly reduce this type of risk, making use of consultants that are specialized on the subject and adopting the international standard IEC 62443.

In 2022, the Company has increased the level of protection against cyberattacks through a service (Uptime security monitoring service) and the activation of awareness courses for the company's population.

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

Involvement in legal proceedings
Saras is a party in civil and administrative proceedings and in legal actions related to the normal course of its business. In addition to the provision for risks for disputes set aside in the financial statements, it is possible that in the future Saras may incur other liabilities, even significant ones due to: (i) uncertainty with respect to the final outcome of pending litigation for which its liability is currently assessed as not probable or the related estimate not reliable; (ii) the occurrence of further developments or the emergence of new evidence and information that may provide sufficient elements for a reliable estimate of the amount of the obligation, (iii) inaccuracy in the estimate of the provisions due to the complex process of determination that involves subjective judgments by management. Violations of the Code of Ethics, laws and regulations, including anti-corruption rules, by Saras, its business partners, agents or other persons acting in its name or on its behalf, may expose Saras and its employees to the risk of criminal and civil penalties that could damage the Company's reputation and shareholder value. For more details on the proceedings in progress, please refer to paragraph 7.1 of the Notes to the Financial Statements.

PROPOSALS OF THE BOARD OF DIRECTORS

Shareholders,

The separate financial statements at 31st December 2022 closed with a net profit of EUR 399,161,477. If you agree with the principles used to prepare the financial statements and the accounting standards and policies implemented therein, we propose that the following resolutions be passed:

The Shareholders' Meeting

- having regard to the separate financial statements of the Company at 31st December 2022;
- having seen the Board of Statutory Auditors' report to the Shareholders' Meeting pursuant to Article 153 of Legislative Decree no. 58/1998 (the Consolidated Law on Finance, TUF);
- having regard to the external auditor's report on the separate financial statements at 31st December 2022;

resolves

to approve the separate financial statements of the Company for the year ended 31st December 2022 as a whole and in the individual items, to carry forward the profit for the year and to allocate EUR 0.19 as a dividend for each of the 951,000,000 ordinary shares outstanding for a total of EUR 180,690,000 by taking this amount from the profit for the year.

For the Board of Directors
The Chairman
Massimo Moratti

SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2022

SARAS SPA – STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

Thousands of EUR	(1)	(2)	31/12/2022	31/12/2021
ASSETS				
Current assets	**5.1**		**3,344,083**	**2,604,079**
Cash and cash equivalents	5.1.1	A	599,349	301,172
Other financial assets	5.1.2	B	867,916	682,332
of which with related parties:			*742,695*	*639,131*
Trade receivables	5.1.3	C	708,465	585,847
of which with related parties:			*504,113*	*409,440*
Inventories	5.1.4	D	1,153,882	990,348
Current tax assets	5.1.5	E	2,924	17,584
Other assets	5.1.6	F	11,547	26,796
of which with related parties:			*1,810*	*4,239*
Non-current assets	**5.2**		**503,093**	**533,980**
Property, plant and equipment	5.2.1	H	7,358	8,591
Intangible assets	5.2.2	K	3,014	2,390
Right-of-use of leased assets	5.2.3	J	5,868	3,466
Equity investments measured at cost	5.2.4.1	M	483,371	496,412
Other equity investments	5.2.4.2	M	738	500
Deferred tax assets	5.2.5	Y	0	19,577
Other financial assets	5.2.6	N	2,744	3,044
Total assets			**3,847,176**	**3,138,059**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**2,367,416**	**2,470,723**
Short-term financial liabilities	5.3.1	R	251,309	861,056
of which with related parties:			*55,310*	*55,825*
Trade and other payables	5.3.2	R	1,647,517	1,404,987
of which with related parties:			*653,489*	*287,600*
Tax liabilities	5.3.3	X	311,406	71,091
Other liabilities	5.3.4	R	157,184	133,589
of which with related parties:			*124,311*	*119,326*
Non-current liabilities	**5.4**		**431,304**	**18,398**
Long-term financial liabilities	5.4.1	R	409,543	10,807
Provisions for risks and charges	5.4.2	P, Z	5,420	5,914
Provisions for employee benefits	5.4.3	Q	1,524	1,676
Deferred tax liabilities	5.4.4		14,817	0
Total liabilities			**2,798,720**	**2,489,121**
SHAREHOLDERS' EQUITY	5.5	O, P, X		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			583,739	553,324
Net result			399,161	30,058
Total shareholders' equity			**1,048,456**	**648,938**
Total liabilities and shareholders' equity			**3,847,176**	**3,138,059**

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

(2) Please refer to the Notes, section 3.1 "Summary of accounting standards and measurement bases"

SARAS SPA – STATEMENT OF INCOME FOR 2022

Thousands of EUR	(1)	(2)	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Revenues from core business	6.1.1	T	13,904,945	7,592,114
of which with related parties:			*4,182,762*	*823,364*
Other income	6.1.2	T	101,750	53,270
of which with related parties:			*87,151*	*37,711*
Total revenues			**14,006,695**	**7,645,384**
Purchases of raw materials and consumables	6.2.1	U	(11,724,870)	(6,657,398)
of which with related parties:			*(1,955,838)*	*(1,170,357)*
Cost of services and sundry costs	6.2.2	U	(1,259,315)	(609,542)
of which with related parties:			*(665,620)*	*(277,257)*
Personnel expense	6.2.3	R, U	(52,829)	(35,281)
Depreciation/amortization and write-downs	6.2.4	H, K, J	(5,242)	(4,808)
Total costs			**(13,042,256)**	**(7,307,029)**
Operating result			**964,439**	**338,355**
Net income (charges) from equity investments	6.3	M, X	(13,041)	(188,301)
of which with related parties:			*(13,041)*	*(188,301)*
Financial income	6.4	V, Z	251,071	80,013
of which with related parties:			*20,413*	*10,377*
Financial charges	6.4	V, Z	(310,540)	(103,169)
of which with related parties:			*(5,219)*	*(11)*
Result before taxes			**891,929**	**126,898**
Income tax	6.5	Y	(492,768)	(96,840)
Net result			**399,161**	**30,058**

SARAS SPA – STATEMENT OF COMPREHENSIVE INCOME FOR 2022

Thousands of EUR		01/01/2022 31/12/2022	01/01/2021 31/12/2021
Risultato netto (A)		**399,161**	**30,058**
Items that will not be restated to profit or loss for the year			
Actuarial effect IAS 19 on employee	R, U	219	(142)
Cash Flow Hedging reserve	U, Z	137	
Other profit/(loss), net of the fiscal effect (B)		**357**	**(142)**
Consolidated net result (A + B)		**399,518**	**29,916**
Consolidated net result for the period attributable to:			
Shareholders of the parent company		399,518	29,916
Third-party minority interests		0	0

(1) Please refer to the Notes section 6 "Notes to the Statement of Comprehensive Income"
(2) Please refer to the Notes, section 3.1 "Summary of accounting standards and measurement bases"

SARAS SPA – STATEMENT OF CHANGES IN EQUITY FOR 2022

Thousands of EUR	Share Capital	Legal reserve	Other reserves	Profit (Loss) for the year	Total shareholders' equity
Balance at 31/12/2020	**54,630**	**10,926**	**615,066**	**(65,198)**	**615,424**
Period 1/1/2021 - 31/12/2021					
Allocation of previous year result			(65,198)	65,198	0
Employee share plan reserve			3,598		3,598
Actuarial effect IAS 19			(142)		(142)
Net result				30,058	30,058
Total net result			*(142)*	*30,058*	*29,916*
Balance at 31/12/2021	**54,630**	**10,926**	**553,324**	**30,058**	**648,938**
Period 1/1/2022 - 31/12/2022					
Allocation of previous year result			30,058	(30,058)	0
Actuarial effect IAS 19			219		219
Cash Flow Hedging reserve			137		137
Net result				399,161	399,161
Total net result			*357*	*399,161*	*399,518*
Balance at 31/12/2022	**54,630**	**10,926**	**583,739**	**399,161**	**1,048,456**

SARAS SPA – STATEMENT OF CASH FLOW FOR 2022

Thousands of EUR	(1)	(2)	01/01/2022 31/12/2022	01/01/2021 31/12/2021
A - Initial cash and cash equivalents	**5.1.1**	A	**301,172**	**517,620**
B - Cash flow from (for) operating activities				
Net result	5.5		399,161	30,058
Unrealized exchange rate differences on bank current accounts			(6,653)	(6,438)
Depreciation/amortization and write-downs of fixed assets	6.2.4	H, J	5,242	4,808
Bad debt provision			0	5,552
Net income (charges) from equity investments	6.3	L	13,041	188,301
of which with related parties:			*13,041*	*188,301*
Net change in provisions for risks	5.4.2	P, Z	(494)	(1,146)
Net change in provision for employee benefits	5.4.3	Q	(152)	(310)
Net change in deferred tax liabilities and deferred tax assets	5.2.4	X	34,394	(386)
Net interest		U, Y	10,412	5,308
Income tax set aside	6.5	X	458,374	97,226
Change FV financial assets for trading and financial liabilities			(21,480)	9,003
Other non-monetary components	5.5		357	3,456
Profit (loss) of operating activities before monetary and non-monetary differences in working capital			**892,202**	**335,433**
(Increase) Decrease in trade receivables	5.1.3	C	(122,618)	(350,351)
of which with related parties:			*(94,673)*	*(228,140)*
(Increase) Decrease in inventories	5.1.4	D	(163,534)	(404,950)
(Increase) Decrease in trade and other payables	5.3.2	R	242,530	673,030
of which with related parties:			*232,291*	*(170,289)*
Change in other current assets	5.1.5 - 5.1.6	E, F	29,909	(25,754)
of which with related parties:			*2,429*	*(4,239)*
Change in other current liabilities	5.3.3 - 5.3.4	X, R	(99,813)	17,376
of which with related parties:			*(534,163)*	*(106,928)*
Interest received		U, Y	17,978	10,368
of which with related parties:			*20,413*	*10,377*
Interest paid		U, Y	(28,390)	(15,676)
of which with related parties:			*(5,219)*	*(11)*
Income taxes paid		E, X	(94,651)	0
Total (B)			**673,614**	**239,475**
C - Cash flow from (for) investment activities				
(Net investments) in property, plant and equipment and intangible assets	5.2.1 - 5.2.2	H, I	(7,035)	(1,733)
Change in equity investments	5.2.3.1	L	(238)	(5)
(Increase) / decrease in other financial assets	5.1.2 - 5.2.5	B, M	(114,271)	(50,437)
Total (C)			**(121,544)**	**(52,175)**
D - Cash flow from (for) financing activities				
Increase / (decrease) m/l-term financial payables	5.4.1	R	398,736	(285,040)
Increase / (decrease) short-term financial payables	5.3.1	R	(659,280)	(125,146)
of which with related parties:			*(361,442)*	*(361,442)*
Total (D)			**(260,544)**	**(410,186)**
E - Cash flows for the period (B+C+D)			**291,525**	**(222,886)**
Unrealized exchange rate differences on bank current accounts			6,653	6,438
F - Final cash and cash equivalents			**599,349**	**301,172**

(1) Please refer to the Notes, section 5 "Notes to the Statement of Financial Position" and section 6 "Notes to the Statement of Comprehensive Income"
(2) Please refer to the Notes, section 3.1 "Summary of accounting standards and measurement bases"

For the Board of Directors - The Chairman
Massimo Moratti

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2022

TABLE OF CONTENTS OF THE NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2022

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2022

1. Foreword

Saras SpA (hereinafter also the "Parent Company") is a joint-stock company listed on the Milan Stock Exchange, with registered office in Sarroch (CA) (Italy), SS 195 "Sulcitana" Km. 19. It is jointly controlled by Massimo Moratti SAP.A. (20.01%), Angel Capital Management SpA (10.005%) and Stella Holding SpA (10.005%), which together represent 40.02% of the share capital of Saras SpA, under the shareholders' agreement signed by these companies on 30th March 2022. The Company duration is until 31st December 2056, as per the Articles of Association.

Saras SpA operates in the Italian and international oil market through the sale of refining derivatives; it also holds total interests (direct and indirect) in companies operating:

- in the refining of crude oil in the plant owned by its Sarlux Srl subsidiary;
- in the sale of oil products in the retail and wholesale markets in Spain (Saras Energia SAU);
- the production and sale of electricity through both the integrated combined cycle gasification plant (Sarlux Srl) and the wind farms of the subsidiaries Sardeolica Srl, Energia Verde Srl and Energia Alternativa Srl (the latter acquired by Sardeolica Srl during the first half of 2022);
- in research activities for engineering services (Sartec SpA) and reinsurance (Reasar SA);
- in the construction of a green hydrogen plant Sardhy Green in joint venture with Enel Green Power.

These Financial Statements for the year ended 31st December 2022 are presented in Euro, since this is the currency of the economy in which the Company operates. They consist of a Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and these Notes. All amounts shown in these Notes to the Financial Statements are expressed in thousands of Euro, unless otherwise stated.

These financial statements were prepared in accordance with the going concern principle, as the Directors determined that there are no financial, operating or other indicators signaling criticalities in the Company'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 Company's economic and financial performance is exposed, are described in the dedicated sections of the Report on Operations. A description of how the Company 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 to the financial statements.

In 2022, thanks to the subsiding of the pandemic emergency and the changed oil scenario, the Group regained its historical ability to generate cash from core business, recording a positive net financial position at the end of the year of EUR 809 million (before IFRS 16) and EUR 815 million (after IFRS 16).

In 2022, cash flow totaled EUR 695 million; this flow was primarily attributable to operations, which generated EBITDA of EUR 970 million and a change in net working capital of EUR 43 million. Investments amounted to EUR 121.5 million and the payment of interest and financial charges and taxes absorbed EUR 123 million, including the payment of the "windfall tax" related to the "*TER Support*" Decree.

It should also be noted that in 2022 a EUR 312.5 million loan was signed with Intesa San Paolo, BPM and Unicredit, maturing in March 2028, backed by a guarantee issued by SACE for 70% of the loan. This loan redefined the maturity profile of the debt, allowing the early repayment of the medium/long-term credit line of EUR 50 million of Unicredit, maturing in August 2023, and the bond loan of EUR 200 million maturing in December 2022. It should be noted that these debt positions at 31st December 2021, as well as the portion of EUR 321 million of the loan signed in 2020, were shown respectively under "Current bank loans" and "Short-term portion of MLT loans" (for more details, see the Report on Operations of the financial statements at 31st December 2021).

Lastly, it should be noted that cash and cash equivalents at 31st December 2022 amounted to EUR 599 million and that this amount will be used in part for the payment of ordinary taxes and the remaining portion of the "windfall tax" as better described in the Notes to the Financial Statements.

2. Basis of preparation of the Separate Financial Statements

The Separate Financial Statements of Saras SpA for the year ending 31st December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19th July 2002 and in accordance with the measures adopted in implementation of Art. 9 of Legislative Decree no. 38 of 28th 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 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:

- 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 shareholders' equity.

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

These financial statements were prepared in accordance with the going concern principle, as the Directors determined that there are no financial, operating or other indicators signaling criticalities in the Company'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 Company's economic and financial performance is exposed, are described in the dedicated sections of the Report on Operations. A description of how the Company 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. Accounting standards applied

3.1 New accounting standards, interpretations and amendments that are applicable from this year and that have been adopted

The accounting standards adopted by Saras to draft the financial statements at 31st December 2022 are consistent with those used to prepare the financial statements at 31st December 2021, with the exception of the new accounting standards, interpretations and amendments outlined below which, at the reporting date, had already been issued and entered into force during the current year. Sara did not arrange early adoption of any new standards, interpretations or amendments issued but not yet in force.

Standards issued and in force

A list of the new accounting standards, amendments and interpretations applicable to the Company, effective 1st January 2022, and with no impact on the Company's Financial Statements is shown below:

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2 - issued on 27th August 2020 and approved on 13th January 2022. The Phase 2 amendments address issues that could affect financial reporting when the interest rates change, including the effects of changes in contractual cash flows or hedging relationships resulting from the replacement of a benchmark interest rate with an alternative benchmark rate (replacement issues).

These changes are effective as from 1st January 2022.

New accounting standards, interpretations and amendments effective for periods after 31st December 2022 and not adopted by the Company early

A list of new accounting standards, amendments, and interpretations that will be applied by the Company in the financial years after the year ending 31st December 2022, of which the Company will assess any expected impact upon first-time adoption, is provided below:

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the requirements of the standard. The amendment 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, instead of the Conceptual Framework, to determine whether a present obligation exists at the date of acquisition.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition as assets at the date of acquisition. In accordance with the transition rules, the Group applies the amendment prospectively, i.e., to business combinations that occur after the beginning of the financial year in which the amendment is adopted for the first time (date of first-time adoption). These amendments had no impact on the Group's consolidated financial statements as no contingent assets, liabilities, and contingent liabilities were recognized for the purposes of these amendments

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendments prohibit 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. An entity will recognize such sales proceeds from such products and related costs to produce such products in the income statement. In accordance with the transition rules, the Group applies the amendment retrospectively only for items of property, plant and equipment that came into operation after or at the beginning of the financial year in which the amendment is adopted for the first time (date of first-time adoption). These amendments had no impact on the Group's consolidated financial statements as there were no sales related to these items of property, plant and equipment before they came into operation before or after the beginning of the previous comparative period.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is one in which the non-discretionary costs (i.e., costs that the Group cannot avoid because it is a party to a contract) required to fulfill its obligations are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment specifies that in determining whether a contract is onerous or generates losses, an entity must consider costs directly related to the contract for the supply of goods or services that include both incremental costs (i.e., the cost of direct labor and materials) and costs directly attributable to contractual works (i.e., depreciation of equipment used to fulfill the contract as well as costs for managing and supervising the contract). 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. These amendments have had no impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
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, if no adjustments had been made in consolidation procedures and for the effects of the business combination in which the parent company acquired the subsidiary. This amendment also applies to associated companies or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

This amendment had no impact on the Group's consolidated financial statements as the Group is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
This amendment clarifies what the fees an entity must include in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. No such amendment has been proposed regarding IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transition rules, the Group applies the amendment to financial liabilities that are modified or exchanged after or at the beginning of the financial year in which the amendment is adopted for the first time (date of first-time adoption). This amendment had no impact on the Group's consolidated financial statements as there were no changes in the Group's financial liabilities during the half-year.

3.2 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 Company's reporting date, had been issued but were not yet in force. The Company 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, replacing the concept of change in accounting estimates. Under the new definition, accounting estimates are monetary amounts subject to measurement uncertainty. Entities develop accounting estimates if accounting standards require financial statement items to be measured in such a way as to result in measurement uncertainty. The Board clarifies that a change in accounting estimates that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or measurement approach used to develop an accounting estimate qualify as changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may only affect the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods. These amendments will apply from 1st January 2023, subject to endorsement.

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

- what is meant by the right to defer settlement;
- that the right of 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 1st January 2023 and must be applied retrospectively. Saras is currently assessing the impact that the amendments will have on the current situation and whether the renegotiation of existing loan contracts would become necessary; it also keeps updated on the IFRS, IC and IASB discussions on this topic.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
These changes are intended to assist the person in charge of preparing the financial statements in deciding which accounting policies to present in the financial statements. In particular, an entity is required to disclose material accounting policies, rather than significant accounting policies, and several paragraphs are introduced to clarify the process for establishing material policies, which may be material by their very nature, although the amounts involved may be immaterial. An accounting policy is material if the users of the financial statements need it to understand other information included in the financial statements. In addition, IFRS Practice Statement 2 was amended by adding guidelines and examples to demonstrate and explain the application of the four-step materiality process to disclosures about accounting policies to support the amendments to IAS 1. These amendments apply, subject to endorsement, from 1st January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Issued on 7th May 2022, pending endorsement. IAS 12 requires the recognition of deferred taxes whenever temporary differences arise, i.e., taxes that are due or recoverable in the future. In particular, it has been established that companies, in specific circumstances, may be exempted from including deferred tax when they recognize assets or liabilities for the first time. This provision previously gave rise to some uncertainty as to whether the exemption was applicable to transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability. By amending IAS 12, IFRS clarifies that the exemption does not apply to this case and that companies are required to recognize the deferred tax on such transactions. The objective of the amendments is to reduce diversity in the reporting of deferred taxes on leases and decommissioning obligations. The amendments are effective for financial years beginning on 1st January 2023 and early adoption is permitted.

Amendment to IFRS 16-'Leases', lease liability in a sale and leaseback (issued on 22nd September 2022)
A sale and leaseback transaction involves the transfer of an asset from one entity (the seller-lessee) to another entity (the purchaser-lessor) and the leaseback of the same asset by the seller-lessee. The amendment specifies how a selling lessee should measure the lease liability that arises in a sale and leaseback transaction, to ensure that it does not recognize any amount of the profit or loss related to the retained right of use. The amendment does not change the accounting for leases other than sale and leaseback transactions. The first adoption is scheduled for 1st January 2024.

3.3 Summary of accounting standards and measurement bases

The Financial Statements have been prepared based on the cost principle, except in the specific cases described in the notes below, where fair value has been applied.

The main measurement bases used are described below, which are unchanged compared with the previous year, except the comments made in the following paragraph "Notes to the Income Statement" concerning the classification of results from derivative instruments.

A Cash and cash equivalents
Cash and cash equivalents mainly consist of cash on hand, demand deposits with banks, other short-term, highly liquid investments (convertible into cash within 90 days) and overdraft facilities; overdrafts in bank accounts are reported under current liabilities. Items listed under net cash and cash equivalents are measured at fair value and changes are reported in the income statement.

B Financial assets
Financial assets are reported at fair value, with any gains reported in the income statement under "Financial income" and "Financial charges".

