GROUP CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS FOR SARAS S.P.A. AS AT 31st DECEMBER 2023

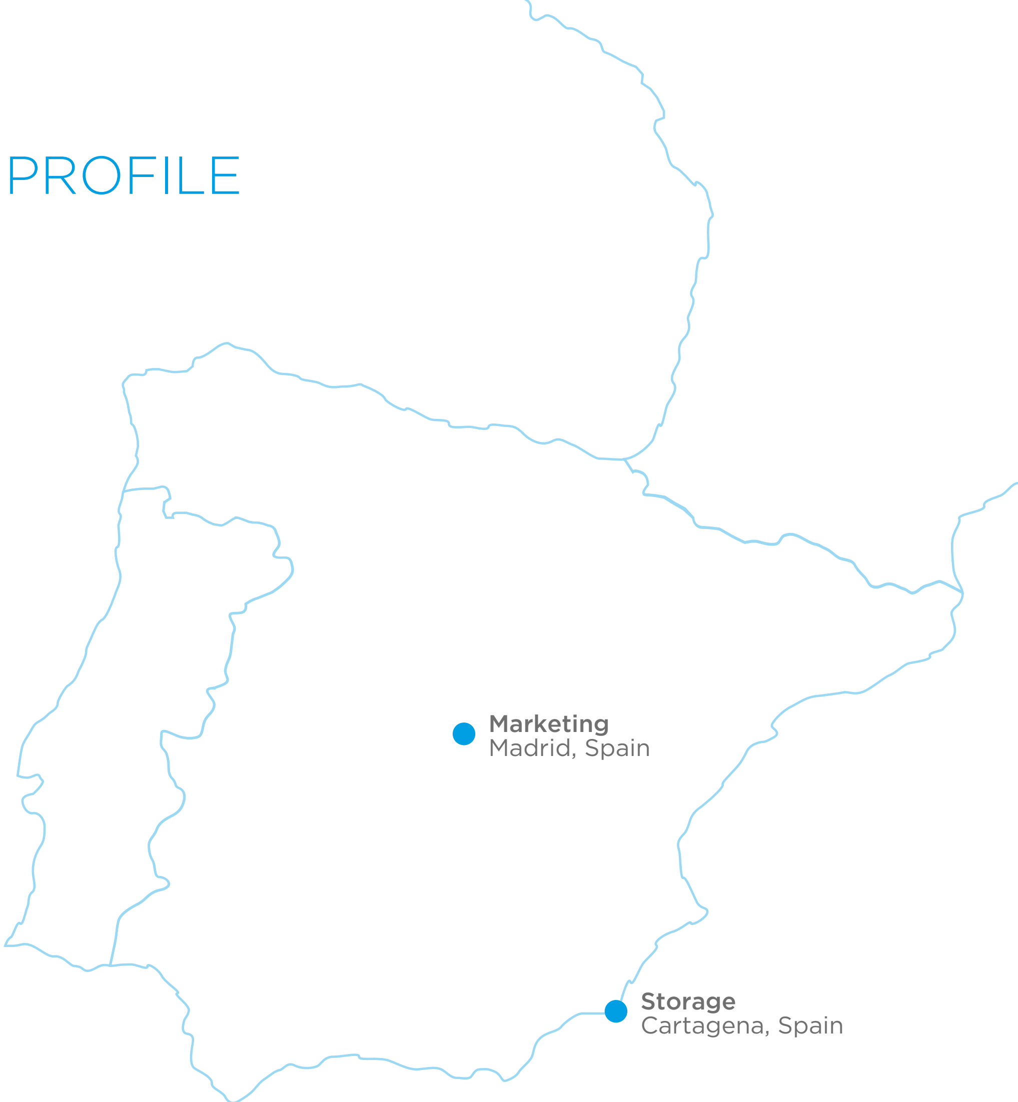
FROM SOURCES TO RESOURCES

SARAS

SARAS

CONTENTS

SARAS GROUP PROFILE



REFINING CAPACITY	OIL AND CRUDE PRODUCTS SOLD IN ITALY AND SPAIN THROUGH RETAIL AND WHOLESALE NETWORKS
300,000 barrels per day	3.21 million tons

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 and expertise acquired in more than sixty years of activity. To best exploit these resources, Saras has introduced a business model based on the integration of its supply chain through close coordination between refinery operations and trading & supply activities. This also includes the subsidiary Saras Trading SA, based in Geneva, one of the world's main hubs for trading in oil commodities, which buys crudes 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, through the IGCC plant (Integrated Gasification Combined Cycle),

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

3,550
GWh/year

WIND FARM IN SARDINIA

171 MW
installed capacity

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 more than 3.5 billion kWh/year of electricity, contributing to about 42% 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.