C Trade receivables
Trade receivables are measured at fair value on initial recognition. Subsequently, they are valued at amortized cost by applying the effective interest rate method. Where there is objective evidence indicating impairment (in terms of both solvency and the credit risk characteristics of individual debtors), the asset's book value is decreased to an amount equal to the discounted value of its future cash flows.

At the end of each reporting period, the Company conducts an analysis of any expected losses on trade receivables measured at amortized cost and recognizes or adjusts specific provisions for impairment.

The provision for the above-mentioned expected losses is based on assumptions regarding the risk of default and expected losses. To this end, management uses its professional judgement and historical experience, as well as knowledge of current market conditions and forward estimates at the end of each reporting period.

Expected Credit Loss (ECL), determined using probability of default (PD), loss in case of default (LGD) and exposure to risk in case of default (EAD), is determined as the difference between the cash flows due under the contract and the expected cash flows (including cash inflows) discounted using the original effective interest rate.

The Company essentially applies an analytical approach, on individually significant positions and in the presence of specific information on the significant increase in credit risk. For individual assessments, PD is obtained mainly from external providers such as legal advisors who are entrusted with debt collection cases.

Receivable assignments
Receivable assignments are accounted for in accordance with the method indicated by IAS 39 for the derecognition of financial assets. Consequently, all receivables assigned to factoring companies, when contractual provisions include clauses that involve maintaining significant exposure to the performance of cash flows arising from the receivables assigned, remain recognized in the financial statements.

D Inventories
Inventories are recognized at the lower of purchase or production cost and the net realizable value at the end of the reporting period represented by the amount that the Company expects to obtain from their sale as part of its ordinary business activities, also considering sales made after the end of the reporting period, or, for later periods, the expected price curves. The value of crude oil, materials and spare parts is determined by the FIFO method. The value of oil product inventories is calculated using the weighted average cost of the last quarter.

E Current tax assets
Current tax assets are booked at initial recognition in the amount that is expected to be recovered from the tax authorities, taking into account their expected realizable value. Subsequently, they are recognized at amortized cost based on the effective interest rate method.

F Other assets
Other current assets are measured at fair value on initial recognition. Subsequently they are recognized at amortized cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset's book value is decreased to an amount equal to the discounted value of its future cash flows. Impairment losses are recognized in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortized cost had the asset not been written down.

G Derecognition of financial assets and liabilities
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized at once (e.g., removed from the statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or

- the Company has transferred to a third party the right to receive cash flows from the asset or has assumed the contractual obligation to pay them in full and without delay and (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over that asset.

In cases where the Company has transferred the rights to receive cash flows from an asset or entered into an agreement under which it retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all the risks and benefits or has not lost control over it, the asset continues to be recognized in the Company's financial statements to the extent of its residual involvement in the asset. In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that continue to be incumbent upon the Company.

When the entity's continuing involvement is a guarantee on the transferred asset, the involvement is measured at the lower of the amount of the asset and the maximum amount of consideration received that the entity may have to repay.

A financial liability is derecognized when the obligation underlying the liability is extinguished, cancelled or fulfilled. Where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such exchange or change is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences in book values recognized in the income statement.

H Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, less accumulated depreciation and any impairment. The cost includes all expenses incurred directly in preparing the assets for use, as well as any disposal and removal charges incurred as a result of contractual obligations. Any interest expenses relating to the construction of property, plant and equipment are capitalized until the asset is ready to be used.

Costs associated with requirements to restore or dismantle plants arising from statutory or contractual obligations are accounted for as an increase in the historical cost of the asset with an offsetting entry in the provisions for risks and future liabilities.

Charges incurred for maintenance and repairs are charged directly to the income statement for the period in which they are incurred. Costs relating to the expansion, modernization or improvement of facilities owned by Saras or used by third parties are only capitalized up to the limits within which they fulfil the conditions for separate classification as an asset or part of an asset in accordance with the component approach. Similarly, the costs of replacing the identifiable components of complex assets are recognized as assets and depreciated over their useful life; the residual book value of components thus replaced is charged to the income statement.

The book value of property, plant and equipment is adjusted by systematic depreciation, calculated on the basis of historical cost less residual value on a straight-line basis, from the time the asset is available and ready for use, in accordance with its estimated useful life.

The useful life estimated by the Company, for the different categories of assets, is the following:

Buildings	18 years
Office furniture and machinery	4 - 8 years
Vehicles	4 years
Other assets	12 years
Leasehold improvements	The shorter of the duration of the lease and the asset's useful life

The useful life of property, plant and equipment and their residual value are revised annually at the end of each reporting period and adjusted accordingly.

Land is not depreciated.

If an asset to be depreciated consists of separately identifiable components and the useful life of one component differs significantly from that of the others, each component of the asset is depreciated separately in accordance with the component approach.

I Leased goods

Assets held through leasing contracts or contracts granting rights to use third-party assets are recognized as Company assets at their current value or, if lower, at the current value of the minimum lease payments due. The corresponding liability to the lessor is recognized on the statement of financial position under financial liabilities. The assets are depreciated on a straight-line basis over the term of the underlying contract and the financial liability is repaid on the basis of the payments provided for in the lease or the right to use.

J Intangible assets

Intangible assets are made up of elements that are non-monetary in nature, without physical substance and clearly identifiable (i.e., distinct, able to be separated, dismantled or traded and deriving from other contractual or legal rights), controlled by the company and capable of generating future economic benefits. These elements are recognized at acquisition and/or production cost, which includes any directly attributable charges incurred in preparing the asset for use, net of accumulated amortization and any impairment losses. Any interest expenses accrued during and in respect of the development of intangible assets are charged to the income statement. Amortization commences from the time the asset is available for use and is charged on a straight-line basis over its estimated useful life.

Intangible assets are recorded, where required, with the approval of the Board of Statutory Auditors.

[I] **Patent rights, concessions, licenses and software (intangible assets with a finite useful life)**
Intangible assets with a finite useful life are amortized systematically over their useful life, taken to be the estimated period in which the assets will be used by the company; the recoverability of the book value of the assets is checked using the same method applied to "Property, plant and equipment".

[II] **Research and development expenses**

The costs associated with the acquisition of new knowledge or discoveries, the development of alternative products or processes, new techniques or models, the design and construction of prototypes, or otherwise relating to other scientific research or technological development are treated as current costs and taken to the income statement when incurred.

K Impairment of assets

At the end of each reporting period, property, plant and equipment and intangible assets with a finite useful life and equity investments are tested for impairment, originating from both internal and external sources. Where such indicators exist, the recoverable amount of these assets is estimated and any impairment loss duly charged to the income statement. The recoverable amount of an asset is the greater of its fair value minus selling costs and its value in use, where the latter is the present value of the future cash flows that the asset is expected to generate. In determining value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset. The realizable value of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit to which the asset belongs. An impairment is recognized in the income statement whenever the book value of an asset, or of the cash generating unit to which it is allocated, is higher than its recoverable amount. When the reasons for impairment no longer exist, the impairment loss is reversed to the income statement up to the book value that the asset would have had, had it not been impaired and if it had been depreciated/amortized.

L Equity investments

Equity investments in subsidiaries are recorded at purchase cost and reduced for any losses according to the provisions of IAS 36.

The equity investments included under "Other equity investments" are measured at fair value, with the impact of any changes in fair value recognized directly in the statement of comprehensive income. Where fair value cannot be reliably determined or is insignificant, they are measured at cost less any impairment losses, in compliance with IAS 39. These costs are periodically reviewed in order to determine whether any impairment indicators exist that might indicate that their recoverable amount is lower than their book value. When the reasons that led to a write-down in previous periods no longer exist, the write-down of the book value of the equity investment is reversed through the income statement.

M Classification of other financial assets

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets are classified into the following categories:

(i) financial assets measured at amortized cost;

(ii) financial assets measured at fair value with recognition of the effects among the other components of comprehensive income (hereinafter also OCI);

(iii) financial assets measured at fair value with recognition of the effects in the income statement.

Initial recognition is at fair value; for trade receivables without a significant financial component, the initial recognition value is represented by the transaction price. Subsequent to initial recognition, financial assets that generate contractual cash flows exclusively representing capital and interest payments are measured at amortized cost if held for the purpose of collecting the contractual cash flows (hold-to-collect business model). The application of the amortized cost method results in the recognition in the income statement of interest income determined on the basis of the effective interest rate, exchange rate differences and any write-downs.

The treatment of financial assets linked to derivative instruments is shown under point "Y Derivatives".

N Treasury shares

Treasury shares are recognized at cost and deducted from equity.

O Shareholders’ equity

[I] **Share capital**

Share capital consists of subscribed and paid-up capital. Costs strictly related to the issue of new shares are deducted from equity reserves, after any deferred tax effect.

[II] **Reserves**

Reserves comprise equity-related reserves set aside for a specific purpose; they include retained earnings.

P Provisions for risks and charges

Provisions for risks and charges are recognized only where a present obligation (legal or constructive) exists in relation to past events that is expected to result in an outflow of financial resources, the amount of which can be reasonably assessed. This amount represents the best discounted estimate of the sum that must be paid to discharge the obligation. The rate used in determining the current value of the liability reflects current market values and includes the additional effects of the specific risk associated with each liability.

Risks for which the occurrence of a liability is only possible are disclosed in the section on commitments and risks; no provision is made for such risks.

Q Provisions for risks and charges

The Company provides various types of pension plans, in keeping with the conditions and practices that are commonly applied locally in those countries in which it carries out its activities.

From 1st January 2007, the regulations governing post-employment benefits (TFR) were amended to include the option for employees to decide where these are held. Specifically, new post-employment benefits may be allocated to pension funds or held at the company (if it has fewer than 50 employees, or allocated to INPS if it has more than 50 employees). The introduction of these regulations has resulted in the following accounting changes:

- **Amounts set aside until 31th December 2006**
  Post-employment benefits pursuant to Article 2120 of the Italian Civil Code are treated in the same way as "defined benefit plans"; these plans are based on the working life of the employees and on the remuneration they receive over a pre-determined period of service. The liability relating to post-employment benefits is entered on the statement of financial position based on their actuarial value, since this can be quantified as a staff benefit due on the basis of a defined benefit plan. The recognition of defined benefit plans requires the estimate of the benefits accrued by the employees in exchange for the service provided using actuarial techniques. These services are then discounted in order to determine the present value of the Company's obligations. The present value of the Company's obligations is determined by an external consultant using the projected unit credit method. This method, which comes under the more general area of "accrued benefit methods", considers each period of service at the company as an additional unit of entitlement: actuarial liabilities must therefore be quantified solely on the basis of years worked at the valuation date; thus, an estimate of the total liability is normally extrapolated from the number of years of service at the valuation date to account for the total number of years worked at the time the benefit is expected to be paid.

  The cost accrued for the year in respect of defined benefit plans is recorded in the income statement under personnel expense and is equivalent to the sum of the average present value of entitlements accrued by current employees and the annual interest accrued on the present value of the Company's obligations at the beginning of the year, calculated using the discount rate for future disbursements that is used to estimate liabilities at the end of the previous year. The annual discount rate adopted for these calculations is the end-of-year market rate for zero coupon bonds with the same maturity as the average remaining duration of the liabilities.

Following application of IAS 19 revised, actuarial gains and losses relating to the change in parameters, previously reported in the income statement (personnel expense), are now recognized in the statement of comprehensive income.

- **Allocations accrued from 1st January 2007**
  The allocations in question are accounted for using the method adopted for defined contribution pension plans (which are not subject to actuarial valuations) as the amount relating to employees has been transferred in full outside the Company.

  The corresponding liability is determined according to Article 2120 of the Italian Civil Code.

R Financial liabilities, trade and other payables and other liabilities

They are measured, on initial recognition, at fair value and subsequently at amortized cost, using the effective interest rate method. Where there is a change in the estimated future cash flows and these can be reliably estimated, the value of the payables is recalculated to reflect this change on the basis of the present value of the new estimated future cash flows and the internal rate of return originally calculated.

Sale transactions with a repurchase obligation represent a form of financing as the risks attached to ownership (mainly the risk relating to changes in fair value) remain with the Company. In this case, the assets are not derecognized, the debt for the repurchase is of a financial nature and the difference is recognized in profit and loss as a component of a financial nature.

Financial liabilities also include derivative contracts, which are discussed in the appropriate section below. Derivative contracts are measured at fair value with a balancing entry in the income statement at each end of the reporting period.

S Recognition of revenues
Sales revenues are recognized when the risks and benefits associated with ownership have effectively been transferred or when a service has been rendered.

The recognition of revenues from services is based on the stage of completion reached.

Revenues are recorded net of returns, discounts, allowances and premiums and of directly related taxes.

T Recognition of costs
Costs are recognized when they relate to goods and services that are sold or used during the year or by systematic allocation, or when their future usefulness cannot be determined.

U Interest income and expenses
Interest income and expenses are booked on an accruals basis.

V Conversion of items expressed in a currency other than the Euro
Foreign currency transactions are translated into Euros using the exchange rates in effect on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liability items denominated in a foreign currency are recorded in the income statement.

W Dividends

[A] Dividends received
Dividends received from subsidiaries, joint ventures, affiliates and other holdings are recorded in the income statement when the right of shareholders to receive the payment has been established.

[B] Dividends distributed
The payment of dividends to Company shareholders is recognized as a liability in the statement of financial position of the year in which the distribution was approved by the company's shareholders.

X Taxes
Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the end of the reporting period.

Deferred tax liabilities are calculated on all temporary differences arising between the tax base of an asset or liability and its book value, with the exception both of those relating to equity investments in subsidiaries and when the timing of the reversal of such differences is controlled by the company and it is probable that the differences will not be reversed within a reasonably foreseeable timescale.

In respect of deferred tax assets (including those relating to tax losses from previous periods) that cannot be offset against deferred tax liabilities in full, the residual portion is recognized to the extent that it is probable that taxable income will be generated in future against which they can be recovered.

Deferred taxes are calculated using the tax rates that are expected to apply in the years in which temporary differences are realized or reversed.

Current and deferred taxes are recognized in the income statement, with the exception of those related to items directly deducted from or added to equity, in which case the tax effect is taken directly to equity. Current and deferred taxes are set off when income taxes are applied by the same tax authority, when there is a legal right of set-off and the intention to settle on a net basis.

Changes in tax rates due to regulatory amendments are booked in the year in which the changes are substantially enacted; the effect is recorded in the income statement or under equity, in relation to the transaction that generated the underlying deferred tax.

Other taxes not related to income, such as property taxes, are included under "Cost of services and sundry costs".

The Parent Company allows its Italian subsidiaries to participate in the tax consolidation scheme for the purposes of calculating corporate income tax (IRES), pursuant to Articles 117-128 of the Consolidated Law on Income Tax (the "Consolidated National Tax"). As a result, a single tax base is created for the Parent Company and some Italian subsidiaries, essentially through the algebraic sum of the tax profit or loss of each participant. Participation in a particular scheme is confirmed by a communication to the tax authority made by the Parent Company indicating which subsidiaries have decided to take up this option. The option has a fixed duration of three years (except in the event of interruptions provided for by law) and the matter is governed between the two parties by a consolidation agreement. With specific reference to the transfer of tax losses, the agreements in force provide for remuneration commensurate with the ordinary IRES tax rate, equal to the portion of the loss of each subsidiary that was effectively offset by taxable income generated by other consolidated companies. Any excess losses remain allocated to the parent company and remuneration for these losses is deferred until the year that they are actually used under the national tax consolidation scheme.

Y Derivative instruments

All derivatives are financial assets and liabilities that are recognized at fair value.

They are classified as hedging instruments when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge, verified periodically, is high. When derivatives hedge the risk of changes in the fair value of the underlying items (fair value hedges, e.g., hedging the variability of the fair value of assets/liabilities), they are recorded at fair value in the income statement; at the same time, the hedged items are adjusted to reflect the changes in fair value associated with the risk hedged.

Derivative financial instruments on commodities, in accordance with IFRS 9, are recognized at fair value with the change in the fair value of the instrument recognized in the income statement and this change is allocated to the items of operating costs to which the hedges refer.

Derivative financial instruments on commodities, realized on the basis of strategies other than the fixing of prices of crude oil and products, are entered at fair value with the recognition of economic effects in financial management items.

Derivative financial instruments on exchange rates and interest rates are recorded at fair value with the change in the fair value of the instrument recognized under financial management items in the income statement.

To determine the fair value of financial instruments listed on active markets, the bid price of the instrument at the end of the reporting period is used. In the absence of an active market, fair value is determined by using measurement models based largely on objective financial variables and by considering, wherever possible, the prices observed in recent transactions and the prices for comparable financial instruments.

Some strategic refining risk hedging transactions have been accounted for in hedge accounting in accordance with IFRS 9. This application entailed, for derivatives that hedge the risk of changes in the cash flows of the hedged instruments (Cash Flow Hedge), the initial recognition in the equity reserve and other components of comprehensive income of changes in the fair value of the derivatives deemed effective, and subsequently, their recognition in the income statement, consistent with the economic effects produced by the hedged transaction.

Z Segment information

An operating segment is a part of an entity:

a) that undertakes trading & supply activities that generate revenues and costs (including revenues and costs relating to transactions with other parts of the same entity);

b) whose operating results are reviewed periodically at the highest operational decision-making level of the entity in order to adopt decisions on the resources to be allocated to the segment and the assessment of the results; and

c) for which separate accounting information is available.

A geographical segment is defined as a group of assets and transactions used for specific services in a particular geographical area.

3.4 Use of estimates and discretionary evaluations, also as a consequence of the Russian-Ukrainian conflict

The preparation of the financial statements requires directors to apply accounting standards and methodologies that, in certain situations, are based on difficult and subjective 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 amounts of 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.

3.5 Most significant estimates requiring a greater degree of discretion

A brief description is provided below of the most significant accounting policies requiring greater discretion by the directors in the preparation of their estimates and in respect of which a change in the conditions underlying the assumptions used could have a significant effect on the restated aggregate financial information.

[I] Depreciation of fixed assets: depreciation of fixed assets is a significant cost. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the assets concerned. The useful life of assets is determined by the directors at the time they are purchased; it is based on past experience for similar assets, market conditions and expectations as to future events that could affect their useful life, such as changes in technology. Their actual useful life could therefore differ from the estimate. The Company periodically reviews technological and sector changes, dismantling charges and the recovery amount of assets to update their residual useful lives. This periodic revision process could lead to a change in the depreciation period considered and, therefore, in the depreciation charged in future years.

[II] Recoverable amount of property, plant and equipment: in the presence of impairment indicators, the estimated recoverable amount is derived from a complex valuation process that largely depends on external sector variables or changes in the regulatory framework. The corresponding environment is monitored continuously and sector analyses are obtained regularly. However, it may be that the effective change in the key variables is not in line with expectations.

[III] Deferred tax assets: deferred tax assets are accounted for on the basis of expected taxable income in future periods. The measurement of expected income for deferred tax recognition purposes depends on factors that may vary over time and may have a significant effect on the measurement of deferred tax assets.

[IV] Provisions for risks and impairment losses on current assets: in certain circumstances, determining whether there is a current obligation (either legal or constructive) or the recoverability of current assets is not always straightforward. The directors consider such circumstances on a case-by-case basis and at the same time estimate the amount of financial resources needed to discharge the obligation. Where the directors feel that a liability or the risk of not recovering an asset are only possible, the associated risks are disclosed in the note concerning commitments and risks and no accrual is made. Where the directors feel that a liability or the risk of not recovering an asset are only probable, a special risk provision is recorded.

[V] Recoverable amount of inventories: the estimate of the recoverable amount of inventories entails a valuation process that is highly influenced by the performance of the oil product market, which is exposed to significant changes, including of a short-term nature. Therefore, the net realizable value of crude oil and finished goods at year end is estimated based on the amount that the Company expects to obtain from their sale, by observing the sales taking place after the reporting period. Consequently, this assessment is influenced by market conditions.

[VI] Estimation of the fair value of derivatives: the assessment depends on expectations regarding the trend of the market variables, including commodity prices and exchange rates, the variability and volatility of which depends on factors that are outside the sector.

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 Company'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 amount of inventories as well as the volatility of the current values of financial instruments. The underlying valuation processes, again complex, involve the expression of estimates which depend on variables that are outside the sector, which are highly volatile and which are based on assumptions that, by their nature, involve the use of a high degree of judgement on the part of Company Management. The same, for this purpose, also considers scenarios expressed by independent sector experts.

4. Information by business segment and geographical area

4.1 Foreword

The Company operates in the Italian and international oil markets as a seller of products derived from the refining process. It is therefore deemed that the Company operates in just one segment.

4.2 Information by geographical area

The breakdown by geographical area takes into account the size of the reference market and the countries in which the registered offices of counterparties are located.

Total revenues by geographical area:

Total revenues	31/12/2022	31/12/2021	Change
Italy	6,757,103	2,786,546	3,970,557
Spain	205,976	271,759	(65,783)
Other EEC countries	2,479,728	925,056	1,554,672
Non-EEC	4,346,582	3,490,261	856,321
USA	217,306	171,761	45,545
Total	**14,006,695**	**7,645,384**	**6,361,312**

The following table shows a breakdown of trade receivables by geographical area:

Trade receivables	31/12/2022	31/12/2021	Change
Italy	281,047	307,340	(26,293)
Spain	71,712	67,373	4,339
Other EEC countries	33,970	31,915	2,055
Non-EEC	331,175	189,820	141,355
USA	549	69	480
Bad debt provision	(9,989)	(10,670)	681
Total	**708,465**	**585,847**	**122,618**

The most significant changes to the statement of financial position and statement of income compared with the previous year are illustrated below.