At the end of 2021, the company SardHy Green Hydrogen Srl, 50% owned by Saras SpA and 50% by Enel Green Power Italia Srl, was established with the objective of starting the first 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 20 MW hydrolyzer for green hydrogen production, through the formalization of dedicated contracts.

Finally, in July 2023, the company Saras Energy Management Srl, wholly-owned by Saras SpA, was established with the aim of dispatching the electricity produced by the group companies on the Sardinian electricity grid, and purchasing the electricity requirements for the refinery and the IGCC plant, optimizing the input and withdrawal flows.

MILESTONES

1960s
Launch of operations

1962
Saras is founded by Angelo Moratti.

1965
Sarroch refinery begins operations.

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

1970s
Upgrading of the 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 distillation plant (Vacuum).

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

End of the 80s
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 Sulfur recovery Unit (TGTU).

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

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

Saras is the first refinery in Italy to obtain the AIA authorization (Integrated Environmental Authorization), which represents part of a journey to improve the technical and structural characteristics of the plants, in order to minimize the environmental impact of the production activities.

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

During maintenance of plant MHC1, there was a tragic event resulting in the death of three workers.

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 improvements in 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 Program 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 crudes, 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 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 reorganization 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% 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 organizational 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 oil 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, 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 crudes, 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 mbl/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 oil crudes 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 favorable conditions characterized by satisfactory margins on the main refined products. Crudes were well supplied, despite the implementation of cuts in production by OPEC countries and other major producers, although

MILESTONES

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 mbl/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 qualified 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 optimization 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 characterized by significant 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 digitalization.

After the identification of the available technologies and the start of 10 pilot projects, the industrialization phase of the digitalization 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 of 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 sulfur heavy crude prices.

In the first months of 2019, one of the largest turnarounds on plants in the last five 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 favor 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. Refueling is carried out through a modern ship (barge) equipped with the highest safety standards.

During the year, 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 characterized 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 could reach initial agreements on production cuts, which caused a further deterioration in refining margins.

During the year, one of the most important turnaround programs 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 response to the economic and financial crisis brought about by the Covid-19 emergency.

On 12th October, Saras finalizes 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 ongoing 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 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 labor cost containment procedure with the launch of a partial redundancy fund and a plan for voluntary incentivized resolutions of employment relationship.

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 program, 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 security of the electricity system for 2021.

Years 2021-2024
Efficiency of the core business and energy transition

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$/bl to around 78$/bl 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, there was an increase in inflation in Europe and in Italy, 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 Consolidated Financial Statements, the draft Separate Financial Statements of Saras SpA and the Sustainability Report as of 31st December 2020. The Group Business Plan for the 2021-2024 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 as of 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

MILESTONES

energy transition strategy is 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 confirmed 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, acquired 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 signed 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 reimbursement 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 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 debt maturity profile.

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 geared towards producing green hydrogen for the Saras refinery with the aim of reducing the carbon footprint of refining processes.

Subsequently, on 28th October, the Board of Directors of Saras SpA approved an agreement for the consensual termination of the employment contract of Dario Scaffardi, Chief Executive Officer and General Manager who, for personal reasons, left office with effect from 30th October. On the same date, the Board of Directors co-opted Pier Matteo Codazzi as new non-independent Director of the Company, with effect from 31st October 2022, and also appointed him as the new Chief Executive Officer and General Manager of Saras.

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 reimbursement system with Resolution 740/2022.

2023

On 15th March, following the resignation of Mr. Matteo Codazzi, for personal reasons, from the office of Chief Executive Officer, Board Member and General Manager, the Board of Directors resolved to attribute to the Chairman of the Board of Directors Mr. Massimo Moratti, the office of Chief Executive Officer, assigning him the relevant additional powers, and to appoint Franco Balsamo as General Manager.