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	31/12/2022	31/12/2021	Change
Bank and postal deposits	599,343	301,149	298,194
Cash	6	23	(17)
Total	**599,349**	**301,172**	**298,177**

For further details on the Company's net financial position, reference is made to the relevant section of the Report on Operations and the Statement of cash flows.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets:

Current financial assets	31/12/2022	31/12/2021	Change
Current financial derivatives	71,013	20,379	50,634
Derivative guarantee deposits	53,917	22,534	31,383
Other assets	742,986	639,419	103,567
Total	**867,916**	**682,332**	**185,584**

This item includes the positive fair values of derivatives in place at the end of the reporting period, guarantee deposits paid to Clearing Houses and "Other current assets" consisting of "Financial receivables from Group companies", mainly from Sarlux Srl (EUR 649,585 thousand) and mainly refer to the centralized treasury management contract managed by the Parent Company. Receivables from Group companies carry interest charged at market rates and are due beyond one year.

5.1.3 Trade receivables

The breakdown of trade receivables is as follows:

Trade receivables	31/12/2022	31/12/2021	Change
Receivables from customers	400,514	303,352	97,162
Group current trade receivables	307,951	282,495	25,456
Total	**708,465**	**585,847**	**122,618**

Receivables from customers amounted to EUR 400,514 thousand, an increase of EUR 97,162 thousand, mainly due to the increase in prices of oil and crude products in the last period of the year compared to the previous year and less use of the assignment of receivables.

Please note that all customers are subject to a credit assessment (KYC), and in particular customers in the wholesale market are all insured by leading insurance companies. For comments on sales performance, please refer to the Report on Operations.

This item is shown net of a bad debt provision, which amounted to EUR 9,989 thousand (EUR 10,670 thousand at 31st December 2021).

The balance of receivables from Group companies mainly refers to the subsidiaries Saras Energia SAU (EUR 53,879 thousand) and Saras Trading SA (EUR 172,737 thousand) for the supply of oil products, and the subsidiary Sarlux Srl (EUR 77,369 thousand) for the supply of raw materials and services. For further analysis, see section 7.4, Information pursuant to IFRS 7 and 13.

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred in 2022:

Inventories	31/12/2022	31/12/2021	Change
Raw materials and consumables	338,259	262,061	76,198
Unfinished products and semi-finished products	110,680	122,840	(12,160)
Finished products and goods	704,943	605,447	99,496
Total	**1,153,882**	**990,348**	**163,534**

The increase in the value of oil inventories (crude oil, semi-finished products and finished products) was essentially due to the combined effect of the increase in quantities in inventory at the end of the year and the increasing trend in prices.

Inventories of consumables have been valued at their presumed recovery value.

In compliance with the provisions of the accounting standards, the Group has measured inventories of oil products at the lower of purchase or production cost and the recoverable amount on the market and this comparison leads to the recording of a lower value of inventories - essentially products - in the amount of EUR 2 million.

No inventories are used as collateral for liabilities.

The item "Inventories" includes around 1,667 thousand tons of oil products (valued at around EUR 1,026 thousand) held for group companies and certain third parties in accordance with the obligations of Legislative Decree no. 22 of 31st January 2001 (in the previous year, these stocks amounted to 1,151 thousand tons valued at around EUR 640 million).

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/12/2022	31/12/2021	Change
VAT credit	346	0	346
IRES credits	0	16,681	(16,681)
Other amounts due from the tax authorities	2,578	903	1,675
Total	**2,924**	**17,584**	**(14,660)**

Other receivables include taxes for which reimbursement has been requested, or which have been paid on a provisional basis to government bodies.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/12/2022	31/12/2021	Change
Accrued income and prepaid expenses	9,877	4,633	5,244
Other short-term receivables	1,670	22,163	(20,493)
Total	**11,547**	**26,796**	**(15,249)**

Prepaid expenses mainly relate to the prepayment for charges related to biofuel regulations.
The item "Other short-term receivables" mainly includes advances paid to suppliers of oil raw materials for future supplies, to be completed in the early months of 2023.

5.2 Non-current assets

5.2.1 Property, plant and equipment

Details of property, plant and equipment, as well as related changes, are as follows:

Historical Cost	31/12/2020	Increases	Decreases	Write-downs	Other changes	31/12/2021
Land and buildings	3,809	0	0	0	0	3,809
Industrial and commercial equipment	150	0	0	0	0	150
Other assets	17,174	500	0	0	(1)	17,673
Property, plant and equipment under construction	0	0	399	0	0	399
Total	**21,133**	**500**	**399**	**0**	**(1)**	**22,031**

Accumulated depreciation	31/12/2020	Depreciation	Use	Write-downs	Other changes	31/12/2021
Land and buildings provision	1,957	264	0	0	0	2,221
Industrial and commercial equipment provision	125	17	0	0	0	142
Other assets	9,540	1,537	0	0	0	11,077
Total	**11,622**	**1,818**	**0**	**0**	**0**	**13,440**

Net Value	31/12/2020	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2021
Land and buildings	1,852	0	0	(264)	0	0	1,588
Industrial and commercial equipment	25	0	0	(17)	0	0	8
Other assets	7,634	500	0	(1,537)	0	(1)	6,596
Property, plant and equipment under construction	0	0	399	0	0	0	399
Total	**9,511**	**500**	**399**	**(1,818)**	**0**	**(1)**	**8,591**

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
Land and buildings	3,809	0	0	0	0	3,809
Industrial and commercial equipment	150	0	0	0	0	150
Other assets	17,673	792	0	0	1	18,466
Property, plant and equipment under construction	399	0	(291)	0	0	108
Total	**22,031**	**792**	**(291)**	**0**	**1**	**22,533**

Accumulated depreciation	31/12/2021	Depreciation	Use	Write-downs	Other changes	31/12/2022
Land and buildings provision	2,221	226	0	0	0	2,447
Industrial and commercial equipment provision	142	8	0	0	0	150
Other assets	11,077	1,500	0	0	1	12,578
Total	**13,440**	**1,734**	**0**	**0**	**1**	**15,175**

Net Value	31/12/2021	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2022
Land and buildings	1,588	0	0	(226)	0	0	1,362
Industrial and commercial equipment	8	0	0	8	0	0	0
Other assets	6,596	792	0	(1,500)	0	0	5,888
Property, plant and equipment under construction	399	0	(291)	0	0	0	108
Total	**8,591**	**792**	**(291)**	**(1,734)**	**0**	**0**	**7,358**

"Land and buildings" includes office buildings and improvements to the Milan and Rome offices.
"Other assets" mainly include furniture and electronic equipment.
"Property, plant and equipment under construction" reflect the costs incurred for investments not yet deployed at 31st December 2022.

The most significant annual depreciation rates used are unchanged comparing to the previous year and are shown below:

Industrial buildings (land and buildings)	5.50%
Supplies (equipment)	25%
Electronic office equipment (other assets)	20%
Office furniture and machinery (other assets)	12%
Vehicles (other assets)	25%

There are no property, plant and equipment held for sale.

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	31/12/2021
Industrial patent and original work rights	30,497	484	0	0	1	30,982
Intangible assets under construction	800	336	0	0	(1)	1,135
Total	**31,297**	**820**	**0**	**0**	**0**	**32,117**

Accumulated amortization	31/12/2020	Amortization	Use	Write-downs	Other changes	31/12/2021
Industrial patent and original work rights	28,570	1,158	0	0	(1)	29,727
Total	**28,570**	**1,158**	**0**	**0**	**(1)**	**29,727**

Net Value	31/12/2020	Increases	Decreases	Amortization	Write-downs	Other changes	31/12/2021
Industrial patent and original work rights	1,927	484	0	(1,158)	0	2	1,255
Intangible assets under construction	800	336	0	0	0	(1)	1,135
Total	**2,727**	**820**	**0**	**(1,158)**	**0**	**1**	**2,390**

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
Industrial patent and original work rights	30,982	1,526	0	0	0	32,508
Intangible assets under construction	1,135	700	0	0	0	1,835
Total	**32,117**	**2,226**	**0**	**0**	**0**	**34,343**

Accumulated amortization	31/12/2021	Amortization	Use	Write-downs	Other changes	31/12/2022
Industrial patent and original work rights	29,727	1,602	0	0	0	31,329
Total	**29,727**	**1,602**	**0**	**0**	**0**	**31,329**

Net Value	31/12/2021	Increases	Decreases	Amortization	Write-downs	Other changes	31/12/2022
Industrial patent and original work rights	1,255	1,526	0	(1,602)	0	0	1,179
Intangible assets under construction	1,135	700	0	0	0	0	1,835
Total	**2,390**	**2,226**	**0**	**(1,602)**	**0**	**0**	**3,014**

Amortization of intangible assets totaled EUR 1,602 thousand and was calculated using the annual rates shown below. The rates are unchanged compared to the previous year and are set out in detail below.

Industrial patent and original work rights	20%
Concessions, licenses, trademarks and similar rights	5% - 33%
Other intangible assets	6% - 33%

The content of the main items is shown below.

Industrial patent and original work rights
The balance of this item mainly relates to the costs incurred to acquire software licenses.

Non-current assets under construction and payments on account
The item includes investments underway to purchase software licenses.

There are no intangible assets with a finite useful life held for disposal.

5.2.3 Right-of-use of leased assets

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	31/12/2021
Leased land and buildings	7,887	0	0	0	0	7,887
Other leased assets	1,894	13	0	0	0	1,907
Total	**9,781**	**13**	**0**	**0**	**0**	**9,794**

Accumulated depreciation	31/12/2020	Depreciation	Use	Write-downs	Other changes	31/12/2021
Leased land and buildings provision	3,249	1,299	0	0	0	4,548
Other assets	1,248	532	0	0	0	1,780
Total	**4,497**	**1,831**	**0**	**0**	**0**	**6,328**

Net Value	31/12/2020	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2021
Leased land and buildings	4,638	0	0	(1,299)	0	0	3,339
Other leased assets	646	13	0	(532)	0	0	127
Total	**5,284**	**13**	**0**	**(1,831)**	**0**	**0**	**3,466**

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
Leased land and buildings	7,887	3,561	0	0	1	11,449
Other leased assets	1,907	747	0	0	0	2,654
Total	**9,794**	**4,308**	**0**	**0**	**1**	**14,103**

Accumulated depreciation	31/12/2021	Depreciation	Use	Write-downs	Other changes	31/12/2022
Leased land and buildings provision	4,548	1,380	0	0	1	5,929
Other assets	1,780	526	0	0	0	2,306
Total	**6,328**	**1,906**	**0**	**0**	**1**	**8,235**

Net Value	31/12/2021	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2022
Leased land and buildings	3,339	3,561	0	(1,380)	0	0	5,520
Other leased assets	127	747	0	(526)	0	0	348
Total	**3,466**	**4,308**	**0**	**(1,906)**	**0**	**0**	**5,868**

The balance at 31st December 2022, of EUR 5,868 thousand, relates to the application of the standard IFRS 16 - Leases. The registration essentially refers to the following types of contracts:

1) Leases of buildings to be used as management and commercial premises;

2) Company car fleets: these are long-term lease contracts on company cars used by employees in various administrative and commercial sites.

5.2.4 Equity investments

5.2.4.1 Equity investments measured at cost

The table below shows the list of equity investments at 31st December 2022, indicating the main information related to subsidiaries at the same date:

List of fixed financial assets										
Name	Registered office	Currency	Share Capital	Share owned	% owned	Total assets	Total liabilities	Shareholders' equity	Profit/(Loss) for the year	Book value in Saras SpA
Deposito di Arcola Srl	Arcola (SP)	EUR	1,000	100%	direct subsidiary	8,172	7,608	565	(613)	0
Sardeolica Srl	Uta (CA)	EUR	57	100%	direct subsidiary	149,220	23,675	125,546	1,628	33,613
Sarint SA	Luxembourg	EUR	50,705	99.9% (*)	direct subsidiary	2,227	370	1,857	(66)	0
Sartec Srl	Assemini (CA)	EUR	3,600	100%	direct subsidiary	28,578	14,892	13,686	260	11,782
Saras Trading SA	Geneva (Switzerland)	EUR	881	100%	direct subsidiary	435,115	422,993	12,122	5,195	923
Sarlux Srl	Sarroch (CA)	EUR	100,000	100%	direct subsidiary	1,952,700	1,515,647	437,054	(13,040)	437,053
Total										483,371

(*) The subsidiary Deposito di Arcola Srl owns the remaining 0.1% share of Sarint SA

A comparison with the figures for the previous year is shown below

	Registered office	% ownership	31/12/2022	31/12/2021
Deposito di Arcola Srl	Arcola (SP)	100%	0	0
Sardeolica Srl	Uta (CA)	100%	33,613	33,613
Sarint SA	Luxembourg	99.9%	0	0
Sartec Srl	Assemini (CA)	100%	11,782	11,782
Saras Trading SA	Geneva (Switzerland)	100%	923	923
Sarlux Srl	Sarroch (CA)	100%	437,053	450,094
Total			**483,371**	**496,412**

Changes in the book value are as follows:

	31/12/2021	Payments	Revaluations	Other changes	Impairment -	31/12/2022
Deposito di Arcola Srl	0	0	0	0	0	0
Sardeolica Srl	33,613	0	0	0	0	33,613
Sarint SA	0	0	0	0	0	0
Sartec Srl	11,782	0	0	0	0	11,782
Saras Trading SA	923	0	0	0	0	923
Sarlux Srl	450,094	0	0	0	(13,041)	437,053
Total	**496,412**	**0**	**0**	**0**	**(13,041)**	**483,371**

The impairment loss recorded during the year relates to the adjustment of the equity investment in the subsidiary Sarlux Srl to reflect the decrease in its shareholders' equity as a result of the negative result reported by the subsidiary. Should the shareholders' equity of the subsidiary be negative, a provision to reflect the effects of the future capitalization has been set up.
None of the direct and indirect subsidiaries of Saras SpA is listed on the regulated market.

5.2.4.2 Other equity investments

The item includes the equity investment, equal to 4.01% of the share capital, in the company Sarda Factoring SpA, for EUR 495 thousand and the equity investment, equal to 50% of the share capital of Sardhy Green Hydrogen Srl, in joint-venture with ENEL Green Power Srl, of EUR 243 thousand.

5.2.5 Deferred tax assets

Deferred tax assets at 31st December 2022 are shown as a decrease in the item "Deferred tax liabilities", chapter 5.4.4. to which reference is made.

5.2.6 Other financial assets

At 31st December 2022, this item amounted to EUR 2,744 thousand (EUR 3,044 thousand in the previous year) and mainly relates to medium-/long-term receivables.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

Short-term financial liabilities	31/12/2022	31/12/2021	Change
Current bond loan	0	199,684	(199,684)
Financial payables to Group companies	55,306	55,824	(518)
Current bank loans	116,187	379,035	(262,848)
Bank current accounts	7,969	157,194	(149,225)
Financial derivatives	49,533	29,382	20,151
Other short-term financial liabilities	22,314	39,937	(17,623)
Total	**251,309**	**861,056**	**(609,747)**

The bond loan was repaid in advance in the second quarter.

The item "Current bank loans" includes the short-term portion of bank loans granted to the Company, which are valued at amortized cost. The terms and conditions of the loans and bonds are described in the table in paragraph 5.4.1 long-term financial liabilities.

It should be noted that at 31st December 2021, following the receipt by Saras Spa on 24th December 2021 of the notification of the termination of the investigations relating to the purchases of crude oil of Kurdistan origin (as better described in the specific section of the Report on Operations) and the possible involvement of the company as a responsible party pursuant to Legislative Decree no. 231/2001, which contractually determines the lender's right to demand repayment of the credit lines used or granted on that date (SACE loan, Unicredit loan and RCF), the Parent Company had classified among short-term loans the SACE loan of EUR 320 million and the loan taken out with Unicredit of EUR 50 million, despite being contractually medium-term, in application of accounting standard IAS1.74 which provides for such classification when a clause of a long-term loan agreement is violated at the end of the reporting period or before the end of the reporting period with the effect that the liability becomes a debt payable on demand, as the unconditional right to defer its settlement for at least twelve months from that date is lost, even if the lender has agreed after the reporting period not to request payment as a consequence of the violation.

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

The item "Financial payables to Group companies" include the balances of loans to Group Companies for the centralized management of the Group treasury.

The item "Financial derivatives" includes the negative fair value of derivative financial instruments held at the end of the reporting period.

Financial derivatives	31/12/2022 Assets	31/12/2022 Liabilities	31/12/2022 Assets	31/12/2022 Liabilities
Interest rate swaps	7,274	586	0	878
Fair value derivatives on commodities	63,739	48,177	20,379	27,995
Fair value forward purchases and sales on exchange rates	0	770	0	509
Total	**71,013**	**49,533**	**20,379**	**29,382**

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

Trade and other payables	31/12/2022	31/12/2021	Change
Advances from customers	21,038	51,566	(30,528)
Current payables to suppliers	972,916	1,065,776	(92,860)
Trade payables to Group companies	653,563	287,645	365,918
Total	**1,647,517**	**1,404,987**	**242,530**

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

The balance of "Current payables to suppliers" essentially includes payables for crude oil supplies; the decrease compared to the previous financial year is mainly due to lower purchases of crude oil and petroleum products made at the end of the financial year.

"Trade payables to Group companies" essentially include payables to Sarlux Srl and Saras Trading SA amounting to EUR 281,948 thousand and EUR 369,940 thousand, respectively.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/12/2022	31/12/2021	Change
Payables for VAT	0	7,728	(7,728)
IRES payables (and income tax of foreign firms)	231,833	0	231,833
IRAP payables	22,855	4,939	17,916
Other tax payables	56,718	58,424	(1,706)
Total	**311,406**	**71,091**	**240,315**

"IRES payables" includes the payable for current taxes and the payable for the "Extraordinary Contribution on the extra-profits" of companies operating in the energy sector. Specifically, Law no. 197 of 29th December 2022, the 2023 Budget Law, introduced a temporary solidarity contribution against high bills by changing the scope of application of the extraordinary contribution related to 2022. It required the payment of a contribution by companies engaged in the business of producing, importing, distributing or selling electricity, natural gas or oil and crude products in the territory of the State equal to 50% of the total income determined for IRES purposes related to the tax period prior to the one in progress on 1st January 2023, which exceeds by at least 10% the average of the total income earned in the four tax periods prior to the one in progress on 1st January 2022. The amount of this tax, defined in this way, cannot exceed 25% of the shareholders' equity of 31st December 2021 of the companies subject to the same contribution. For an amount of approx. EUR 240 million of which approx. EUR 162 million will be paid by June 2023. The company reserves the right to take any legal action for its own protection.

"Other tax payables" mainly include payables for excise duties on products released for consumption totaling EUR 53,933 thousand.

5.3.4 Other liabilities

The breakdown of other liabilities is shown below:

Other current liabilities	31/12/2022	31/12/2021	Change
Payables employee benefit and social security	7,555	4,345	3,210
Payables due to employees	24,252	8,441	15,811
Payables to subsidiaries for transfer of taxes	124,311	119,329	4,982
Payables to others	1,066	1,187	(121)
Accrued liabilities	0	287	(287)
Total	**157,184**	**133,589**	**23,595**

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

The item "Payables to subsidiaries for tax transfers" includes the payable to subsidiaries for taxes transferred pursuant to the aforementioned tax consolidation agreements. The balance is essentially due to the taxes transferred by the subsidiary Sarlux Srl for EUR 122,306 thousand.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/12/2022	31/12/2021	Change
Non-current bank loans	399,091	0	399,091
Other long-term financial liabilities	10,452	10,807	(355)
Total	**409,543**	**10,807**	**398,736**

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

Values expressed in millions of EUR	Loan acquisition/ renegotiation	Original amount	Base rate	Contractual expiry	Balance at 31/12/2021	Balance at 31/12/2022	Maturities 1 year	1 > 5 years
Saras SpA								
Bond	December 2017	200	1.7%	Dec-22	199.7	-		
Unicredit	February 2020	50	6M Euribor	Aug-23	50.0	-		
Sace loan	December 2020	350	0.95%	Sept-24	320.8	203.6	116.2	86.9
Sace loan	May 2022	312.5	1.70%	Mar-28		312.2	-	312.2
Total liabilities to banks for loans					570.5	515.8	116.2	399.1

During the month of December 2020 - SARAS signed a EUR 350 million loan contract with 70% of the amount backed by SACE guarantees issued under the Italy Guarantee program and intended to strengthen the capital structure of the Company.

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

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

The proceeds were used to prepay the EUR 200 million bond maturing on 28th December 2022 and the EUR 50 million medium- to long-term loan maturing on 14th August 2023. The remaining EUR 62.5 million were used to support the company's working capital, in line with SACE regulations.

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

5.4.2 Provisions for risks and charges

Provisions for risks and charges may be analyzed as follows:

Provisions for risks and charges	31/12/2020	Provisions	Use	Other changes	31/12/2021
Other provisions for risks and charges	7,060	0	0	(1,146)	5,914
Total	**7,060**	**0**	**0**	**(1,146)**	**5,914**

Provisions for risks and charges	31/12/2021	Provisions	Use	Other changes	31/12/2022
Other provisions for risks and charges	5,914	256	(750)	0	5,420
Total	**5,914**	**256**	**(750)**	**0**	**5,420**

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

5.4.3 Provisions for employee benefits

The balance breaks down as follows:

Provisions for employee benefits	31/12/2022	31/12/2021	Change
Post-employment benefits	1,524	1,676	(152)
Total	**1,524**	**1,676**	**(152)**

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

5.4.4 Deferred tax liabilities

The net position of the company's deferred tax assets and liabilities at 31st December 2022 amounted to EUR 14,817 thousand and is detailed as follows:

Figures in thousands of EUR	Balance at 31/12/2021	Provisions	Uses	Balance at 31/12/2022
Deferred tax assets				
Expenses deductible in future years	909	*609*	*597*	922
Tax assessment of inventories	1,021	*1,023*		2,044
Bad debt provision	2,265	-	-	2,265
Tax losses	27,686		*27,686*	0
Other	3,299	*2,978*	*1,819*	4,459
Total deferred tax assets	**35,179**	**4,611**	**30,101**	**9,690**
Deferred tax liabilities				
Other	15,603	*8,954*	*51*	24,506
Total deferred tax liabilities	**15,603**	**8,954**	**51**	**24,506**
Total net	**19,576**	**(4,343)**	**30,049**	**(14,817)**

5.5 Shareholders' equity

Shareholders' equity is comprised of by the following:

Total shareholders' equity	31/12/2022	31/12/2021	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	583,739	553,324	30,415
Net profit (loss) for the year	399,161	30,058	369,103
Total	**1,048,456**	**648,938**	**399,518**

Share capital
At 31st December 2022, the fully subscribed and paid-up share capital of EUR 54,630 thousand was represented by 951,000,000 ordinary shares with no par value.

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

Other reserves
This item totals EUR 583,739 thousand, up by a net EUR 30,415 thousand compared with the previous year-end balance.

This net decrease was the combined result of:

- allocation of the result of the previous year of EUR 30,058 thousand;
- increase of EUR 219 thousand due to the effect of IAS 19 discounting.
- increase of EUR 137 thousand due to the recognition of a cash flow hedge reserve as required by IFRS 9; in accordance with IAS 1, paras. 1 and 97, it is noted that no equity transactions took place with shareholders acting in their capacity as owners of the company.

Net result
The profit for the financial year amounts to EUR 399,161 thousand.

On 28th April 2022, the Ordinary Shareholders' Meeting of Saras SpA, called for the approval of the Financial Statements at 31st December 2021, has decided to carry forward the entire profit for the year.

With regard to the financial year ended 31st December 2022, the Board of Directors has proposed to the Shareholders' Meeting called for 28th April 2023 to carry forward the profit for the year and to allocate EUR 0.19 as a dividend for each of the 951,000,000 ordinary shares outstanding for a total of EUR 180,690,000 by taking this amount from the profit for the year.

The average number of outstanding shares was 951,000,000 in 2022, unchanged from the previous year.

Saras SpA held no treasury shares in portfolio at 31st December 2022.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from core business

Revenues from core business (EUR 13,904,945 thousand compared to EUR 7,592,114 thousand in the previous year) increased by EUR 6,312,831 thousand. The positive change in the item "Revenues from sales and services" is mainly attributable to the trend in the prices of petroleum products recorded during the year, as well as to a slight increase in the quantities sold.

Revenues from core business are broken down by geographical area in paragraph 4 above.

6.1.2 Other income

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

Other income	31/12/2022	31/12/2021	Change
Compensation for storage of mandatory stocks	2,080	2,819	(739)
Sale of various materials	60	64	(4)
Ship tanks hire	6,380	3,018	3,362
Recovery for claims and compensation	108	354	(246)
Other revenues	93,122	47,015	46,107
Total	**101,750**	**53,270**	**48,480**

The item "Other revenues" essentially comprises charges to the subsidiaries for services provided for corporate activities.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials and consumables

Purchases of raw materials and consumables	31/12/2022	31/12/2021	Change
Purchase of raw materials	9,992,248	5,792,814	4,199,434
Purchase of semi-finished products	116,991	155,550	(38,559)
Purchase of consumables	360	466	(106)
Purchase of finished products	1,778,804	1,103,861	674,943
Change in inventories	(163,533)	(395,293)	231,760
Total	**11,724,870**	**6,657,398**	**5,067,472**

The costs for the purchase of raw materials increased by EUR 4,199,434 thousand compared to the previous year, due to the increase in prices; costs for the purchase of finished products increased by EUR 674,943 thousand mainly due to the increase in prices and to the greater quantities purchased.

In accordance with the accounting standards, the company valued inventories at the lower of purchase or production cost and recoverable market value: this comparison showed the need to recognize inventories at a lower value of EUR 2 million.

6.2.2 Cost of services and sundry costs

Cost of services and sundry costs	31/12/2022	31/12/2021	Change
Costs for services	1,095,443	481,977	613,466
Derivatives on crude oil and petroleum products	142,111	108,834	33,277
Costs for use of third-party assets	5,667	5,878	(211)
Provisions for risks	140	0	140
Bad debt provision trade receivables	0	5,552	(5,552)
Other operating costs	15,954	7,301	8,653
Total	**1,259,315**	**609,542**	**649,773**

The item "Costs for services" mainly includes the processing fee paid to the subsidiary Sarlux Srl, which increased compared to the previous year due to a revision of the method for determining the processing fee.

Specifically, during 2022, the global economic scenario changed in the face of a series of geopolitical events that led to an increase in costs of production and in particular electricity costs. This had an impact on the processing carried out by the Company, leading to an increase in the incidence of unforeseeable costs at the time of the original signing of the contract, which made the previously agreed economic conditions no longer sustainable. The parties involved evaluated and decided to recalculate the processing fee based on a cost-plus method, which was considered to be the most representative of the functional profile of Sarlux Srl in relation to the activity carried out under the contract. In this way, the Company was ensured a remuneration that covered all direct and indirect costs of production, including a bonus/malus mechanism based on the refinery's performance and increased on the basis of a mark-up. It is calculated on the basis of an economic analysis of the risks assumed, the functions performed and the assets used by Sarlux, which intends to confirm that the fee is calculated in line with the possible remuneration of independent third parties at arm's length conditions for the performance of similar activities.

The amount of crude oil runs was 13.358 million metric tons, which is essentially the same as last year's production.

"Other operating costs" mainly comprise membership fees, non-income taxes and contingencies.

6.2.3 Personnel expense

The breakdown of "Personnel expense" is as follows:

Personnel expense	31/12/2022	31/12/2021	Change
Salaries and wages	24,321	18,228	6,093
Social security contributions	9,316	6,536	2,780
Post-employment benefits	1,951	1,600	351
Other long-term costs and incentives	15,186	8,393	6,793
Remuneration to the Board of Directors	2,055	524	1,531
Total	**52,829**	**35,281**	**17,548**

Personnel expense increased by EUR 17,548 thousand from the previous year. This increase is due to the lack of use of the Redundancy Fund, to a provision related to the agreement for the consensual termination and to an increase in performance bonuses deriving from the special corporate performance of the year.

6.2.4 Depreciation/amortization and write-downs

"Depreciation/amortization of fixed assets" break down as follows:

Depreciation/amortization and write-downs	31/12/2022	31/12/2021	Change
Amortization of intangible assets	1,602	1,158	444
Depreciation of property, plant and equipment	1,734	1,818	(84)
Total	**3,336**	**2,976**	**360**

"Depreciation of leased items" break down as follows:

Depreciation of leased items	31/12/2022	31/12/2021	Change
Depreciation of leased property, plant and equipment	1,906	1,832	74
Total	**1,906**	**1,832**	**74**

This item represents the effect deriving from the application of IFRS 16.

6.3 Net income (charges) from equity investments

Net income (charges) from equity investments	31/12/2022	31/12/2021	Change
Value adjustments to assets	(13,041)	(188,301)	175,260
Total	**(13,041)**	**(188,301)**	**175,260**

The value adjustments refer to the write-down made during the year of the value of the equity investment in the subsidiary Sarlux Srl, in order to adjust its book value to the related shareholders' equity.

6.4 Financial income and charges

A breakdown of financial income and charges is shown below:

Financial income	31/12/2022	31/12/2021	Change
Bank interest income	1,205	45	1,160
Unrealized differences on derivatives	7,274	0	7,274
Realized differences on derivatives	19,859	10,443	9,416
Interest from subsidiaries	16,773	10,323	6,450
Profit on exchange rates	205,960	59,202	146,758
Total	**251,071**	**80,013**	**171,058**

Financial charges	31/12/2022	31/12/2021	Change
Unrealized differences on derivatives	31	836	(805)
Realized differences on derivatives	(4,186)	(1,622)	(2,564)
Interest expenses on loans	(11,328)	(7,013)	(4,315)
Interest expenses on bonds	(3,648)	(3,740)	92
Interest from subsidiaries	(1,073)	0	(1,073)
Other (interest on mortgages, default interest, etc.)	(12,249)	(4,923)	(7,326)
Interest on rights of use on leases	(92)	0	(92)
Exchange rate losses	(277,995)	(86,707)	(191,288)
Total	**(310,540)**	**(103,169)**	**(207,371)**

The summary table below provides an analysis of the main changes during the year:

Net financial income and charges	31/12/2022	31/12/2021	Change
Net interest	(10,412)	(5,308)	(5,104)
Result of derivative instruments, of which:	22,978	9,657	13,321
Realized	*15,673*	*8,821*	*6,852*
Fair value of open positions	*7,305*	*836*	*6,469*
Net exchange rate differences	(72,035)	(27,505)	(44,530)
Total	**(59,469)**	**(23,156)**	**(22,992)**

The increase in net interest was affected by the sharp rise in interest rates applied to current credit lines.

Note that the item other financial charges includes interest on factors.

The entire fair value of the derivatives in place at 31st December 2022 refers to the exchange rate and interest rate hedges, as well as speculative transactions.

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

6.5 Income taxes

Income taxes are shown below:

Income taxes	31/12/2022	31/12/2021	Change
Current taxes	458,375	104,129	354,246
Net deferred tax liabilities (assets)	34,393	(7,289)	41,682
Total	**492,768**	**96,840**	**395,928**

Current taxes consist of IRAP and IRES calculated on the taxable income of the companies and the application of the "extra-profit contribution".

Specifically, Decree Law no. 21 of 21st March 2022, then converted with amendments by Law no. 51 of 20th May 2022, on "Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis", introduced an extraordinary contribution to be borne by entities operating in the energy and oil sectors, to the extent of 25% of the increase in the balance between asset and liability transactions achieved from 1st October 2021 to 30th April 2022, compared to the same period between 2020 and 2021. This contribution amounted to approx. EUR 77 million, fully paid during the year.

Subsequently, Law no. 197 of 29th December 2022, known as the 2023 Budget Law, introduced a temporary solidarity contribution against high bills by changing the scope of application of the extraordinary contribution related to 2022. It required the payment of a contribution by companies engaged in the business of producing, importing, distributing or selling electricity, natural gas or oil and crude products in the territory of the State equal to 50% of the total income determined for IRES purposes related to the tax period prior to the one in progress on 1st January 2023, which exceeds by at least 10% the average of the total income earned in the four tax periods prior to the one in progress on 1st January 2022. The amount of this tax, defined in this way, cannot exceed 25% of the shareholders' equity of 31st December 2021 of the companies subject to the same contribution.

This contribution amounts to approx. EUR 162 million to be paid by 30th June 2023.

The group reserves the right to take any legal action for its own protection.

Differences between IRES and IRAP theoretical and effective tax rates for the two periods compared are shown below (figures in EUR million):

IRES	2022	2021
PRE-TAX RESULT [A]	891.9	126.9
IRES THEORETICAL TAX [A*24%] [B]	214.1	30.5
THEORETICAL TAX RATE [B/A*100] %	24.0%	24.0%
EFFECTIVE INCOME TAX [C]	220.0	74.8
EFFECTIVE TAX RATE [C/A*100] %	24.7%	58.9%

	2022		2021	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	**214**	**24.0%**	**30.5**	**24.0%**
Valuations of equity investments and receivables from investee companies	0.0	0.00%	0.0	0.0%
Dividends from subsidiaries	0.0	0.00%	0.0	0.0%
Effect of Decree Law no. 201/2011 (ACE)	(1.6)	-0.2%	(1.5)	-1.2%
Previous years' taxes	0	0%	0.9	0.7%
Other permanent differences	7.5	0.8%	45.0	35%
Effective tax	**220**	**24.7%**	**74.9**	**59.0%**

IRAP	2022	2021
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS	966	338
IRAP THEORETICAL TAX [2.93%] FOR 2022 [3.9%] FOR 2021 [B]	28.3	9.9
THEORETICAL TAX RATE [B/A*100] %	2.93%	2.93%
EFFECTIVE INCOME TAX [C]	35.4	12.6
EFFECTIVE TAX RATE [C/A*100] %	3.67%	3.73%

	2022		2021	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	**28.3**	**2.93%**	**9.9**	**2.93%**
IRAP effect on foreign companies with positive production value	0	0%	0%	0%
Personnel expense	1.56	0.16%	(0.03)	-0.01%
Effect of different regional rates on production value	6.70	0.69%	3.0	0.88%
Other permanent differences	(1.2)	-0.12%	(0.3)	-0.07%
Effective tax	**35.4**	**3.67%**	**12.6**	**3.73%**

7. Other information

7.1 Main legal actions pending

The company Saras SpA is subjected to investigations in the context of criminal proceedings no. 9603/2021 R.G.N.R. mod. 21 D.D.A.T., pending at the Cagliari District Attorney - District Anti-Mafia and Terrorism Directorate. The claim against Saras - pursuant to Art. 25-*octies* of Legislative Decree no. 231/2001 - concerns the administrative offense deriving from the crime of "use of money, goods or benefits of unlawful origin" (pursuant to Art. 648 *ter* of the Italian Criminal Code) alleged against some of its managers. On 28th March 2022, the Company and the managers involved in the investigations related to the purchase of crude oil of Kurdish origin were notified of the notice of preliminary hearing date before the Cagliari GUP [Preliminary Hearing Judge] for 16th June 2022. Since it became aware of the existence of the criminal proceedings, Saras SpA has issued seven press releases, in which it has made its position known to the market, refuting all the accusations (see: press releases dated 8/10/2020, 9/10/2020, 24/1/2021, 26/2/2022, 28/3/2022, 28/11/2022, 27/01/2023 available on the Company's website).

On 13th December, the Preliminary Hearing Judge of the Court of Cagliari filed judgment no. 1162/22, declaring "nonsuit" against all Saras managers as well as against the company itself "because there is no substance to the fact."

The criminal court's judgment was appealed by the prosecutor's office on 13th January 2023, and the hearing before the Court of Appeals was set for 5th March 2024.

The judgment was not appealed with regard to the Company's acquittal of the offense under 231/2001.

On 8th August 2022, following the aforementioned indictment, the Tax Police served Saras SpA with a Report of Findings in which it challenged the non-deductibility of the purchase cost and refining cost of crude oil of Kurdish origin for the years 2015, 2016 and 2017.

Moreover, in this context, on 9th December 2022, the Tax Authorities - Regional Directorate of Sardinia issued two Invitations to be cross-examined (for IRES and IRAP) challenging the non-deductibility of the alleged criminal costs pertaining to 2016.

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

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

The Company decided to conclude a settlement in the terms stated above because of the special nature of the tax proceedings in question, which provides, according to the relevant provision, as expressly interpreted by the Tax Authorities, the right to a refund of the amount paid in the event of an acquittal in a criminal trial.

Moreover, as a result of the settlement, the Company significantly reduces the overall dispute and also avoids the risk of provisional collection while the case is pending. Therefore, any tax assessment settlement will amount for 2016 to approx. EUR 35 million (in terms of tax, penalties and interest), and according to the same agreed criteria, the tax assessment settlement will amount for 2015 to approx. EUR 40 million (in terms of tax, penalties and interest).

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

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

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

7.2 Related-party transactions

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. For information on guarantees given to and received from related parties, see section 7.6 "Commitments" below.

The figures for commercial and financial transactions with related parties are set out below and information is provided on the largest transactions.

The effects of transactions or positions with related parties on statement of financial position items are shown in the following summary table:

Description	Absolute value (Euro/000) and % on balance sheet item 31/12/2022			Absolute value (Euro/000) and % on balance sheet item 31/12/2021		
Related party transactions involving Saras Group's majority shareholders						
Other financial assets	867,916	742,695	85.57%	682,332	639,131	93.67%
Trade receivables	708,465	504,113	71.16%	585,847	409,440	69.89%
Other assets	11,547	1,810	15.68%	26,796	4,239	15.82%
Short-term financial liabilities	251,309	55,310	22.01%	861,056	55,825	6.48%
Trade and other payables	1,647,517	653,489	39.67%	1,404,987	287,600	20.47%
Other liabilities	157,184	124,311	79.09%	133,589	119,326	89.32%
					-	
Revenues from core business	13,904,945	4,182,762	30.08%	7,592,114	823,364	10.84%
Other income	101,750	87,151	85.65%	53,270	37,711	70.79%
Purchases of raw materials and consumables	11,724,870	1,955,838	16.68%	6,657,398	1,170,357	17.58%
Cost of services and sundry costs	1,259,315	665,620	52.86%	609,542	277,257	45.49%
Net income (charges) from equity investments	(13,041)	(13,041)	0.00%	(188,301)	(188,301)	100.00%
Financial income	251,071	20,413	8.13%	80,013	10,377	12.97%
Financial charges	310,540	5,219	1.68%	103,169	11	0.01%

With regard to the above-mentioned transactions, in the interests of the Company, the agreements governing sales of raw materials and products reflect market conditions; where a market price is not directly available, the price is established using market prices for similar materials or products. Where services are provided, the prices are aligned as far as possible with market conditions; expenses passed on in relation to seconded personnel are charged at cost, without the application of any margin and interest on loans is charged at market rates.

Related parties include both the directors and auditors, whose remuneration is stated in 7.5.1 "Remuneration paid to directors and statutory auditors, general managers and key management personnel".

The main cash flows with related parties are shown in the table below:

	2022	2021
Net income (charges) from equity investments	(13,041)	(188,301)
Dividends from equity invest. in subsidiaries	0	0
(Increase) Decrease in trade receivables	(94,673)	(228,140)
Increase (Decrease) in trade and other payables	(365,889)	(170,289)
Change in other current assets	2,429	(4,239)
Change in other current liabilities	(4,985)	(106,928)
Change in other non-current liabilities	0	0
Interest received	20,413	10,377
Interest paid	(5,219)	(11)
Cash flow from (for) activities in the year	**(460,965)**	**(687,532)**
Dividends from equity invest. in subsidiaries	0	0
Cash flows from (for) investing activities	**0**	**0**
Increase (Decrease) in financial liabilities	(515)	(361,442)
Cash flow from (for) financial activities	**(515)**	**(361,442)**
Total cash flows from/to related parties	**(461,480)**	**(1,048,974)**

The effects of cash flows with related parties are shown in the table below:

	Absolute value (Euro/000) and % on balance sheet item 31/12/2022			Absolute value (Euro/000) and % on balance sheet item 31/12/2021		
	Related parties	Total	Incidence	Related parties	Total	Incidence
Cash flow from (for) operating activities	(460,965)	673,614	N/A	(687,532)	239,475	N/A
Cash flow from (for) investing activities	0	(121,544)	0,00%	0	(52,175)	0,00%
Cash flow from (for) financial activities	(515)	(260,544)	0,13%	(361,442)	(400,186)	90,32%

7.3 Information pursuant to IFRS 7 and 13 – Financial instruments: Disclosures

To the extent that it is applicable to Saras SpA, the disclosure on financial instruments to be provided in financial statements and interim reports is mainly set out in IFRS 7 and 13.

IFRS 7 – Financial Instruments: Disclosures, requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

a) the value of financial instruments with respect to the financial position and results of operations;

b) the nature and extent of the risks deriving from financial instruments to which the company is exposed during the year and at the end of the reporting period and the way in which this is managed.

IFRS 13 – Fair Value Measurement, which is applicable from 1st January 2013, requires supplementary disclosures on fair value, some of which is also required for interim reports. In general, the standard clarifies how fair value should be calculated for the purposes of financial statements and it applies to all IFRS standards that require or permit fair value measurement or the presentation of information based on fair value.

Fair value hierarchy
Sub-paragraphs a) and b) of paragraph 93 of the standard in question require the submission of the amount of assets and liabilities measured at fair value broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-tier fair value hierarchy. The criterion used concerns the actual degree to which inputs used for the estimate can be observed. As such, the hierarchy establishes the various levels of reliability of fair value, depending on whether it is based on:

a) unadjusted quotations taken from an active market – as defined by IFRS 9 – for the assets and liabilities being measured (level 1);

b) measurement techniques based on factors other than the quoted prices referred to above, which can either be observed directly (prices) or indirectly (derived from prices) on the market (level 2);

c) measurement techniques that are not based on observable market data as a reference (level 3).

Based on the above, the following table shows assets and liabilities measured at fair value by the Company at 31st December 2022:

Type of Operation	31/12/2022 Assets	Fair value level 1	Fair value level 2	Fair value level 3	31/12/2022 Liabilities	Fair value level 1	Fair value level 2	Fair value level 3
Interest rate swaps	7,274		7,274		586		586	
Fair value derivatives on commodities	63,739	63,739			48,177	48,177		
Fair value forward purchases and sales on exchange rates					770		770	
Total	**71,013**	**63,739**	**7,274**	**0**	**49,533**	**48,177**	**1,356**	**0**

The Company's criterion specifies that the transfer of financial assets and liabilities measured at fair value from one hierarchy to another is recognized on the date that the event that causes the transfer takes place.

Pursuant to *sub*-paragraph c) of paragraph 93, there were no reclassifications among the various levels of the fair value hierarchy during the year.

Measurement techniques
As shown in the table in the section above, financial instruments measured at fair value largely consist of derivatives entered into to hedge the currency and interest rate risks and the fluctuating price of oil and crude products.

Specifically, the fair value measurement of these instruments is carried out:

- for interest and exchange rate derivatives, based on regular official statements received from counterparties (financial intermediaries) with which the instruments were created;
- for commodity-based derivatives, based on the account statements of open positions that are periodically received from the clearing broker through which these instruments are contracted.

For all types of derivatives described above, the fair value measurements received from the counterparties in open positions are verified by comparing them to the fair value measurement carried out within the Company for the same positions. These internal measurements are carried out using reference parameters observable on markets (spot and forward interest rates, exchange rates and crude oil and oil product prices available in active regulated markets).

The valuation does not consider the counterparty risk as the effect is not significant considering the existing security deposits.

Saras SpA has no financial assets or liabilities that are measured at fair value level 3 pursuant to IFRS 13.

With regard to the remaining financial assets and liabilities that are not directly measured at fair value, their book value is close to their fair value.