On 28th April, the Shareholders' Meeting approved the Saras SpA Financial Statements as of 31st December 2022, which closed with a net income of EUR 399 million and resolved the distribution of a dividend of EUR 0.19 for each of the 951,000,000 ordinary shares outstanding, for a total of EUR 181 million, deducted from the profit for the year.

On 3rd May 2023, the Board of Directors, appointed by the Shareholders' Meeting of 28th April 2023, confirmed the appointment of Massimo Moratti as Chairman of the Board of Directors and Chief Executive Officer. The following powers were confirmed for the Chairman of the Board of Directors, Massimo Moratti: the powers of strategic guidance as well as, among others, the powers of supervision and assessment of transactions involving equity investments, companies, business units of particular importance as well as the task of supervising the functionality of the internal control and risk management system. Franco Balsamo, General Manager of the Company, was appointed Deputy CEO.

On 10th May, the Board of Directors of Saras SpA approved the medium and long-term strategic guidelines for the evolution of the Group from a pure refiner to a sustainable energy player. Focus on energy transition and acceleration of renewables development.

With effectiveness from 1st July 2023, the subsidiary Sartec Srl is merged entity by merger into Sarlux Srl.

On 19th July 2023, the new company Saras Energy Management Srl, a wholly-owned subsidiary of the Parent Company Saras SpA, was established with the aim of carrying out the purchase and sale of electricity and other related goods and services for the Group.

On 24th October, based on ARERA Resolution no. 481/2023, the IGCC plant of the subsidiary Sarlux Srl was admitted by Terna to the "Essentiality" regime for the year 2024.

On 30th October, MASE (Ministry of the Environment and Energy Security) awarded Saras and Politecnico di Milano (Milan Polytechnic) a PNRR (National Recovery and Resilience Plan) loan for the construction of the first green synthetic fuel production demonstration plant in Italy.

On 29th December, the combined cycle power plant of Sarlux Srl (IGCC - Integrated Gasification Combined Cycle) was admitted by ARERA (Italian Regulatory Authority for Energy, Networks and the Environment) to the cost reimbursement regime with Resolution no. 628/2023/R/EEL.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2023 was an extremely positive year for Saras, which achieved solid economic results, with the Group par EBITDA of around EUR 670 million, the average margin from industrial transactions of over 12$/bl and comparable net income, which exceeded EUR 325 million.

From an operational point of view, the refinery worked to seize the opportunities of the favorable market, despite certain limitations due to the important scheduled maintenance, which in the second quarter involved the Integrated Gasification Combined Cycle plant (IGCC), and to external events in the second half of the year, for which we were not responsible.

The flows from core business and the reduction in working capital made it possible to finance investments, the payment of dividend income relating to the previous year and taxes. Our financial structure remains extremely robust, and the positive net financial position at the end of the year, amounting to approximately EUR 167 million (post IFRS 16), allows us to propose a dividend of EUR 15 cents per share to the Shareholders' Meeting, in line with the company policy.

As mentioned above, the oil markets were volatile but positive overall in 2023, and the crack spreads of the main refined products recorded higher averages than the historical one, albeit gradually decreasing compared to the exceptional levels of 2022. In particular, for middle distillates, the new import flows from Europe, China, India and the Middle East to replace the volumes via oil pipeline from Russia, have gradually normalized the crack spread levels, which however remain structurally higher than in the past, due to significantly higher logistics costs, and this trend is expected to be confirmed also in 2024.

The dynamics of oil demand and supply in 2023, as in previous years, showed some capacity limitations in the global refining system, not sufficient to meet the pace of growth in consumption. However, starting from 2024, new refineries are expected to open and some existing ones will be expanded, in particular in Africa, the Middle and Far East, which should outnumber the closures planned both in Europe and in the United States. We therefore expect an increase in competition in the European market, with some mitigating effects also on the crack spreads of refined products. On the whole, however, favorable conditions are envisaged for the most modern, efficient and well-managed refineries.

With regard to the development of Renewable Sources, the construction of our photovoltaic plant called "Helianto" is proceeding on schedule and is expected to become operational before this summer. Thanks to this work, in the second half of this year the total installed and operating capacity of the Renewables segment will reach 250 MW. We then expect to start work on the construction of 2 additional photovoltaic plants, authorized in 2023, in the areas of Sarroch and Arcola for a total of approximately 12 MW; these plants are expected to be operational from the second half of 2025. Finally, in 2024 we expect to be able to receive the Single Authorizations for three wind farms, with a total installed capacity of over 120 MW.