The criteria contained in the standard supplement those set out for the recognition, measurement and disclosure in the financial statements of the financial assets and liabilities listed in IAS 32 (Financial Instruments: Disclosure and Presentation) and in IAS 39 (Financial Instruments: Recognition and Measurement).

The standard applies to all entities and all types of financial instruments, except for equity investments in subsidiaries, associates and joint ventures accounted for in accordance with IAS 27, 28 or 31, employers' rights and obligations arising from employee benefit schemes (IAS 19), contracts relating to business combinations (IFRS 3), insurance contracts (IFRS 4) and financial instruments, contracts and obligations relating to share-based payments (IFRS 2).

7.3.1 Information on the Statement of Financial Position

With reference to the Statement of Financial Position, paragraphs 8 - 19 of the standard in question state that the book value of all financial instruments belonging to the categories set out in IAS 39 must be provided by the Company, as well as detailed information where the Company has opted to record financial assets or liabilities at fair value through profit and loss, or where it has restated financial assets or derecognized them from the accounts. Following is the financial position and operating results of Saras SpA at 31st December 2022 and 31st December 2021, with a breakdown of the financial instruments:

31/12/2022	Book value of financial derivatives categories, defined according to IFRS 9				
	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2022
ASSETS					
Current assets	**1,435,540**	**742,986**	**0**	**1,165,558**	**3,344,083**
Cash and cash equivalents	599,349				599,349
Other financial assets	124,930	742,986			867,916
Derivative instruments (FV, realized and guarantee deposits)	*124,930*				
Loans to third parties		*0*			
Financial receivables from Group companies		*742,986*			
Trade receivables	708,465				708,465
Receivables from customers	*400,514*				
Trade receivables from Group companies	*307,951*				
Inventories				1,153,882	1,153,882
Current tax assets				2,924	2,924
Other assets	2,795			8,752	11,547
Other receivables	*2,795*			*8,752*	
Non-current assets	**2,744**	**0**	**0**	**500,349**	**503,093**
Property, plant and equipment				7,358	7,358
Intangible assets				3,014	3,014
Right-of-use of leased assets				5,868	5,868
Equity investments at cost				483,371	483,371
Other equity investments				738	738
Deferred tax assets				0	0
Other financial assets	2,744				2,744
Loans to subsidiaries					
Other receivables	*2,744*				
Total assets	**1,438,284**	**742,986**	**0**	**1,665,907**	**3,847,176**
LIABILITIES					
Current liabilities	**49,533**	**1,849,293**	**0**	**468,590**	**2,367,416**
Short-term financial liabilities	49,533	201,776			251,309
Bond loans					
Bank loans		*116,186*			
C/a advances					
Financial payables to Group companies		*55,306*			
Derivative instruments	*49,533*				
Other financial payables		*30,284*			
Trade and other payables		1,647,517			1,647,517
Current tax liabilities				311,406	311,406
Other liabilities				157,184	157,184
Other payables				*157,184*	
Non-current liabilities	**0**	**409,543**	**0**	**6,944**	**431,304**
Long-term financial liabilities		409,543			409,543
Bank loans (secured)		*399,091*			
Bond loans		*0*			
Financial payable IFRS 16		*6,086*			
Other		*4,367*			
Provisions for risks				5,420	5,420
Provisions for employee benefits				1,524	1,524
Deferred tax liabilities				14,817	14,817
Other liabilities				0	0
Total liabilities	**49,533**	**2,258,836**	**0**	**475,534**	**2,798,720**

31/12/2021	Book value of financial derivatives categories, defined according to IFRS 9				
	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Balance at 31/12/2021
ASSETS					
Current assets	**932,732**	**639,418**	**0**	**1,031,926**	**2,604,079**
Cash and cash equivalents	301,172				301,172
Other financial assets	42,912	639,418			682,332
Derivative instruments (FV, realized and guarantee deposits)	*42,912*				
Loans to third parties		*0*			
Financial receivables from Group companies		*639,418*			
Trade receivables	585,848				585,847
Receivables from customers	*303,352*				
Trade receivables from Group companies	*282,495*				
Inventories				990,347	990,348
Current tax assets				17,584	17,584
Other assets	2,800			23,996	26,796
Other receivables	*2,800*			*23,996*	
Non-current assets	**3,044**	**0**	**0**	**530,936**	**533,980**
Property, plant and equipment				8,591	8,591
Intangible assets				2,390	2,390
Right-of-use of leased assets				3,466	3,466
Equity investments at cost				496,412	496,412
Other equity investments				500	500
Deferred tax assets				19,577	19,577
Other financial assets	3,044				3,044
Loans to subsidiaries					
Other receivables	*3,044*				
Total assets	**935,776**	**639,418**	**0**	**1,562,862**	**3,138,059**
LIABILITIES					
Current liabilities	**29,382**	**2,236,661**	**0**	**204,681**	**2,470,723**
Short-term financial liabilities	29,382	831,675			861,056
Bond loans					
Bank loans		*157,194*			
C/a advances					
Financial payables to Group companies		*634,543*			
Derivative instruments	*29,382*				
Other financial payables		*39,937*			
Trade and other payables		1,404,987			1,404,987
Current tax liabilities				71,091	71,091
Other liabilities				133,589	133,589
Other payables				*133,589*	
Non-current liabilities	**0**	**10,808**	**0**	**7,590**	**18,398**
Long-term financial liabilities		10,807			10,807
Bank loans (secured)		*0*			
Bond loans		*0*			
Financial payable IFRS 16		*5,550*			
Other		*5,257*			
Provisions for risks				5,914	5,914
Provisions for employee benefits				1,676	1,676
Other liabilities				0	0
Total liabilities	**29,382**	**2,247,470**	**0**	**212,271**	**2,489,121**

Financial instruments recorded at fair value in the income statement comprise derivatives held by the Company, as described in paragraph 5.4.1 above. The derivatives contracts on commodities, interest rates and exchange rates were entered into to mitigate the risks inherent in the business in which it operates, arising from changes in the price of crude and oil products (futures, options and swaps), to hedge interest rate risk on loans taken out and to hedge exchange rate risk relating to its currency positions.

All trade receivables and most other current and non-current receivables are classed as "Loans" since they consist of non-derivative financial assets with fixed or determinable payments that are not quoted on any active market. The book value is close to fair value.

Other financial liabilities valued at amortized cost include all the Company's financial liabilities and trade payables arising from the Company's contractual obligations to deliver cash or other financial assets to another entity.

No financial assets valued at amortized cost were restated at fair value or vice versa; nor were any financial assets transferred and derecognized, with the exception of trade receivables sold on a "without recourse" basis. An analysis of the contractual terms and conditions confirmed that the receivables in question could be derecognized.

All financial assets are booked on the trade date.

During the year, the company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

7.3.2 Information on the Statement of Comprehensive Income

Paragraph 20 of the standard in question requires companies to state the net gains or losses generated by financial assets and liabilities, broken down according to the various income statement items. This information may be provided in either the financial statements or the notes to the accounts: to avoid overloading the accounting statements with information, the Company has opted for the second alternative, as advised in the Appendix to the accounting standard itself. The following tables therefore show details of income statement items for the current and the previous year:

31/12/2022	Net profits and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2022
Revenues from core business				13,904,945	13,904,945
Other income				101,750	101,750
Total revenues				**14,006,695**	**14,006,695**
Purchases of raw materials and consumables				(11,724,870)	(11,724,870)
Cost of services and sundry costs	142,111			(1,401,426)	(1,259,315)
Personnel expense				(52,829)	(52,829)
Depreciation/amortization and write-downs				(5,242)	(5,242)
Total costs	**142,111**			**(13,184,364)**	**(13,042,256)**
Operating result					**964,439**
Net income (charges) from equity investments				(13,041)	(13,041)
Other net financial income (charges)	(49,058)	(10,411)			(59,469)
from securities held for trading purpose					
- of which:					
Realized differentials					
FV change					
from Interest on current accounts		*1,205*			
from Loans granted to Group companies		*15,701*			
from Derivative instruments	*22,977*				
- of which:					
Realized differentials	*15,673*				
FV change	*7,305*				
from Other financial assets	*(72,036)*				
from Interest on bank loans		*(23,703)*			
from Interest on factoring		*(3,614)*			
from Other receivables/payables					
Result before taxes					**891,929**
Income taxes					(492,768)
Net result					**399,161**

31/12/2021	Net profits and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Amortized cost	FVOCI (debt securities)	Other	Financial statements at 31/12/2021
Revenues from core business				7,592,114	7,592,114
Other income				53,270	53,270
Total revenues				**7,645,384**	**7,645,384**
Purchases of raw materials and consumables				(6,657,398)	(6,657,398)
Cost of services and sundry costs	108,834			(718,376)	(609,542)
Personnel expense				(35,281)	(35,281)
Depreciation/amortization and write-downs				(4,808)	(4,808)
Total costs	**108,834**			**(7,415,862)**	**(7,307,029)**
Operating result					**338,355**
Net income (charges) from equity investments				(188,301)	(188,301)
Other net financial income (charges)	(17,849)	(5,308)			(23,156)
from securities held for trading purpose					
- of which:					
Realized differentials					
FV change					
from Interest on current accounts		*45*			
from Loans granted to Group companies		*10,323*			
from Derivative instruments	*9,656*				
- of which:					
Realized differentials	*8,820*				
FV change	*836*				
from Other financial assets	*(27,505)*				
from Interest on bank loans		*(13,211)*			
from Interest on factoring		*(2,465)*			
from Other receivables/payables					
Result before taxes					**126,898**
Income taxes					(96,840)
Net result					**30,058**

The entire fair value of the derivatives in place at 31st December 2023 refers to the exchange rate and interest rate hedges, as well as speculative transactions.

As shown, the changes mainly refer to net exchange rate differences, as well as gains/losses on derivative financial instruments.

7.3.3 Additional information

7.3.3.1 Accounting for hedging transactions

As described above, the Company enters into derivative contracts on commodities to hedge risks arising from changes in the price of crude oil and oil products and on interest rates to hedge the interest rate risks relating to the loans obtained.

At 31st December 2022, the derivative contracts in effect were essentially represented by:

- futures, options and swaps on oil products, classified as financial instruments held for trading;
- Interest Rate Swaps;
- Forwards on the EUR/USD exchange rate.

Derivative instruments related to hedging transactions on oil products, as already mentioned in point 6 – Notes to the Income Statement, have been recognized, following the change in the accounting policy, in revenues and costs from core business.

All other financial instruments (IRSs and Forwards on exchange rates) not related to the hedging of petroleum products are recorded at fair value: changes in fair value, as well as realized differentials, are recorded in the income statement under financial income or financial charges.

Most outstanding positions on commodities and on foreign exchange at the end of the reporting period are expected to be closed out by the end of the first quarter of 2023, while the interest rate swaps have the same duration as the underlying loans to which they refer.

The fair value of instruments is determined on the basis of the statements that are periodically sent by the counterparties with which these instruments are stipulated.

7.3.3.2 Fair value

Financial assets and liabilities, with the exception of derivatives, are recognized at amortized cost. As these assets and liabilities mainly relate to positions underlying trade agreements due to be settled in the short term, or, subject to interest rates in line with current market rates, the amortized cost does not differ significantly from the fair value at 31st December 2022.

In accordance with the amendment to IFRS 7 transposed in Europe by means of Regulation (EC) no. 1165 of 27th November 2009, all financial instruments measured at fair value are calculated based on valuation methods that use observable market parameters other than the prices of these instruments as their reference, except for forex and commodities futures classified under "Other current assets" or "Short-term financial liabilities", which are valued based on prices in an active market; moreover, during the year there were no changes in measurement methods compared with the previous year.

7.3.4 Risks arising from financial instruments

Risks deriving from financial instruments to which the Company is exposed are:

a. Credit risk: i.e., the risk that the Company will incur a loss in the event that a counterparty to a financial instrument defaults;

b. Liquidity risk: i.e., the risk that the Company will be unable to service payment obligations arising from the agreed maturities of its financial liabilities;

c. Market risk: i.e., the risk relating to the performance of markets in which the Company operates, which incorporates foreign exchange risk, interest rate risk and the price risk of crude and oil products.

For information on risk management policies concerning the above, please refer to the relevant section of the Report on Operations

7.3.4.1 Credit risk

The company's exposure to credit risk relates mainly to trade receivables, other current and non-current receivables, assets held for trading and cash and cash equivalents.

The comparative quantitative information required by sections 36-38 is shown in the tables below:

	Book value at 31/12/2022		Credit risk		Analysis of maturities by financial assets, pursuant to paragraph 37 b) IFRS 7						Impairment	
	Total	of which financial instruments	Maximum exposure to credit risk without consideration of guarantees or other similar instruments	Guarantees	Current	Expired				Total	Determined in the financial year	Progressive
						0-30 days	31-60 days	61-90 days	beyond 90 days			
Current assets	**3,344,083**	**2,185,719**	**2,185,719**		**1,836,130**	**225,745**	**46,058**	**67,695**	**10,092**	**2,185,719**	**0**	**(9,989)**
Cash and cash equivalents	599,349	599,349	599,349		599,349					599,349		
Other financial assets held for trading	867,916	867,916	867,916		867,916					867,916		
Trade receivables	718,454	718,454	718,454	77,265	368,864	225,745	46,058	67,695	10,092	718,454		
Bad debt provision	(9,989)											(9,989)
Inventories	1,153,882											
Current tax assets	2,924											
Other assets	11,547											
Non-current assets	**503,093**	**3,481**	**3,481**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	7,358											
Intangible assets	3,014											
Right-of-use of leased assets	5,868											
Equity investments valued using the equity method	483,371											
Other equity investments	738	738	738									
Deferred tax assets	0											
Other financial assets	2,744	2,744	2,744									
Total assets	**3,847,176**	**2,189,201**	**2,189,201**		**1,836,130**	**225,745**	**46,058**	**67,695**	**10,092**	**2,185,719**		

	Book value at 31/12/2021		Credit risk		Analysis of maturities by financial assets, pursuant to paragraph 37 b) IFRS 7						Impairment	
	Total	of which financial instruments	Maximum exposure to credit risk without consideration of guarantees or other similar instruments	Guarantees	Current	Expired				Total	Determined in the financial year	Progressive
						0-30 days	31-60 days	61-90 days	beyond 90 days			
Current assets	**2,604,079**	**1,580,021**	**1,580,021**		**1,533,542**	**29,173**	**(5,204)**	**634**	**21,876**	**1,580,021**	**0**	**(10,670)**
Cash and cash equivalents	301,172	301,172	301,172		301,172					301,172		
Other financial assets held for trading	682,332	682,332	682,332		682,332					682,332		
Trade receivables	596,516	596,516	596,516	51,785	550,037	29,173	(5,204)	634	21,876	596,516		
Bad debt provision	(10,670)											(10,670)
Inventories	990,348											
Current tax assets	17,584											
Other assets	26,796											
Non-current assets	**533,980**	**3,544**	**3,544**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	8,591											
Intangible assets	2,390											
Right-of-use of leased assets	3,466											
Equity investments valued using the equity method	496,412											
Other equity investments	500	500	500									
Deferred tax assets	19,577											
Other financial assets	3,044	3,044	3,044									
Total assets	**3,138,059**	**1,583,565**	**1,583,565**		**1,533,542**	**29,173**	**(5,204)**	**634**	**21,876**	**1,580,021**		

Guarantees on receivables are represented by letters of credit obtained by the Company in relation to deliveries to certain customers, guaranties obtained from customers and credit insurance.

7.3.4.2 Liquidity risk

The company's exposure to liquidity risk relates mainly to trade payables and bank loans. The significant self-financing capacity, together with the low level of debt, suggest that the liquidity risk is moderate.

It should be noted that during the year, the company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

The comparative quantitative disclosures required by paragraph 39 IFRS 9 of the relevant accounting standard are set out in the tables below:

	Book value at 31/12/2022		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to para. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of the financial liability	Guarantee	2022	2023	2024	2025	2026	beyond 5 years
LIABILITIES										
Current liabilities	**2,367,416**	**2,367,417**	**2,307,320**	**0**	**2,307,320**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	251,309	251,309	251,309		251,309					
Bank loans (secured)		*116,186*	*116,186*		*116,186*					
C/a advances		*7,969*	*7,969*		*7,969*					
Financial payables to Group companies		*55,306*	*55,306*		*55,306*					
Interest (final average rate = 1.00%)										
Derivative instruments		*49,533*	*49,533*		*49,533*					
Other financial payables		*22,314*	*22,314*		*22,314*					
Trade and other payables	1,647,517	1,647,517	1,647,517		1,647,517					
Current tax liabilities	311,406	311,406								
Other liabilities	157,184	157,184	157,184		157,184					
Non-current liabilities	**431,304**	**409,543**	**10,452**	**0**	**7,822**	**7,822**	**93,895**	**6,118**	**6,118**	**318,284**
Long-term financial liabilities	409,543	409,543	10,452							
Bank loans (secured)		*399,091*					*86,925*			*312,166*
Bond loans		*0*								
Financial payable IFRS 16		*6,085,501*	*6,085,501*		*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	
Other		*(6,075,049)*	*(6,075,049)*							
Interest on medium-long term loans (final average rate = 1.96%)					*7,822*	*7,822*	*6,970*	*6,118*	*6,118*	*6,118*
Interest on bond loan										
Provisions for risks	5,420									
Provisions for employee benefits	1,524									
Deferred tax liabilities	14,817									
Other liabilities	0									
Total liabilities	**2,798,720**	**2,776,960**	**2,317,772**	**0**	**2,315,142**	**7,822**	**93,895**	**6,118**	**6,118**	**318,284**

	Book value at 31/12/2021		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to para. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of the financial liability	Guarantee	2021	2022	2023	2024	2025	beyond 5 years
LIABILITIES										
Current liabilities	**2,470,723**	**2,470,724**	**3,260,689**	**0**	**3,260,689**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	861,056	861,056	861,056		861,056					
Bank loans (secured)		*578,719*	*578,719*		*578,719*					
C/a advances		*157,194*	*157,194*		*157,194*					
Financial payables to Group companies		*55,824*	*55,824*		*55,824*					
Interest (final average rate = 1.18%)										
Derivative instruments		*29,382*	*29,382*		*29,382*					
Other financial payables		*39,937*	*39,937*		*39,937*					
Trade and other payables	1,404,987	1,404,987	1,404,987		1,404,987					
Current tax liabilities	71,091	71,091								
Other liabilities	133,589	133,589	133,589		133,589					
Non-current liabilities	**18,398**	**10,807**	**10,807**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Long-term financial liabilities	10,807	10,807	10,807							
Bank loans (secured)		*0*								
Bond loans		*0*				*0*				
Financial payable IFRS 16		*5,550*	*5,550*		*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	
Other		*5,257*	*5,257*							
Interest on medium-long term loans (rate = 1.18%)					*0*	*0*	*0*	*0*	*0*	
Interest on bond loan					*0*	*0*	*0*	*0*	*0*	
Provisions for risks	5,914									
Provisions for employee benefits	1,676									
Other liabilities	0									
Total liabilities	**2,489,121**	**2,481,531**	**3,271,496**	**0**	**3,260,689**	**0**	**0**	**0**	**0**	**0**

The fair value of derivatives recognized in the financial statements mainly relates to current positions.

The hedging derivative instruments included in current financial liabilities include interest rate swaps on the Company's loan: the nominal future interest flows thereon are already included in "Interest on medium/long term loans" in the "Non-current liabilities" section of the table.

7.3.4.3 Market risk

As stated previously, the market risks to which the Company is exposed via its financial instruments relate to:

- the EUR/USD exchange rate, which affects the value of cash and cash equivalents and the receivables and payables recorded at the end of the reporting period and which determines the exchange rate gains and losses recorded under "Financial income" or "Financial charges" as well as the fair value of derivatives held at the end of the reporting period;
- the Euribor interest rate, to which the interest rates paid by the Company on its loans are indexed, as well as the fair value of derivative instruments held at the end of the reporting period;
- prices of crude oil and oil products, which affect the fair value of the derivatives in place at the end of the reporting period.

As required by section 40 of IFRS 7, a sensitivity analysis for every type of risk to which the Company is exposed at the end of the reporting period has been prepared, which shows the effects of these risks on the income statement and shareholders' equity. The ranges used in the sensitivity analysis (exchange rate, interest rate and crude price) are in line with management's forecasts. The results of the analysis are shown in the tables below.

EUR/USD exchange rate
With reference to the EUR/USD exchange rate, at the end of the reporting period, the Company had financial instruments denominated in the latter currency recorded mainly under trade receivables and payables.

The simulation of the impact on net profit and shareholders' equity, was carried out assuming a change of +/-10% in the EUR/USD exchange rate at the end of the year, which was used to translate currency positions in the preparation of the statement of financial position.

2022					
EUR/USD exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	EUR/USD exchange rate	Amount in thousands of EUR	-10%	+10%
Currency net position	1,616,310	1.067	1,668,190		
Effect on result before tax				185,354	(151,654)
Effect on net result (and shareholders' equity)				127,153	(104,034)

2021					
EUR/USD exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	EUR/USD exchange rate	Amount in thousands of EUR	-10%	+10%
Currency net position	1,184,700	1.133	1,194,948		
Effect on result before tax				132,772	(108,632)
Effect on net result (and shareholders' equity)				91,082	(74,521)

To hedge the effects of sensitivity to the EUR/USD exchange rate, the Company also enters into forward exchange rate contracts, which are recorded in the financial statements at their fair value at the end of the reporting period. As the fair value is inevitably affected by the underlying exchange rate, a simulation was carried out of the impact on net profit and consequentially shareholders' equity, assuming a change of +/-10% in the benchmark parameters. Based on this year's exchange rate trends, such a variation leads to results referring to a 99,55% confidence range.

The details and results of the simulation are shown in the tables below:

2022		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2022**	**-10%**	**+10%**
Exchange rates	770	65,554	(53,635)
	770	**65,554**	**(53,635)**
Effect on result before tax		**65,554**	**(53,635)**
Effect on net result (and shareholders' equity)		**47,527**	**(38,885)**

2021		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2021**	**-10%**	**+10%**
Exchange rates	509	55,486	(46,388)
	509	**55,486**	**(46,388)**
Effect on result before tax		**55,486**	**(46,388)**
Effect on net result (and shareholders' equity)		**40,227**	**(33,631)**

Interest rate

The Company has medium/long-term as well as short-term exposure to variable interest rates indexed to Euribor.

A simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/-25 bps in rates and only taking into account the portion of variable-rate funding.

The following table shows the simulation at 31st December 2022:

2022				
VARIABLE INTEREST RATES			**Reference parameter change**	
	Average annual interest rate 2022	**Annual interest expenses**	**-50 bps**	**+50 bps**
Short and medium-long term financial liabilities	1.18%	(10,412)		
Effect on result before tax			**2,249**	**(2,249)**
Effect on net profit (and shareholders' equity)			**1,631**	**(1,631)**

2021				
VARIABLE INTEREST RATES			**Reference parameter change**	
	Average annual interest rate 2021	**Annual interest expenses**	**-50 bps**	**+50 bps**
Short and medium-long term financial liabilities	1.18%	(5,308)		
Effect on result before tax			**2,249**	**(2,249)**
Effect on net profit (and shareholders' equity)			**1,631**	**(1,631)**

In addition, the fair value of the Interest Rate Swaps (IRS) and interest rate options outstanding at the end of the reporting period relating to the Company is affected by the fluctuations in the Euribor rate: a simulation of the impact of this variable on the profit for the year and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates, which was considered appropriate given potential rate fluctuations (the simulation for the previous year was adjusted).

The details and results of the simulation are shown in the tables below:

2022		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2022**	**-25 bps**	**+25 bps**
Fair value of Interest rate swaps	6,688	(6,688)	6,688
	6,688	**(6,688)**	**6,688**
Effect on result before tax		**(6,688)**	**6,688**
Effect on net result (and shareholders' equity)		**(4,849)**	**4,849**

2021		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2021**	**-25 bps**	**+25 bps**
Fair value of Interest rate swaps	878	878	(878)
	878	**878**	**(878)**
Effect on result before tax		**878**	**(878)**
Effect on net result (and shareholders' equity)		**637**	**(637)**

Prices of crude and oil products

Oil prices affect the fair value of derivatives outstanding at the end of the reporting period and the relevant differences recognized in the income statement: derivatives at 31st December 2022 consisted of futures, swaps and options on oil products and the fair value recorded in the statement of financial position was derived from the market prices of the relevant underlying assets at that date.

A simulation of the impact of this variable on net profit and consequentially, on shareholders' equity, was therefore carried out assuming a change of +/- 20%.

The details and results of the simulation (comparative) are shown in the tables below:

2022		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2022**	**-20%**	**+20%**
Crude and oil products	15,562	(11,858)	(10,005)
	15,562	**(11,858)**	**(10,005)**
Effect on result before tax		**(11,858)**	**(10,005)**
Effect on net result (and shareholders' equity)		**(8,597)**	**(7,254)**

2021		Reference parameter change	
Derivatives on:	**Fair Value at 31/12/2021**	**-20%**	**+20%**
Crude and oil products	(7,616)	(11,858)	(10,005)
	(7,616)	**(11,858)**	**(10,005)**
Effect on result before tax		**(11,858)**	**(10,005)**
Effect on net result (and shareholders' equity)		**(8,597)**	**(7,254)**

The above analysis of the Company's exposure to risks relating to financial instruments shows that there are no significant concentrations of risk in terms of counterparty, geographical area or market; the concentration risk relating to exposure to US dollars is mitigated by the hedging policies implemented.

7.4 Average number of employees

The average number of employees broken down by category is as follows:

Average number of employees	2022	2021
Top management	34	31
White collars	217	233
Total	**251**	**264**

Employees went from 250 at the end of 2021 to 251 at 31st December 2022.

7.5 Tables relating to information on the remuneration and equity investments of directors and statutory auditors, general managers and key management personnel

The following tables provide information on remuneration and equity investments of directors and statutory auditors, the general manager and key management personnel (the latter identified in the Chief Financial Officer).

7.5.1 Remuneration paid to directors and statutory auditors, general managers and key management personnel

(A)	(B)	(C)		(D)	(1)	(2)	(3)	(4)
Name and surname	Office held	Period for which office was held		Expiry of the office	Emoluments for the office held in the company	Non-monetary benefits	Bonuses and other incentives	Other remuneration
Board of Directors							(*)	(*)
Massimo Moratti	Chairman	01/01/22	31/12/22	approv. 2022 financial statements	1,545,000			
Dario Scaffardi	CEO and General Manager	01/01/22	30/10/22	approv. 2022 financial statements	37,500		3,356,180	973,612
Pier Matteo Codazzi	CEO and General Manager	31/10/22	31/12/22	approv. 2022 financial statements	16,875		500,000	160,435
Angelo Moratti	Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			
Angelo Mario Moratti	Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			204,164
Gabriele Moratti	Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			90,310
Giovanni Emanuele Moratti	Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			80,178
Adriana Cerretelli	Independent Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			
Laura Fidanza	Independent Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			
Isabelle Harvie-Watt	Independent Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			
Francesca Luchi	Independent Director	01/01/22	31/12/22	approv. 2022 financial statements	45,000			
Giovanni Mancini	Independent Director	27/04/22	31/12/22	approv. 2022 financial statements	45,000			
Patrizia Radice	Director	27/04/22	31/12/22	approv. 2022 financial statements	45,000			
Gilberto Callera	Independent Director	01/01/22	27/04/22					
Monica De Virgiliis	Independent Director	01/01/22	27/04/22					
Board of Statutory								(**)
Giancarla Branda	Chair of the Board of Statutory	01/01/22	31/12/22	approv. 2022 financial statements	70,000			-
Paola Simonelli	Statutory Auditor	01/01/22	31/12/22	approv. 2022 financial statements	50,000			20,000
Fabrizio Colombo	Statutory Auditor	01/01/22	31/12/22	approv. 2022 financial statements	50,000			55,000
Pinuccia Mazza	Alternate Auditor	01/01/22	31/12/22	approv. 2022 financial statements				
Andrea Perrone	Alternate Auditor	01/01/22	31/12/22	approv. 2022 financial statements				
Supervisory Body								(***)
Paola Simonelli	Member	01/01/22	31/12/22	approv. 2022 financial statements	25,000			15,000
Fabrizio Colombo	Member	01/01/22	31/12/22	approv. 2022 financial statements				13,000
Monica Pilloni	Member	01/01/22	31/12/22	approv. 2022 financial statements				6,500
Marco Tonellotto	Member	01/01/22	31/12/22	approv. 2022 financial statements				35,000
Dirigenti Della Società	Chairmans and Members	01/01/22	31/12/22	approv. 2022 financial statements				
Control, Risk and Sustainability								
Gilberto Callera	Chairman	01/01/22	27/04/22					
Adriana Cerretelli	Chairman	01/01/22	31/12/22	approv. 2022 financial statements	40,000			
Harvie-Watt Isabelle	Member	01/01/22	31/12/22	approv. 2022 financial statements	35,000			
Laura Fidanza	Member	01/01/22	31/12/22	approv. 2022 financial statements	35,000			
Monica de Virgiliis	Member	01/01/22	27/04/22					
Remuneration Committee								
Francesca Luchi	Chairman	01/01/22	31/12/22	approv. 2022 financial statements	38,333			
Laura Fidanza	Member	01/01/22	31/12/22	approv. 2022 financial statements	35,000			
Adriana Cerretelli	Member	02/05/22	31/12/22	approv. 2022 financial statements	35,000			
Gilberto Callera	Chairman	01/01/22	27/04/22					
Strategic guidance Comitee								
Giovanni Mancini	Chairman	02/05/22	31/12/22	approv. 2022 financial statements	80,000			
Angelo Moratti	Chairman	01/01/22	27/04/22					
Massimo Moratti	Member	01/01/22	31/12/22	approv. 2022 financial statements				-
Dario Scaffardi	Member	01/01/22	30/10/22	approv. 2022 financial statements				
Matteo Codazzi	Member	31/10/22	31/12/22	approv. 2022 financial statements				
Angelomario Moratti	Member	01/01/22	31/12/22	approv. 2022 financial statements				
Gabriele Moratti	Member	01/01/22	31/12/22	approv. 2022 financial statements				
Giovanni Emanuele Moratti	Member	01/01/22	31/12/22	approv. 2022 financial statements				
Key management personnel							354,000	518,090

(*) employment responsibilities - (**) auditing remunerations from other Group's companies - (***) including the remuneration from other group companies

7.5.2 Equity investments held by directors and statutory auditors, general managers and key management personnel

Name and surname	Position	Company	Number of shares owned at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current financial year
Massimo Moratti	Chairman	Saras SpA	-	-	-	-
Dario Scaffardi	CEO and General Manager until 30/10/2022	Saras SpA	1,563,302	-	-	1,563,302
Pier Matteo Codazzi	CEO and General Manager from 31/10/2022	Saras SpA	-	-	-	-
Angelo Moratti	Director	Saras SpA	-	-	-	-
Angelomario Moratti	Director	Saras SpA	-	-	-	-
Gabriele Moratti	Director	Saras SpA	-	-	-	-
Giovanni Emanuele Moratti	Director	Saras SpA	-	-	-	-
Adriana Cerretelli	Ind. Director	Saras SpA	-	-	-	-
Laura Fidanza	Ind. Director	Saras SpA	-	-	-	-
Isabelle Harvie-Watt	Ind. Director	Saras SpA	-	-	-	-
Francesca Luchi	Ind. Director	Saras SpA	-	-	-	-
Giovanni Mancini	Ind. Director since 27/04/2022	Saras SpA	-	-	-	-
Patrizia Radice	Ind. Director since 27/04/2022	Saras SpA	34,298			34,298
Gilberto Callera	Ind. Director until 27/04/2022	Saras SpA	-	-	-	-
Monica de Virgiliis	Ind. Director until 27/04/2022	Saras SpA	-	-	-	-
Giancarla Branda	Chair of the Board of Statutory Auditors	Saras SpA	-	-	-	-
Paola Simonelli	Statutory Auditor	Saras SpA	-	-	-	-
Fabrizio Colombo	Statutory Auditor	Saras SpA	3,000	-	-	3,000
Pinuccia Mazza	Alternate auditor	Saras SpA	-	-	-	-
Andrea Perrone	Alternate auditor	Saras SpA	-	-	-	-
Dirigenti con Responsabilità Strategiche		Saras SpA	684,814	-	400,000	284,814

7.6 Commitments

At 31st December 2021 and 2022 there were no irrevocable commitments in existence for the purchase of materials or the provision of services over a period of several years.

As part of its normal activities, the Company Saras issued sureties totaling EUR 104,700 thousand at 31st December 2022, mainly in favor of subsidiaries and bodies, such as Customs Agencies and the Ministry of Defense.

7.7 Other

For information on atypical and/or unusual transactions, please refer to the relevant section of the Report on Operations.

7.8 Subsequent events

On 27th January 2023, the Public Prosecutor's Office at the Court of Cagliari, in relation to the well-known investigations relating to the purchase of crude oil of Kurdish origin, notified the Managers of the Company involved of the deed of Appeal against the ruling of the Preliminary Hearing Judge which has declared the non-place to proceed because there is no substance to the fact.

On 1st February 2023, the Company was informed that Angel Capital Management SpA (ACM), a significant shareholder of Saras, signed a "funded collar derivative contract" with BofA Securities Europe SA for up to 47,576,140 ordinary shares of Saras. Saras is not a party to the transaction and has not issued or sold any shares of Saras in connection with it.

On 9th February, the Company announced that - effective from the approval of the 2022 financial statements - Fabio Peretti will replace Franco Balsamo in the role of Chief Financial Officer.

On 15th March 2023, Matteo Codazzi resigned, for strictly personal reasons and with immediate effect, from the position of Chief Executive Officer, Director and General Manager of the Parent Company Saras SpA. The Board of Directors acknowledged the resignation of Mr. Codazzi and appointed the Chairman of the Board of Directors Massimo Moratti as Chief Executive Officer, granting him the relevant additional powers. It also appointed Franco Balsamo, current CFO, as General Manager, giving him the same powers as the previous General Manager.

On March 23, 2023, the Company and the Italian Revenue Agency concluded a tax assessment with reference to the Findings Report of 8th August, 2022, regarding the non-deductibility of the purchase cost and the refining cost of the crude oil of Kurdish origin for the years 2015, 2016 and 2017. The Company has decided to conclude a membership in the terms indicated above due to the specific nature of the tax proceeding in question, which provides, based on the relevant provision, as expressly interpreted by the Agency of Revenue itself, the right to a refund of the amount paid in the case of an acquittal sentence in criminal court. Furthermore, as a result of the adhesion, the Company has significantly reduced the overall dispute, also avoiding the risk of a provisional collection pending judgment. As a result, any tax assessment for 2016 amounts to approximately 35 million euros (in terms of tax, penalties and interests). Moreover, by opting for a 4-year instalment plan for the amounts resulting from the subscription and being this plan a provisional measure, the Company can better schedule the limited cash outflow (with a maximum quarterly instalment of around 4.7 million, prudentially including the amounts due for 2016, plus legal interest) while waiting the conclusion of the proceeding and obtaining reimbursement of the amount already paid.

8. Miscellaneous

Pursuant to Art. 2428 of the Italian Civil Code, the company's other offices are:

General and Administrative Headquarters - Milan

Pursuant to Art. 149-*duodecies* of the Consob Issuers' Regulation, the table below provides details of the fees relating to 2022 paid to the independent auditors for the provision of audit and other non-audit services and the services provided by the network companies.

Types of services	**Service provider**	**Recipient**	**Consideration for the year 2022**
Audit	EY SpA	Saras SpA	554
Certification services	EY SpA	Saras SpA	44
Total			**598**

9. Publication of the Financial Statements

In its meeting of 15th March 2023, Saras' Board of Directors has authorized the publication of the Financial Statements. At the same meeting, the Board vested the Chairman and the CEO with separate powers to include in the Report on Operations and/or the Notes to the Financial Statements any further detailed information deemed necessary or appropriate to provide a clearer picture of operations to shareholders.

For the Board of Directors
The Chairman
Massimo Moratti

REPORTS ON THE 2022 FINANCIAL STATEMENTS

STATEMENT OF SARAS GROUP'S MANAGER IN CHARGE OF FINANCIAL REPORTING

Saras SpA

SARAS

Declaration in respect of the consolidated accounts pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 and subsequent amendments and additions thereto

1. The undersigned, Massimo Moratti, Chairman of the Board of Directors, Pier Matteo Codazzi CEO, and Franco Balsamo, the Director responsible for drawing up the accounting statements of Saras S.p.A., hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- the appropriateness in respect of the type of company and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated accounts for the period 1 January 2022 to 31 December 2022.

In this respect, it should be noted:

a. The adequacy of the administrative and accounting procedures for the preparation of the Consolidated Annual Report as of 31 December 2022 was verified through the evaluation of the internal control system on financial report;

b. No relevant aspects were detected during the evaluation of the internal control system on the financial report.

2. In addition, the undersigned declare that:

2.1 the consolidated accounts to 31 December 2022:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002

b) accurately represent the figures in the company's accounting records

c) were drafted in compliance with Consob Resolution 15519 of 27 July 2006, the regulations adopted by Consob with Resolution 11971 of 14 May 1999, as subsequently amended, and with Consob Communication DEM/6064293 of 28 July

Pier Matteo Codazzi Chief Executive Officer until the date of approval of the 2022 Annual Report

SARAS

2006, and give a true and fair view of the assets, and financial position, operating performance, and cash flows of Saras S.p.A. and all consolidated companies.

d) Were prepared in ESEF format – European Single Electronic Format – in compliance with EU delegate regulation n. 2019/815 of 17 December 2018.

2.2 the report on operations includes a reliable analysis of the performance, operating profit and current position of Saras S.p.A. and of all companies included in consolidation together with a description of the main risks and uncertainties to which they are exposed.
This declaration is made pursuant to article 154-*bis*, paragraphs 2 and 5, of Legislative Decree 58 of 24 February 1998.

Milan, 15 March 2023

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Massimo Moratti)	(Franco Balsamo)

(Pier Matteo Codazzi)

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Building a better working world

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Saras S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Saras Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Saras S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matter:

Key Audit Matter	Audit Response
Assets and liabilities valuation	
The economic and financial performance of the Group is significantly influenced by the volatility of market factors, including the cost and the availability of crude oil and the global demand for finished products with respect to the processing capacity, which determine the margins achievable from refining, the main activity of the Group. The trend in the foreseeable future represents one of the critical assumptions for the evaluation of the recoverable amounts of fixed assets and of inventories and for the estimation of fair values of derivative instruments. Management assesses, at least annually, the existence of impairment indicators for fixed assets, and, in case, performs an impairment test; in addition, at the end of the year they verify the recoverable amount of inventory, estimate the fair value of derivative instruments and monitor, throughout the year, the cash needs with respect to the expected cash flow deriving from the ordinary activities, to the planned capital expenditures and to the availability of financial lines. These estimates involve evaluation processes, also complex, which depend on exogenous variables of the sector, highly volatile and based on assumptions that, by their nature, involve the use of high degree of judgment by Management. Considering the complexity of the assumptions used by Management in its valuation, and in particular the possible impacts on future cash flows from changes in market conditions, we considered that this area represents a key audit matter. The disclosure related to this issue is included in notes 3.6 "Most significant estimates policies requiring a greater degree of discretion" of the explanatory note to consolidated financial statements, with reference of impairment test in notes 5.2 "Non-current assets" with reference to the impairment test.	The audit procedures performed in response to this key audit matter, included, among others, • the identification of cash generating units and the comprehension of the procedure and controls of the Group in relation to the identification of any impairment indicators; • the discussion of the economic and sector scenarios considered by Management in preparing such plans, with particular reference to the expected cash generation after the Group investments; • the analysis of the reasonableness of the plan assumptions, the analysis of consistency with the external sources used and the continuance of their use; • the analysis of the model for assessing the recoverability of fixed assets prepared by the independent expert appointed by the Directors, as well as the processes for assessing the recoverable value of inventories and the current value of derivative instruments in place at year end In performing our procedures, we have also leveraged on the support of our experts in evaluation techniques. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements in relation to this key audit matter.

Building a better working world

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Saras S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Saras S.p.A., in the general meeting held on April 28, 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Saras S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Saras S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Saras as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Saras Group as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Saras Group as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Saras S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, April 5, 2023

EY S.p.A.
Signed by: Marco Malaguti, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

STATEMENT OF SARAS'S MANAGER IN CHARGE OF FINANCIAL REPORTING

Saras SpA

Declaration in respect the annual accounts pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 and subsequent amendments and additions thereto

1. The undersigned, Massimo Moratti, Chairman of the Board of Directors, Pier Matteo Codazzi, CEO, and Franco Balsamo, the Director responsible for drawing up the accounting statements of Saras S.p.A., hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- the appropriateness in respect of the type of company (also considering any changes that occurred during the year) and
- the effective application of the administrative and accounting procedures for the preparation of the annual accounts for the period 1 January 2022 to 31 December 2022.

In this respect, it should be noted:

a. The adequacy of the administrative and accounting procedures for the preparation of the Annual Report as of 31 December 2022 was verified through the evaluation of the internal control system on financial report.

b. No relevant aspects were detected during the evaluation of the internal control system on the financial report.

2. In addition, the undersigned declare that:

2.1 the annual accounts to 31 December 2022:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002

b) accurately represent the figures in the company's accounting records

c) were drafted in compliance with Consob Resolution 15519 of 27 July 2006, the regulations adopted by Consob with Resolution 11971 of 14 May 1999, as subsequently amended, and with Consob Communication DEM/6064293 of 28 July

Pier Matteo Codazzi Chief Executive Officer until the date of approval of the 2022 Annual Report

Saras SpA

SARAS

2006, and give a true and fair view of financial position, operating performance and cash flows of Saras S.p.A. and all consolidated companies

2.2 the Directors' Report includes a reliable analysis of the performance, operating profit and current position of Saras S.p.A. and all companies included in consolidation together with a description of the main risks and uncertainties to which they are exposed.

This declaration is made pursuant to article 154-*bis*, paragraphs 2 and 5, of Legislative Decree 58 of 24 February 1998.

Milan, 15 March 2023

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Massimo Moratti)	(Franco Balsamo)
(Pier Matteo Codazzi)	

BOARD OF STATUTORY AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA

SARAS S.p.A.

Registered office at S.S. Sulcitana 195 km. 19° - Sarroch (CA)

Share Capital: Euro 54,629,666.67 fully paid-up

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

pursuant to Art. 2429 of the Italian Civil Code and Art. 153 of Legislative Decree no. 58/1998

To the Shareholders:

The Board of Statutory Auditors of Saras S.p.A. (hereinafter, "Saras" or the "Company"), also in its capacity as "Internal Control and Audit Committee", reports on the supervisory activities carried out during the year ended 31 December 2022, pursuant to Articles 2429 et seq. of the Italian Civil Code and in accordance with the provisions of Legislative Decree no. 58/1998 (TUF); on the guidelines outlined in the Rules of Conduct of the Board of Statutory Auditors of Listed Companies issued by the National Board of Chartered Accountants and Accounting Experts; taking into consideration the guidelines provided by Consob with communication of 6 April 2001 - DEM/1025564, amended and supplemented with communication of 4 April 2003 - DEM/3021582 and subsequently with communication of 7 April 2006 - DEM/6031329; considering the indications outlined in Consob's Notification no. 3/22 of 19 May 2022; also taking into account the guidelines of the new Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A., to which the Company adhered on 30 March 2021.