Saras also continues to commit efforts to the projects dedicated to energy transition, to capitalize on the opportunities offered by new technologies, depending on the evolution of the regulatory context. In particular, SardHy Green Hydrogen, the JV with Enel Green Power created to build a 20 MW electrolyzer intended to produce green hydrogen for use in the refinery, was selected among the Italian beneficiaries of the public grants approved by the European Commission as part of the IPCEI Hy2Use. Construction work is expected to start in the first half of 2024, with the aim of commencing electrolyzer operations in the first half of 2026.

We then received a small loan as part of the “Hard to Abate” PNRR tender, dedicated to the use of hydrogen and CO_2 for the production of synthetic fuels.

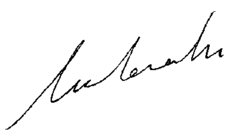
Activities are also continuing in the field of biofuels, with a series of technical assessments for expanding and optimizing hydrogenated vegetable oil (HVO) production both in co-processing and in purity.

With this in mind, we expect 2024 to be another positive year for Saras, despite the volatility of the markets and the foreseeable normalization of margins. Our IGCC plant will continue to operate under the essentiality regime, reducing exposure to the market. The expansion of renewable energy production will then make a further, growing contribution to the Group result.

Lastly, 62 years after its foundation by my father, an important transaction was announced on 11th February, with which Vitol will acquire control of the Saras Group It was a very difficult and emotional choice, but taken for the good of the Group. In fact, Vitol is a leading global player in the energy sector, and will be able to help Saras grow further, bringing substantial financial and commercial strength, as well as international professional expertise.

The Sardinians and Sardinia, who have accompanied us over the years with such professionalism and affection, will find ever greater opportunities for work and success in the new company. So I hope all of you can achieve ever more ambitious goals, and you have heartfelt thanks for the journey we have taken together.

Massimo Moratti
CHAIRMAN
AND CHIEF EXECUTIVE OFFICER



IMPACT FROM INTERNATIONAL CONFLICTS

Russia – Ukraine

The year 2023 was characterized by a volatile oil market context still affected - albeit to a lesser extent than in 2022 - by the consequences of the Russian-Ukrainian conflict. In fact, the margins of the main distilled products remained on average high and above historical values, highlighting the permanent pressure on prices caused by the absence of imports from Russia, the main supplier of middle distillates to Europe until the outbreak of the conflict, in a context characterized by low unused refining capacity, both in Europe and in the USA.

The diesel crack spread[1] in the Mediterranean area in 2023 recorded an average of 26.4$/bl, showing a partial normalization compared to the record levels in 2022 (37.7$/bl on average in 2022). This effect was determined, in the first place, by a gradual increase in supply and imports to Europe from the Asian countries that have not joined the sanctions, particularly China, India and Turkey, and secondly, by a slowdown in demand from the industrial sector in the main OECD member countries, checked by the restrictive policies adopted by the central banks to limit the rising levels of inflation.

Conflict in Middle East

Starting from October 2023, the Israeli-Palestinian conflict is creating tensions throughout the Middle Eastern area with severe repercussions on maritime logistics flows in the Red Sea leading to an extension of long routes beside the coasts of Africa with a consequent increase in freight costs.

For further details on the impacts from the conflicts mentioned above, please refer to the chapters relating to the Reference Market and to the Risk Analysis, paragraph “Price fluctuation risk”.

1. Fob Med vs Brent Dated

SARAS GROUP'S REPORT ON OPERATIONS

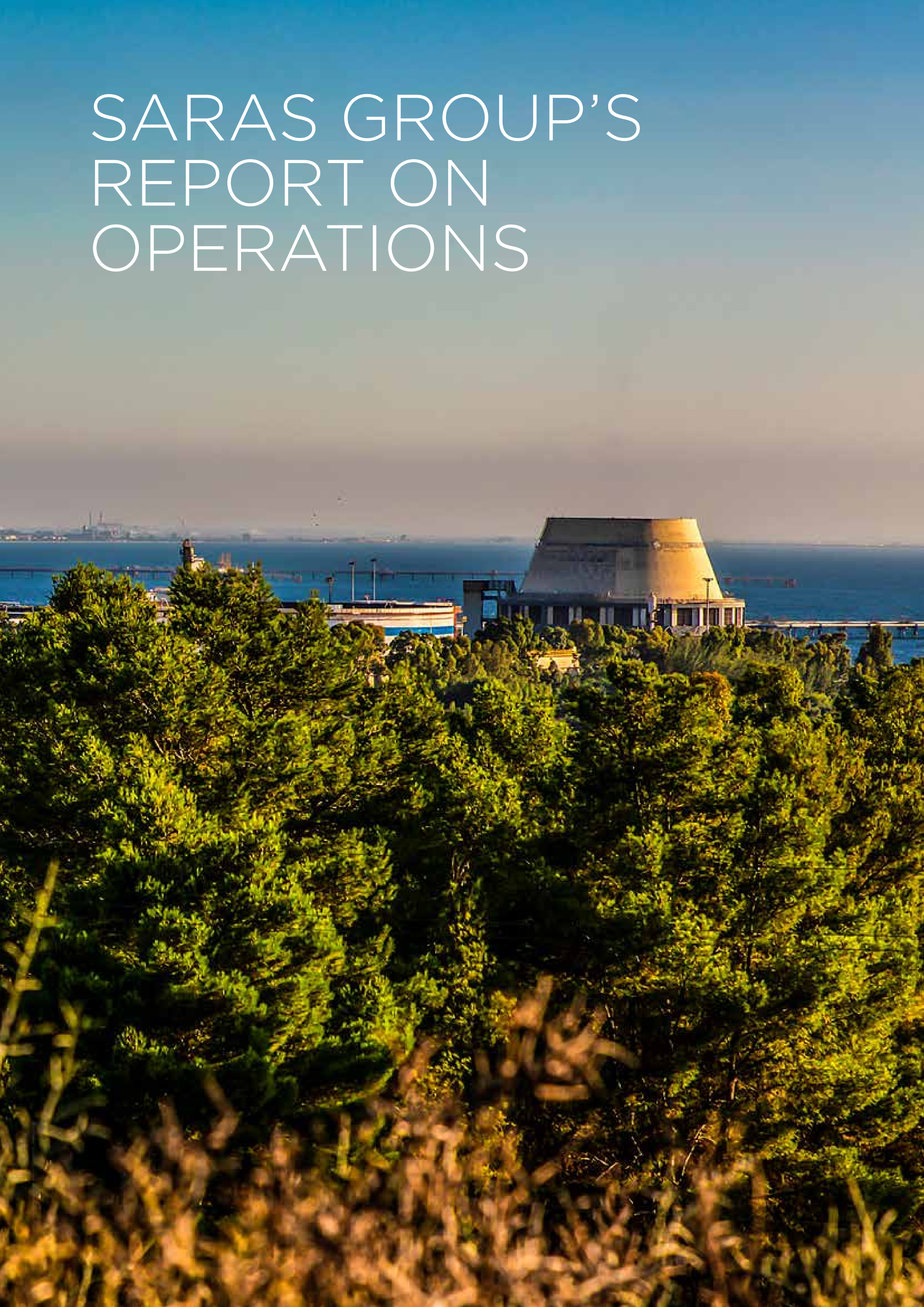