In this Report, the Board also reports on the supervisory activities carried out with regard to the Company's compliance with the provisions of Legislative Decree no. 254/2016, concerning the disclosure of non-financial information and information on diversity.

The Board acquired the information instrumental to the performance of its supervisory function not only through the ordinary control activities carried out during the twenty-four meetings held during the year but also by attending the meetings of the Board of Directors and of the Board Committees, through various hearings of Company management, as well as through the information acquired from the relevant corporate functions.

With regard to the performance of its supervisory tasks, the Board assures that - despite the ongoing effects of COVID-19 health emergency which prevented, particularly in the first few months of the year ended 31 December 2022, the holding of all meetings in person (remote meetings accounted for about half of the total) - it carried out its activities effectively and adequately, also thanks to constant contact with the Company's managers and corporate functions and to a steady exchange of information with the Independent Auditors, the Head of Internal Audit and the other control bodies of the Company and its subsidiaries.

Appointment and Independence of the Board of Statutory Auditors

This Board was appointed by the Shareholder's Meeting of 12 May 2021, for the three-year period 2021/2023, and consists of Giancarla Branda (Chairperson), Paola Simonelli (Standing Auditor) and Fabrizio Colombo (Standing Auditor).

The composition of the Board complies with the gender distribution criterion set forth in Art. 148 of Legislative Decree no. 58 of 1998.

Prior to drawing up this report, the Board of Statutory Auditors verified the existence of the independence requirement for the individual members, as part of the broader self-assessment process carried out in accordance with the indications of Standard Q.1.1. “Self-assessment of the Board of Statutory Auditors”, contained in the document “Rules of Conduct of the Board of Statutory Auditors of Listed Companies” published by the National Board of Chartered Accountants and Accounting Experts in May 2019; with the guidelines pursuant to subsequent standards Q.1.2., Q.1.3. and Q.1.4. of said “Rules of Conduct of the Board of Statutory Auditors of Listed Companies” as well as with the rules contained in Legislative Decree no. 58 of 24 February 1998 (TUF) and those envisaged in the Corporate Governance Code.

The Board of Statutory Auditors has also carried out, with regard to financial year 2022, the self-assessment process on the composition and functioning of the collective body, in order to ascertain the suitability of its members and its adequate composition with regard to the requirements of professionalism, competence and availability of time and resources in relation to the complexity of the assignment. The results of the above-mentioned self-assessment process, conducted during the meeting of the Board of Statutory Auditors held on 22 February 2023, were communicated to the Board of Directors, pursuant to Art. 144-*novies*, paragraph 1-*ter* of the

Issuers' Regulation, adopted by Consob with resolution no. 11971 of 1999, the provisions contained in the Corporate Governance Code and the aforementioned Rules contained in the document drawn up by the National Board of Chartered Accountants and Accounting Experts (CNDCEC) at its meeting of 15 March 2023, and are highlighted in the Corporate Governance Report, to which reference is made.

The members of the Board of Statutory Auditors have also confirmed respect of the limit on the number of appointments that may be held by members pursuant to Art. 144-*terdecies* of the Issuers' Regulation and compliance with the training obligations of their respective professional orders.

Supervisory and control activities of Board of Statutory Auditors

In the performance of the functions assigned to it by the law, in its capacity as supervisory body as well as Internal Control and Audit Committee for entities of public interest, pursuant to Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors carried out the activities detailed below.

With specific reference to the **activity of supervision of compliance with the law and with the Articles of Association,** the Board:

- attended the meetings of the Shareholders' Meeting and the Board of Directors, supervising compliance with the law, with the principal and secondary regulations and with the Articles of Association, as well as respect of the principles of proper administration;
- obtained from the Directors, with the frequency envisaged by Art. 150 of Legislative Decree no. 58/1998 and in the manner set forth in Art. 22 of the Articles of Association, information on the general performance of operations, on the foreseeable outlook and activities carried out and on the most significant economic, financial and equity transactions resolved and implemented by the Company and its subsidiaries during the year, verifying in particular that the resolutions made and actions undertaken complied with the law and with the Articles of Association and were not openly imprudent,

reckless, potentially in conflict of interest or conflicting with the resolutions of the Shareholders' Meetings or such as to compromise the integrity of the Company's assets;

- acquired knowledge of and supervised, within the scope of its remit, the adequacy of the company organization - in terms of structure, procedures, competences and responsibilities - with regard to the size of the Company, the nature and the manner of pursuing its business purpose, through the collection of information from the heads of the relevant corporate functions and meetings with the Audit Firm, as part of the mutual exchange of data and information;

- monitored compliance with the principles of proper administration, through constant participation in the meetings of the Board of Directors and Board Committees set up in accordance with the Corporate Governance Code and through the acquisition of information from the specific corporate functions, verifying that management decisions were based on the principle of proper administration and reasonableness and that the directors were aware of the risk level and impact of the transactions carried out;

- assessed and supervised the adequacy of the internal control system and administrative-accounting system, as well as the reliability of the latter in accurately representing operations, through:

✓ examination of the report by the Company's Manager responsible for Internal Control;

✓ examination of the reports prepared by the Internal Audit function and the disclosures provided by the same on the results of the monitoring activity with regard to implementation of the corrective measures identified from time to time;

✓ acquisition of information from the heads of the respective company functions;

✓ examination of the results of the assessment and monitoring of corporate risk control measures carried out by the Company, with in-depth analysis of the assessments made in this regard by the risk owners;

- ✓ examination of company documents;
- ✓ analysis of the results of work carried out by the Audit Firm;
- ✓ exchange of information with the control bodies of the subsidiaries, pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree no. 58/1958;

- carried out, during the course of the year, twenty-four meetings with average duration of two hours each and attended all meetings of the Board of Directors (eight) and of the Board Committees, specifically six meetings of the Control, Risk and Sustainability Committee, twelve meetings of the Remuneration and Appointments Committee and three meetings of the Related Parties Committee, whose functions were assigned to the Remuneration and Appointments Committee with resolution by the Board of Directors of 19 May 2021;
- monitored the adequacy of the reciprocal flow of information between the Company and its subsidiaries pursuant to Art. 114, paragraph 2, of Legislative Decree no. 58/1998;
- monitored compliance in terms of “Market abuse” and “Internal Dealing”, verifying the adequacy of the rules and procedures adopted by the Company for the management of inside information and their compliance with the applicable regulatory provisions, focusing on the procedure for the dissemination of press releases and information to the public;
- supervised compliance of the Company's related party transaction procedures with the new “Regulations regarding transactions with related parties” issued by Consob, which came into effect on 1 July 2021;
- supervised compliance with the rules outlined by the “Code of Conduct for Directors of the Group”, approved by the Company, to give the directors uniform conduct criteria;
- held meetings, pursuant to Art. 150, paragraph 3, of Legislative Decree no. 58/1998, with members of the Independent Audit Firm;
- exchanged information with the corresponding control bodies of the subsidiaries of Saras, pursuant to Art. 151, paragraphs 1 and 2 of Legislative Decree no. 58/1998;

- supervised, pursuant to Art. 149, paragraph 1, letter c-*bis* of Legislative Decree no. 58/1998, on the methods of concrete implementation of the Corporate Governance Code, drawn up by the Corporate Governance Committee, to which the company adheres;
- verified adoption of the self-assessment procedure on the composition and functioning of the Board of Directors and Board Committees, carried out in accordance with the recommendations of the Corporate Governance Code, and found that the assessment - carried out on the basis of the results of a self-assessment questionnaire completed by all members of the Board of Directors - did not reveal any critical issues. The questionnaire itself was drafted by an Advisor (Willis Towers Watson) with the support of the Company's General Counsel & Corporate Affairs Function;
- verified, in particular, also with regard to the aforementioned self-assessment procedure, the correct application of the assessment criteria and procedures adopted by the Board of Directors, in compliance with the application criterion under Recommendation no. 6 of Art. 2 of the Corporate Governance Code, to assess the independence of its members;
- verified the adoption and correct application of the “Guidelines” approved by the Board of Directors in 2021, with regard to the qualitative-quantitative composition of the same and favorably assessed the analysis carried out in this regard by the Remuneration and Appointments Committee, which resulted in the suggestion of possible areas for improvement, which the Company acknowledged;
- acknowledged the verification, carried out by Internal Audit on the basis of the controls carried out by the Audit Firm for the purpose of auditing the financial statements, of the reliability of the information systems, including the accounting systems;
- verified that, during the year 2022, the Company neither purchased nor sold treasury shares on the Italian Electronic Stock Market.

The Board also acknowledges that it issued the following favorable opinions:

- ✓ on the assessment of satisfaction of the independence requirements with regard to independent directors, as envisaged by the Corporate Governance Code and by Legislative Decree no. 58/1998;

- ✓ on the assignment of remuneration to directors with particular offices, pursuant to Art. 2389, paragraph 3 of the Italian Civil Code;
- ✓ on co-opting of a director, pursuant to Art. 2386, paragraph 1 of the Italian Civil Code;
- ✓ on approval of the annual plan of activities drawn up by the head of the Internal Audit function, pursuant to Recommendation no. 33, letter c), contained in Art. 6 of the Corporate Governance Code;
- ✓ on the assessment of correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements, carried out by the Control and Risk Committee, pursuant to Recommendation no. 35, letter a) of Article 6 of the Corporate Governance Code, in agreement with the Manager in charge of financial reporting;
- ✓ on the granting of two assignments concerning "non-audit activities" carried out by E&Y in favor of the Spanish subsidiary Saras Energia S.A.;
- ✓ on the granting of an assignment concerning the drafting of procedures relating to the accounting balances of the combined-cycle gasification plant of subsidiary Sarlux S.r.l. and covering the period from 1 April to 31 August 2021, carried out by E&Y;
- ✓ on the granting of a non-audit assignment, concerning the in-depth study of ESG aspects related to the transformation and innovation process (ESTI Program) undertaken by the Group, carried out by E&Y;
- ✓ on the granting of an assignment concerning the drafting of procedures relating to the accounting balances of the combined-cycle gasification plant of subsidiary Sarlux S.r.l. and covering the period from 1 September to 31 December 2021, carried out by E&Y;
- ✓ on the granting of an assignment concerning the provision of compliance approval for the purpose of offsetting tax credits exceeding the legal threshold, carried out by E&Y;

- ✓ on the granting of two assignments, respectively for assistance services for the reporting and preparation of the annual declaration of fossil fuel products to be submitted to the National Energy Regulatory Authority and the Corporation of Strategic Reserves of Petroleum Products, as well as the annual declaration of purchases and sales of biofuels and other renewable energies for transport purposes, both carried out by E&Y.

With regard to the **activity of supervision of the adequacy of the administrative-accounting system and auditing of the accounts,** the Board, called upon to supervise, pursuant to Art. 19 of Legislative Decree no. 39/2010, the financial reporting process; the effectiveness of the internal control and risk management system; auditing of the accounts and the independence of the Audit Firm, particularly with regard to services other than auditing, specifically:

- monitored the existence of rules and procedures for preparing and disclosing financial information; the process of certifying the reliability of financial disclosures and the ability of the financial statement preparation process to generate financial information in accordance with the accounting standards. In particular, it should be noted that the Corporate Governance Report sets out the criteria for defining the Internal Control and Risk Management System in relation to the financial reporting process at the consolidated level and that the functioning of the administrative-accounting procedures is subject to checks carried out through monitoring activities by the Manager in charge of financial reporting with the support of Internal Audit. The monitoring activities of the internal control system on financial reporting did not reveal any elements preventing issuance of the certification by the Manager in charge of financial reporting and the Chief Executive Officer with regard to the adequacy of the administrative and accounting procedures for the preparation of the Company's separate and consolidated financial statements for the year 2022;
- assessed with the Manager in charge of financial reporting and with the other relevant Functions, during the course of various meetings, the potential economic and financial impacts attributable to several risks to which the Group is subject. In particular,

liquidity risks; risks of changes in the prices and supply of crude oil on the market; legislative and regulatory risk and the risk of involvement in legal proceedings:

i) as for liquidity risks, in 2022, thanks to easing of the pandemic emergency and the changing macro-economic and oil market scenario, the Group regained its historical ability to generate cash from operations, recording a positive net financial position at year-end. Moreover, the financial parameters on existing loans, subject to verification at 31 December 2022, have been respected. However, this has not weakened the focus on this point, considering that the level of indebtedness is susceptible to changes, both positive and negative, depending on the trend of working capital, which is in turn strongly influenced by the considerable volatility of oil and energy commodity prices due to the geopolitical situation, which may significantly impact the profitability of ordinary operations;

ii) as for the risks of changes in price and supply of crude oil on the market - closely connected to the very nature of the business and only partially mitigated through the use of appropriate risk management policies, such as the stipulation of derivative contracts as commodity hedging - the new global energy scenario was considered, strongly influenced by the Russian-Ukrainian conflict, which generated very strong volatility and an exceptional increase in the prices of energy commodities (oil and derivatives, gas and electricity), with highly significant impacts on the results reported by the companies in the Oil & Gas and Refining sector. This phenomenon had a positive impact on the Saras Group's economic and financial situation, although, conversely, it made operations more complex. The chief consequence is the reduction in the quantity of crude oil on the market, with a consequent reduction in the liquidity of the market itself and an increase in the volatility of oil product prices;

iii) as for legislative and regulatory risk, considering that the nature of the Group's business is impacted by the legislative and regulatory context of the countries in which it operates, attention was paid to the monitoring activities carried out by management in order to reduce the economic impact of possible legislative and regulatory changes, such as those concerning the reduction of national emissions of certain atmospheric pollutants and their impact on the limits set forth in the current AIA decree (*Autorizzazione Integrata Ambientale* - Integrated Environmental Authorization); those related to recognition of the subsidiary Sarlux S.r.l. as an “energy-intensive company”; those related to energy efficiency certificates for the Power sector and incentives for the Wind sector impacting the national grid operator (GSE); those related to the “essentiality” requirements of the IGCC Sarlux plant and to the cost recovery scheme; those adopted to contain electricity costs (“TER subsidies” and “2023 Budget”) likely to influence system charges and variable energy components for “energy-intensive” companies (Sarlux) and, consequently, the sale prices of electricity from renewable sources (Sardeolica); as well as those adopted by the Italian Government, which has imposed so-called “solidarity contributions” of a fiscal nature on the “extra profits” of the power and oil & gas sector;

iv) with regard to involvement in legal proceedings - in addition to the usual analysis of contingent liabilities attributable to possible legal actions connected to the normal course of the Group's business - the Board of Statutory Auditors, also during the year, constantly monitored the development of events connected to the well-known criminal proceedings pending before the Cagliari Public Prosecutor’s Office, regarding the purchase of Kurdish crude oil in 2015/2016, in relation to which the same Board, as already highlighted in the previous Reports on the financial statements for the years 2020 and 2021, had requested - together with the Supervisory Board - a specific audit concerning compliance with procedures and company operations, which concluded with an overall positive outcome. Indeed, the analysis conducted did not reveal any significant anomalies in operations, which were actually consistent with industry practice. With regard to these proceedings, it should be noted that on 29 November 2022, the Judge of the Preliminary Hearing, fully accepting the requests of the Company and the suspects, pronounced an acquittal of the case due to lack of probable cause. Against said decision, but limited to the natural persons under investigation, the Public Prosecutor lodged an appeal on 13 January 2023 and the hearing before the Court of Appeal has been set for 5 March 2024. In respect of the Company, therefore, the judgment of the Preliminary Hearing Judge became final. With regard to the proceeding in question, the Board monitored the related matter with particular attention, beginning with the notification to the Company of a Tax Audit Report (hereinafter "PVC" for *Processo Verbale di Contestazione*) by the Guardia di Finanza (Italian tax police) - which took place on 8 August 2022 - disputing the non-deductibility of the purchase cost and refining cost of crude oil of Kurdish origin for the years 2015, 2016 and 2017. Following the PVC, the Italian Revenue Agency - Regional Directorate of Sardinia issued two requests for cross-examination, contesting the non-deductibility - for IRES and IRAP purposes - of the alleged criminal costs for financial year 2016. As a result, a cross-examination process was initiated between the parties with the aim of reaching an out-of-court settlement. In fact, the Company, although convinced of the groundlessness of the allegation made against it, evaluated the opportunity to reach an agreement with the specific intent of reducing the amount of the dispute by limiting its negative effects - even if provisional - pending the decision on criminal proceedings; and also on the assumption of the existence of a right, also recognized by the Revenue Agency, to restitution of the payments made in connection with the adoption of the settlement procedure in the event of the pronouncement of a criminal acquittal or of not proceeding for causes other than the statute of limitations. The settlement agreement was reached on 23 March 2023 with the definition of the terms and methods of the payments, the actual execution of which will finalize the facilitated settlement. Payment of the first instalment was ordered by the Company on 4 April 2023. In this context, with specific reference to the tax liability arising from the issue, the Company considered the likelihood that the disbursement made as part of the agreement would result in a definitive disbursement to be remote, and therefore did not recognize any specific provision in the financial statements. This decision stemmed from a careful assessment of the verdict rendered in the criminal proceedings on 29 November 2022, the grounds of which allow us to consider a favorable outcome for the Company as probable. In this assessment, the Company was supported by the advice of leading legal and tax advisory firms;

- monitored the effectiveness of the internal control systems and the adequacy of the risk management policy in relation to the strategic, operational and financial areas. In this context, the Board followed - with particular attention - the assessment and monitoring process of corporate, operational and compliance risks, which resulted in a change in the residual risk assessment for some of those attributable to the Top Risk category, linked to the geo-political and financial scenario, and suggested the introduction - in the pre-existing catalogue - of an additional risk linked to the negative effects on relations with financial institutions and the economic/financial consequences of the tax impacts of the proceedings underway at the Cagliari Public Prosecutor's Office, as mentioned above. The Company has provided ample information on these impacts in Section 7.1. of the Notes to the Financial Statements;
- monitored - in view of the guidelines contained in Consob's Notification no. 3/22 of 19 May 2022 - the Company's compliance with the restrictive measures implemented by the EU against Russia, with particular regard to the embargo and the price cap for oil of Russian origin and, most recently, also for oil products of similar origin. In this context, it acknowledged the request by Saras' CEO for an assessment of the control environment in the supply & trading area in order to monitor and prevent the potential risk of violation of the economic and financial sanctions against Russia. The analysis was assigned to KPMG, which examined Saras' control framework by comparing it to the "Leading Practices" and "benchmarking" of the industry. The result of the analysis showed that Saras' current control framework is essentially in line with leading practices in the industry, characterized by a proper segmentation of duties between risk taker and risk control functions, and by well-defined levels of accountability. However, areas for improvement relating to the formalization of certain control tools (Sanction Monitor Report and Assessment Report) and to the strengthening of existing controls were highlighted and promptly handled by

company management;

- monitored the consistency of the issuer's behavior with the recommendations of ESMA, Consob (see also notifications nos. 1/2021 and 5/2021 of 29 April 2021) and IOSCO, in terms of the disclosure on the verification required to identify any risks to the company's ability to continue as a going concern; in relation to the potential effects determined or foreseeable by the geopolitical crisis on the Group's financial statement figures and financial structure, as well as in relation to verification of the recognition of assets (tangible and intangible) at a value not exceeding their recoverable value;

- supervised auditing of the annual and consolidated accounts and the independence of the Audit Firm, particularly with regard to any services other than auditing;

- received from the Audit Firm confirmation of its independence pursuant to Art. 17 of Legislative Decree no. 39/2010 and paragraph 17 of International Auditing Standard (ISA Italia) 260;

- followed with particular attention the events related to the resignation of the CFO, effective as of the date of approval of the financial statements for the year ending 31 December 2022, of the CEO and replacement of the latter with a new CEO as of 31 October 2022, in order to verify the possible impact of these events on the Company's administrative and organizational system. Moreover, with reference to the new CEO, it should be noted that said CEO, at the end of the Board of Directors' meeting of 15 March 2023, during which he presented the draft financial statements that were then unanimously approved by the directors, tendered his resignation as Chief Executive Officer, General Manager and Director with immediate effect, citing exclusively personal reasons. At the same time, the position of Chief Executive Officer was assigned to the Chairman of the Board of Directors and that of General Manager to the CFO still in office. No new director was co-opted due to the imminent renewal of the corporate offices. With regard to this event, the Company provided immediate disclosure to the market.

In carrying out the above activity, the Board coordinated with the Control, Risk and Sustainability Committee, in order to avoid overlaps and to benefit from the different competences.

With regard to the **supervisory activity on the adequacy of the internal control system and organizational structure,** the Board assessed and supervised the adequacy of internal control and the effectiveness of the internal control and risk management systems, focusing on the most relevant activities, also through constant participation in meetings of the Control, Risk and Sustainability Committee.

As part of this activity, the Board acknowledges that it has:

- received the periodic activity reports prepared by the Control, Risk and Sustainability Committee and those prepared by the Internal Audit function;
- received the reports drawn up at the conclusion of the assessment and monitoring activities by the Internal Audit function, with the relevant results and recommended actions, and received evidence of the subsequent checks on concrete implementation of the aforementioned actions;
- received regular updates on the evolution of the risk management process, the outcome of the monitoring and assessment activities carried out by Internal Audit and the results achieved;
- received constant information regarding the soundness of the organizational structure despite major changes at the senior management level.