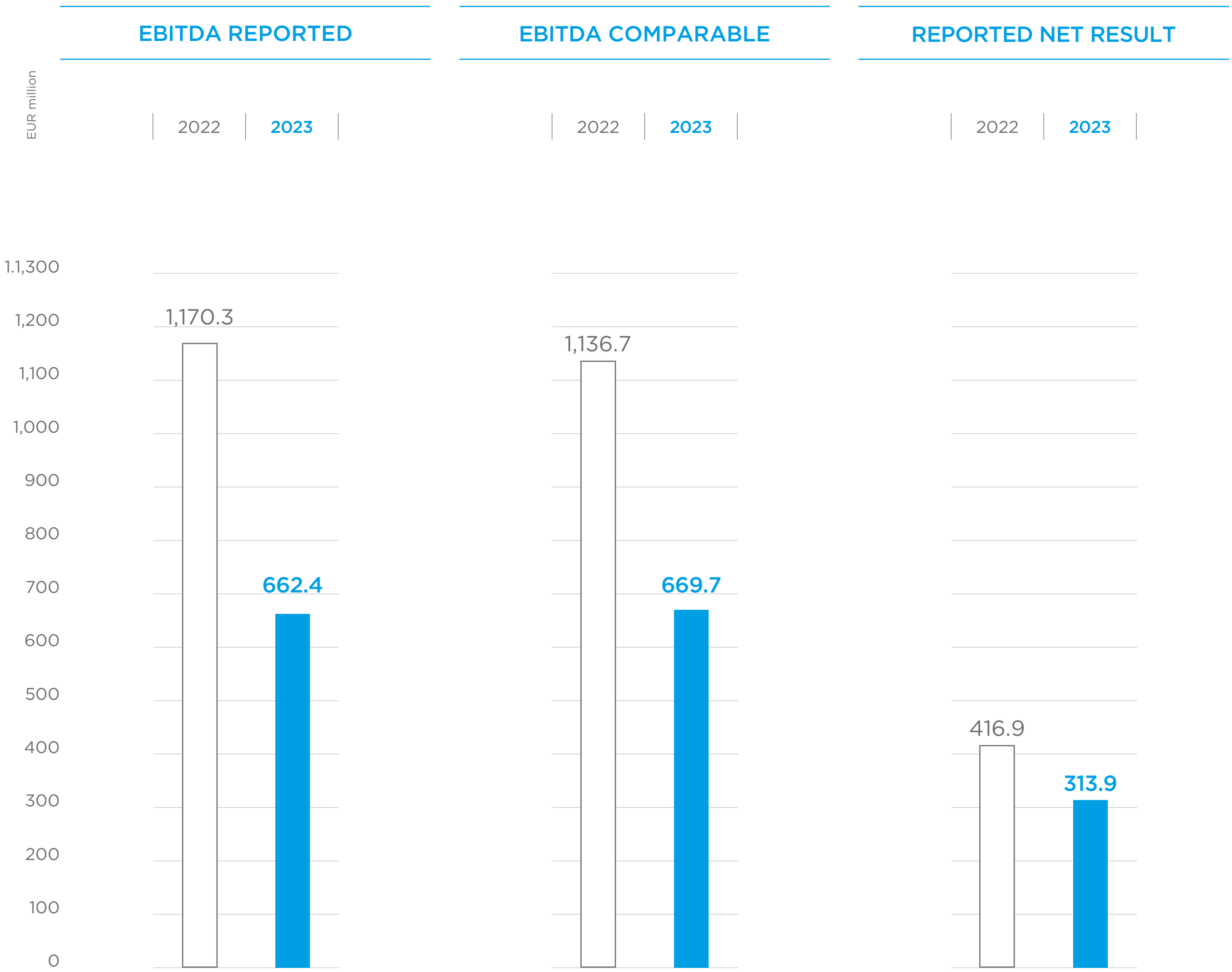
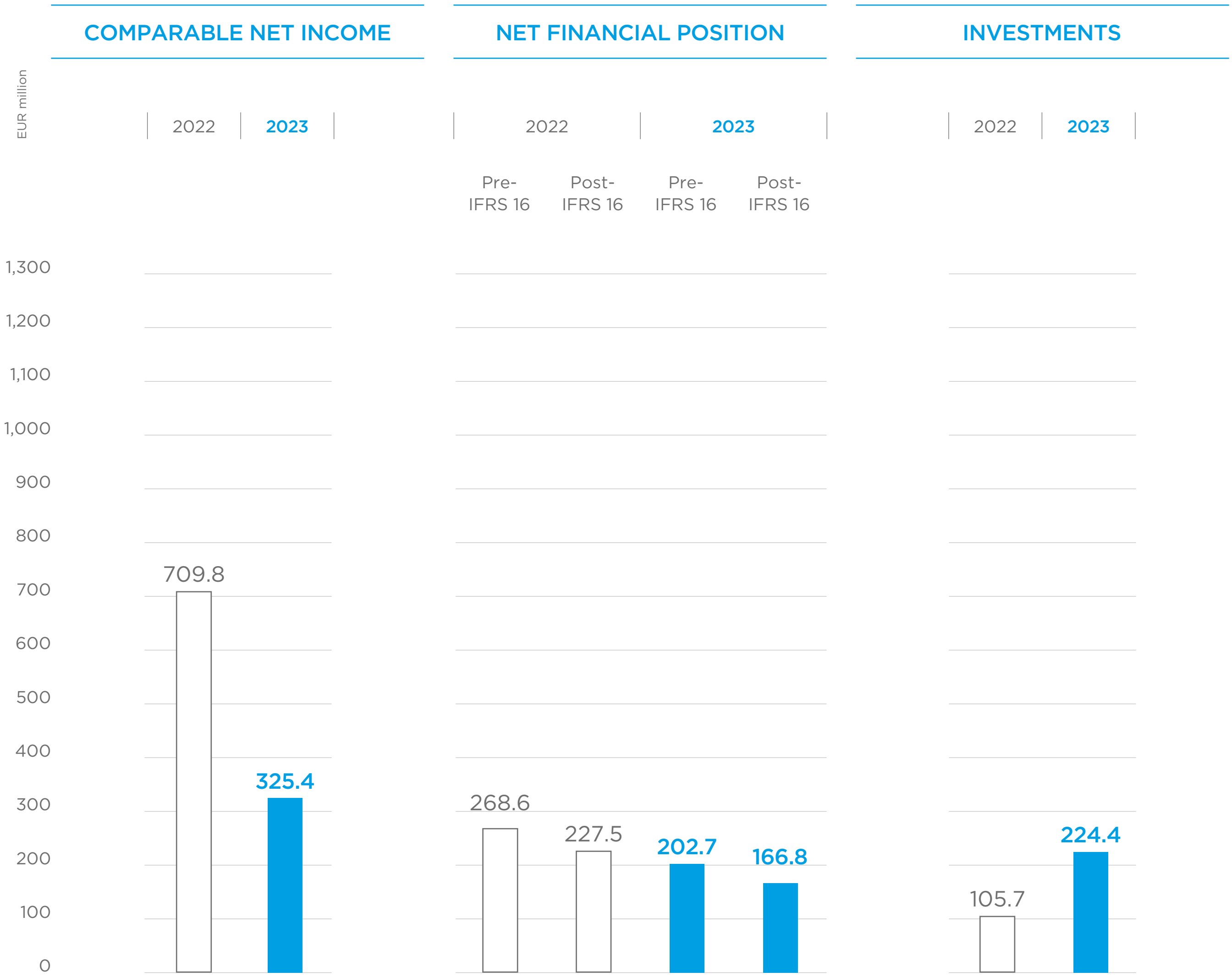