It also acknowledges that it has read and obtained information on the procedural and organizational activities put in place, in implementation of the rules relating to the "Regulations governing the administrative liability of entities" pursuant to Legislative Decree no. 231/2001 and subsequent additions and amendments; that it has taken note of the updating of the Model, approved by the Board of Directors on 27 July 2022, comprising a review of the special parts relating to "offences against Public Authorities", "offences of receipt, laundering and use of money, assets or benefits of illegal origin, as well as self-money laundering", "market abuse", and "computer crimes and unlawful data processing". The update was based on precise regulatory changes. The reference is, in particular, to Legislative Decree no. 75/2020 which, by expanding the catalogue of offences against Public Authorities, introduced, to the extent of the Company's interest, Art. 356 of the Criminal Code, entitled “Fraud in public procurement”; to Legislative Decree no. 195/2021, which extended the scope of the offences of receipt, laundering and use of money, goods or benefits of unlawful origin and self-money laundering (Art. 25-*octies* of Legislative Decree no. 231/2001), impacting the subjective item; to Law no. 238/2021, containing amendments with regard to Market Abuse (Art. 25 *sexies* of Legislative Decree no. 231/2001); to Art. 184 of the TUF, entitled “Abuse or illegal disclosure of inside information. Recommendation or inducement of others to commit insider trading” (new heading) and computer crimes (predicate offences pursuant to Art. 24-*bis* of Legislative Decree no. 231/2001); as well as Law Decree no. 13/2022, which extended the criminal protection of public resources, impacting the predicate offences pursuant to Art. 24 of Legislative Decree no. 231/2001 (offences against Public Authorities). Updating of the special parts relating to “offences against Public Authorities”, “corporate offences and corruption between private individuals” and “tax offences” also dealt with the topic of inclusion, among their sensitive areas, of the management process with respect to the “Essential” nature of the IGCC plant. The Board of Statutory Auditors also acknowledged that the *Manual de Prevención de Riesgos Penales (MPRP)* is currently being updated for the Spanish subsidiary and that work has begun on updating Sardeolica's Model to include the Energia Verde and Energia Alternativa companies, which were acquired in 2021, within the relevant scope.

With regard to **monitoring of compliance with the principles of proper administration**, the Board of Auditors acknowledges that it received analytical information on the most significant economic, financial and equity transactions carried out, including through subsidiaries. Of these transactions, examined and approved by the Board of Directors, the following are mentioned:

- ✓ adoption of a resolution by Regione Sardegna granting Single Authorization to the subsidiary Sardeolica for the construction and operation of a photovoltaic plant called “Helianto”, which constitutes an important step forward in the Group's strategy to increase its activities in the renewable energy sector;
- ✓ recognition of the company Sardhy Green Hydrogen S.r.l., 50% owned by Saras S.p.A. and 50% by Enel Green Power, among the Italian beneficiaries of public subsidies approved by the European Commission under the IPCE1 Hy2Use and aimed at supporting research and innovation;

- ✓ subscription of a new loan in the amount of 312.5 million euro - of which 70 percent backed by a guarantee issued by SACE under the provisions of the so-called “Sostegni-bis” decree - with the aim of reshaping the Company's debt maturity profile. The loan was subscribed by a pool of leading Italian banks, with maturity on 31 March 2028.

The Board of Statutory Auditors also acknowledges that it received suitable disclosure that on 30 December 2022, the subsidiary Sarlux was included in the list of so-called “essential” plants for Sardinia for 2023 as well, in addition to the admission of said Sarlux plant to the cost recovery scheme with Resolution 740/2022 by ARERA (the Regulatory Authority for Energy, Networks and the Environment).

In conclusion, following the supervisory and control activities performed during the year as described (the list is not exhaustive, as supervision takes all possible forms) in the preceding paragraphs, the Board of Auditors can certify that:

- no omissions, irregularities and/or objectionable or otherwise significant facts emerged, such as would require notification to the supervisory bodies or mention herein;
- the Board did not receive any reports pursuant to Art. 2408 of the Italian Civil Code or complaints by third parties;
- no transactions were identified with third parties, Group companies or other related parties that appeared atypical and/or unusual in terms of content, nature, size and timing;
- all transactions and decisions adopted were based on the principle of proper administration and reasonableness.

With regard to the **activity of supervision of implementation of the corporate governance rules**, the Board states that:

- it verified the evolution of governance also in light of the considerations outlined in the Corporate Governance Report with regard to the recommendations in the letter of the Chairman of the Corporate Governance Committee of 25 January 2023 and, in this respect, that it positively assessed the attention paid by the Company - also through careful Board analysis - to the aforesaid recommendations in order to assess the Company's position with respect to the same;

- it acknowledged, through constant attendance of the meetings of the Remuneration and Appointments Committee, concrete verification of application of the Remuneration Policy and compliance of the Company's conduct with the principles and criteria established therein. In this regard, it should be noted that, during the year, the aforementioned Committee and Board of Statutory Auditors paid particular attention to the termination agreements of the CFO and CEO, as well as the General Manager, in order to verify their consistency with the Policy. The Related Parties Committee also expressed a favorable opinion with regard to the aforementioned agreements. In this context, the consistency of the employment agreement of the new CEO and General Manager with the provisions of the Remuneration Policy approved by the Shareholders' Meeting on 27 April 2022 was also verified.

With regard to the **activity of supervision of the statutory financial statements, consolidated financial statements and the consolidated non-financial statement**, the Board states that:

- on 15 March 2023 it received the draft consolidated financial statements of the Group and the separate financial statements at 31 December 2022, prepared in accordance with international accounting standards and in ESEF - European Single Electronic Format, as well as the report on operations, within the terms set forth by Art. 2429 of the Italian Civil Code, and ascertained, also through the information obtained from the Audit Firm, their compliance with the laws regulating their preparation. In this regard, it should be noted that the Company states to be aware that certain information contained in the notes to the consolidated financial statements, when extracted from the XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced identically with respect to the corresponding information displayed in the consolidated financial statements in XHTML format;

- it obtained analytical information on the impairment test performed, pursuant to IAS 36, to confirm the values of assets recognized in the Company's financial statements and in the financial statements of its subsidiaries. Given the particular uncertainty that characterized the global macroeconomic market - high inflation, deteriorating general financial conditions, and supply difficulties resulting from the Russian-Ukrainian conflict - sensitivity analyses were carried out on a multi-scenario basis.

All the assessments underlying the impairment test conducted at 31 December 2022, and prepared in line with the methodology used in previous periods, again with the support of a leading consulting firm, were analyzed by the Board. The impairment test, which was performed at 31 December 2022, enabled the competent function to certify that the value in use of intangible assets was in line with their book value;

- it received, also on 15 March 2023, the Sustainability Report containing the Consolidated Statement of Non-Financial and Diversity Information, within the terms set out by Art. 5 of Legislative Decree no. 254/16;

it is able to certify, in relation to the aforementioned Sustainability Report, the adequacy of the organizational structures in relation to the strategic social/environmental objectives that the Company has set, as well as the consistency of the statement produced with the provisions contained in Legislative Decree no. 254/2016. In detail, the Board, as part of the ordinary activities carried out in implementation of the regulations in force, monitored the Company's compliance with the provisions on the disclosure of non-financial information and information on diversity, noting that the Company prepared, also in the year 2022, the consolidated non-financial statement in the broader form of "Sustainability Report", placing it in a separate document and not in a section of the report on operations. This statement, prepared in accordance with the reporting principles identified in the "Global Reporting Initiative Sustainability Reporting Standards" (GRI Standards for short), 2021 Edition, according to the "in accordance" option, provides a representation of the strategies adopted to ensure the Company's economic growth and development of its "business" with a sustainable outlook. On the aforementioned statement, approved by the Board of Directors at its meeting of 15 March 2023 and made available to the Statutory Auditors on the same date, the Board carried out an overall check on systems and processes in order to ascertain compliance with the law and with proper administration. Specifically, the audit concerned the updating of the materiality performed by the competent Functions in relation to the year 2022 in order to comply with the new GRI standards; reporting of the new “General Disclosure” and “Sector Specific” indicators; expansion of information on the eco-sustainable activities according to the Taxonomy Regulation and the EU Climate Act; reporting of the financial impact on business activities related to climate change risks and opportunities according to the methodology recommended by the Task Force on Climate-Related Financial Disclosure (TCFD); the Key Performance Indicators in the field of Environment and Governance (ESG KPIs); as well as the way in which the information provided by Group companies is reported and whether it is true and consistent with legal requirements. In this context, the Board of Statutory Auditors positively assessed the approval of a “Sustainability Policy” by the Board of Directors - at the proposal of the Control, Risk and Sustainability Committee - in its meeting of 16 February 2022. This Policy draws inspiration from the United Nations Sustainable Development Goals (SDGs), as well as from the Group's own values, as expressed in the Code of Ethics and the Corporate Purpose.

Following the activity carried out and in light of the conclusions reached by the Audit Firm in its specific report, the Board is able to certify the adequacy of the organizational structures in relation to the strategic social/environmental objectives that the Company has set, as well as the consistency of the statement produced with the provisions contained in Legislative Decree no. 254/2016;

- it assessed the work plan prepared by EY S.p.A., deeming it appropriate to the characteristics and size of the Group, and having supervised the effectiveness of the audit process, which was carried out in accordance with the audit plan and in accordance with the International Audit Standards;

- it received from the Audit Firm, on 5 April 2023, the reports issued pursuant to Art. 14 and Art. 19, paragraph 3, of Legislative Decree no. 39/2010 for the separate and consolidated financial statements for the year ended 31 December 2022, respectively. These reports indicate that the separate and consolidated financial statements of the Company provide a true and correct representation of the financial position and operating performance, income and cash flows for the year ended 31 December 2022, in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the provisions issued in compliance with Art. 9 of Legislative Decree no. 38/2005; and that the report on operations and the report on corporate governance and ownership structure indicated in paragraph 4 of Art. 123-*bis* of Legislative Decree no. 58/1998 are consistent with the separate and consolidated financial statements. The audit report also includes an indication of the key aspects of the audit, in relation to which, however, no separate opinion is expressed, as they were addressed in the audit and in forming the opinion on the financial statements as a whole. The auditing firm defined the key aspects - Key Audit Matters - that were the subject of specific investigation and analysis. These refer in particular to:

- ✓ recoverability of tangible and intangible assets (impairment test) and, in particular: the estimated expected flows with respect to the oil and electricity markets; the determination of the investment plan and the productivity of wind farms;
- ✓ status of the legal case related to the investigation into the purchase of Kurdish crude oil in 2015/2017;
- ✓ financial management with a focus on cash absorption from operations, on financial commitments related to the balance of the so-called solidarity contribution on extra profits, and on dividend payments;
- ✓ evaluation of oil and materials stock;
- ✓ recovery of essential nature;
- ✓ assessment of the provisions for environmental charges;
- ✓ solidarity contribution;

- on 5 April 2023, it received from the Audit Firm EY S.p.A. the report pursuant to Art. 11 of Regulation (EU) 537/2014, which did not identify any significant shortfalls in the internal control system concerning the financial reporting process that were considered worthy of being brought to the attention of the heads of the governance activities. The Board of Statutory Auditors shall inform the Company's Board of Directors on the results of the legal audit, transmitting for this purpose the additional report, accompanied by any observations, pursuant to Art. 19 of Legislative Decree no. 39/2010. With regard to the previous year, the Board of Statutory Auditors informed the Board of Directors about the results of the statutory audit, as required by law;

- on 5 April 2023, it received from the Audit Firm EY S.p.A. the limited audit report on the compliance of the non-financial information provided with respect to the rules contained in Legislative Decree no. 254 of 30 December 2016, which contains no evidence to suggest that the Consolidated Statement of Non-Financial Information has not been prepared, with regard to all significant aspects, in accordance with the requirements of Articles 3 and 4 of the aforementioned Decree and the GRI Standards.

With regard to the activity of **supervision of dealings with subsidiaries,** the Board:

- acquired knowledge of and supervised, pursuant to Article 149, paragraph 1, letter d) of Legislative Decree no. 58/1998, for the main companies subject to control, the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Art. 114, paragraph 2 of the same Legislative Decree no. 58/1998, by means of:

✓ acquisition of information from the heads of the relevant company functions;

✓ meetings and exchanges of information with the Chairmen of the Boards of Statutory Auditors and with the Single Statutory Auditor, where applicable;

✓ meetings with the Company also entrusted with the statutory audit of investee companies.

With regard to **the activity of supervision of transactions with related parties,** the Board:

- monitored compliance of the procedures adopted by the Company with the principles indicated in the Regulation containing provisions on related party transactions pursuant to Consob Resolution no. 17221 of 12 March 2010, taking into account the updates in force as of 1 July 2021, and did not identify any atypical or unusual transactions with Group companies, third parties or other related parties. It also verified that related party transactions were settled at conditions similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk. In this regard, the Board draws attention to the fact that, in the Notes to the financial statements, the Directors highlight and illustrate, in an analytical manner - respectively in the Notes to the financial statements, paragraph 7.3 of Chapter 7, under “Other information” of the consolidated statements and paragraph 7.2. of the same Chapter of the separate statements - the exchange of goods and services and financial dealings with subsidiaries and other related parties, indicating the nature of the most significant ones, explaining the economic effects of the individual transactions, specifying that they were carried out at conditions applicable to transactions of the same nature between unrelated parties and representing the relative compliance with the Company's interests;

- monitored compliance with the Procedure for transactions with related parties, adopted by the Company and published on the Company's website, obtaining adequate information in this regard from the relevant functions and also through participation in the meetings of the Related Parties Committee, whose specific functions have been assigned to the Remuneration and Appointments Committee.

Granting of the auditing mandate for the nine-year period 2024-2032

With the Shareholders' Meeting convened to approve the financial statements at 31 December 2023, the mandate of Audit Firm EY S.p.A. for the nine-year period 2015/2023 is due to expire.

According to the current legislation on statutory auditing of the accounts, most recently amended by European Regulation no. 537/2014 (hereinafter **“European Regulation”**) and Legislative Decree no. 39/2010 supplemented by Legislative Decree no. 135/2016, the mandate cannot be granted once again to EY S.p.A. unless at least four financial years have elapsed since the termination of the current one. The audit mandate must therefore be assigned to a different Company identified through a specific selection procedure.

In this regard, Art. 13 of Legislative Decree no. 39/2010 envisages that the Shareholders' Meeting grant the appointment upon reasoned proposal by the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee pursuant to Art. 19 of Legislative Decree no.

39/2010, following a specific selection procedure implemented in accordance with the criteria and procedures established by Art. 16 of the European Regulation.

The Board of Statutory Auditors, in agreement with the competent corporate functions and in line with a widespread practice in many listed companies, has deemed it appropriate to anticipate the start of the selection procedure for the assignment of the audit mandate for the nine-year period 2024-2032, to allow for an effectively organized transition process between the outgoing auditor and the newly appointed auditor, also to allow for compliance with the time limits set to safeguard the auditor's independence ("cooling-off", pursuant to Art. 5 of the European Regulation, according to which the auditor must refrain from providing certain services, other than the statutory audit services, during the financial year immediately preceding the first year of the audit).

In view of this circumstance, it was deemed appropriate for the Shareholders' Meeting, called to approve the financial statements of SARAS S.p.A. (hereinafter only "**SARAS**" or "**Company**") at 31 December 2022, to resolve on the appointment of the statutory auditors, based on a reasoned proposal by the Board of Statutory Auditors.

The Board of Statutory Auditors thereby prepared a recommendation for Board of Directors' Meeting of 15 March 2023 to submit to the Shareholders' Meeting called upon to approve the financial statements for the year ended 31 December 2022. Since SARAS falls within the category of Public Interest Entities (PIEs) referred to in Art. 16 of Legislative Decree no. 39/2010, the aforementioned recommendation identified two alternatives for the appointment, with the expression of a preference, adequately justified, based on the final assessment assigned at the end of the selection procedure.

Conclusions

Following the supervisory activity performed in 2022 as described above, reiterating the considerations already expressed, the Board of Statutory Auditors can certify that the decisions made by the Directors appear to be compliant with the law, with the Articles of Association and with the principles of proper administration, and that they are consistent and compatible with the company's size and assets; and that, also based on the information obtained from the Audit Firm, no censurable omissions and/or facts and/or irregularities or in any case significant facts have been detected that would require reporting to the supervisory bodies or mention in this report.

On the basis of the aforementioned supervisory activity, and from the analysis of the draft financial statements presented, considering that on 5 April 2023, the Audit Firm issued its reports without findings, the Board of Statutory Auditors finds no reason to oppose the approval of the financial statements for the year ended 31 December 2022 and the resolution proposals formulated by the Board of Directors.

5 April 2023

The Board of Statutory Auditors

Giancarla Branda - Chairperson [signature]

Paola Simonelli - Standing Auditor [signature]
Fabrizio Colombo - Standing Auditor [signature]

LIST OF OFFICES HELD BY THE BOARD OF STATUTORY AUDITORS IN COMPANIES REFERRED TO IN BOOK V OF THE ITALIAN CIVIL CODE ON 15TH MARCH 2023

Avv. Giancarla Branda

COMPANY NAME	POSITION HELD
Saras SpA	Chairman Board of Statutory Auditors
ACI Progei SpA	Statutory Auditor
ACI Consult SpA in liquidazione	Statutory Auditor
FINECO Bank SpA (quotata)	Member of the Board of Directors
Garofalo Health Care SpA – GHC (quotata)	Member of the Board of Directors
Consorzio Studi e Ricerche Fiscali di Intesa San Paolo (ente senza fini di lucro)	Chairman Board of Statutory Auditors
Banca Network Investimenti in liquidazione coatta amministrativa	Member of the Monitoring Committee

Dott. Fabrizio Colombo

COMPANY NAME	POSITION HELD
Geox SpA	Statutory Auditor
Saras SpA	Statutory Auditor
Mittel SpA	Statutory Auditor
Publitalia '80 SpA	Statutory Auditor
Acciaieria Arvedi SpA	Statutory Auditor
Finarvedi SpA	Statutory Auditor
Acciai Speciali Terni SpA	Statutory Auditor
Sistemi Informativi Srl	Statutory Auditor
BNP Paribas for Innovation Italia Srl	Statutory Auditor
Value Transformation Services SpA	Statutory Auditor
Saras Ricerche e Tecnologie Srl	Sole Statutory Auditor
Deposito di Arcola Srl	Sole Statutory Auditor
Sarlux Srl	Chairman Board of Statutory Auditors
QUATTROpiùUNO SpA	Statutory Auditor

Dott.ssa Paola Simonelli

COMPANY NAME	POSITION HELD
Bruker Italia Srl	Chairman Board of Statutory Auditors
CAL SpA - Concessioni Autostradali Lombarde SpA	Chairman Board of Statutory Auditors
Centro Direzionale Valtorta SpA	Chairman Board of Statutory Auditors
Lio Capital Srl	Chairman Board of Statutory Auditors
Chef Express SpA	Statutory Auditor
C&P Srl	Statutory Auditor
BI-QEM SpA	Statutory Auditor
BI-QEM Specialties SpA	Statutory Auditor
Bludigit SpA	Statutory Auditor
Cremonini SpA	Statutory Auditor
Ge.Se.So. Gestione Servizi Social Srl	Statutory Auditor
Innovative-RFK SpA	Statutory Auditor
Lis Holding SpA	Statutory Auditor
Webuild SpA (quotata)	Statutory Auditor
Perani & Partners SpA	Statutory Auditor
Saras SpA (quotata)	Statutory Auditor
Sarlux Srl	Statutory Auditor
Toscana Energia SpA	Statutory Auditor
UBS Fiduciaria SpA	Statutory Auditor
Umbria Distribuzione Gas SpA	Statutory Auditor
Fratelli Gotta Srl	Sole Statutory Auditor
Finlombarda SpA	Director
Simonelli & Partners Srl	Director (without powers)
Kamma Srl	Legal Auditor
BAB Srl	Legal Auditor


TRENO 1
TRENO 2

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Saras S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saras S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Audit Response
Assets and liabilities valuation	
The economic and financial performance of Saras S.p.A. is significantly influenced by the volatility of market factors, including the cost and the availability of crude oil and the global demand for finished products with respect to the processing capacity, which determine the margins achievable from refining, the main activity of the Entity and the Group. The trend in the foreseeable future represents one of the critical assumptions for the evaluation of the recoverable amounts of fixed assets and of inventories and for the estimation of fair values of derivative instruments. Management assesses, at least annually, the existence of impairment indicators for fixed assets, owned through its subsidiaries, and, in case, performs an impairment test; in addition, at the end of the year they verify the recoverable amount of inventory, estimate the fair value of derivative instruments and monitor, throughout the year, the cash needs with respect to the expected cash flow deriving from the ordinary activities, to the planned capital expenditures and to the availability of financial lines. These estimates involve evaluation processes, also complex, which depend on exogenous variables of the sector, highly volatile and based on assumptions that, by their nature, involve the use of high degree of judgment by Management. Considering the complexity of the assumptions used by Management in its valuation, and in particular the possible impacts on future cash flows from changes in market conditions, we considered that this area represents a key audit matter. The disclosure related to this issue is included in notes 3.5 "Most significant estimates policies requiring a greater degree of discretion".	The audit procedures performed in response to this key audit matter, included, among others, • the discussion of the economic and sector scenarios considered by Management in preparing such plans, with particular reference to the expected cash generation after the Entity and Group investments; • the analysis of the reasonableness of the plan assumptions, the analysis of consistency with the external sources used and the continuance of their use; • the analysis of the model for assessing the recoverability of fixed assets prepared by the independent expert appointed by the Directors, as well as the processes for assessing the recoverable value of inventories and the current value of derivative instruments in place at year end In performing our procedures, we have also leveraged on the support of our experts in evaluation techniques. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements in relation to this key audit matter.

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Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Saras S.p.A., in the general meeting held on April 28, 2015, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Saras S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Saras S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Saras S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Saras S.p.A. as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Saras S.p.A. as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Saras S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, April 5, 2023

EY S.p.A.
Signed by: Marco Malaguti, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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Design and layout
Michele D’Ambrosio - Overlay Studio, Milano

Photo:
Stefano Dal Pozzolo, Rome

Printed on Fedrigoni Freelife (environmentally friendly recycled paper)

MISTO
Carta da fonti gestite in maniera responsabile
FSC® C122090

Saras SpA - Sede legale: Sarroch (CA)
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Numero Iscrizione Registro Imprese,
Codice Fiscale 00136440922
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