TABLE OF CONTENTS SARAS GROUP REPORT ON OPERATIONS

MAIN CONSOLIDATED FINANCIAL FIGURES




COMPARABLE NET INCOME
NET FINANCIAL POSITION
INVESTMENTS
EUR million
2022
2023
2022
2023
2022
2023
Pre-
IFRS 16
Post-
IFRS 16
Pre-
IFRS 16
Post-
IFRS 16
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
709.8
325.4
268.6
227.5
202.7
166.8
105.7
224.4

MAIN CONSOLIDATED FINANCIAL AND OPERATING FIGURES

EUR MILLION		2023	2022
REVENUES		11,443.4	15,835.8
EBITDA		662.4	1,170.3
Comparable EBITDA [1]		**669.7**	**1,136.7**
EBIT		452.9	965.7
Comparable EBIT [1]		**468.6**	**945.3**
Net income		313.9	416.9
Comparable net income [1]		**325.4**	**709.8**
Shares outstanding, '000,000 (average no.)		951	951
Comparable NET INCOME 1 per share (EUR)		**0.34**	**0.75**
NET FINANCIAL POSITION BEFORE IFRS 16 EFFECT		**202.7**	**268.6**
NET FINANCIAL POSITION AFTER IFRS 16 EFFECT		**166.8**	**227.5**
CAPEX		**224.4**	**105.7**
REFINERY RUNS	Thousand tons	**12,885**	**13,168**
	Million barrels	**94.1**	**96.1**
	Thousand barrels/day	**258**	**263**
EXCHANGE RATE (ANNUAL AVERAGE)	EUR / $	**1.082**	**1.053**
EMC REFERENCE MARGIN	$/bl	**8.2**	**9.6**
Saras IND & MKTG MARGIN	$/bl	**12.2**	**16.4**
IGCC ELECTRICITY PRODUCTION	GWh	3,550	4,100
TOTAL MARKETING SALES	Thousand tons	3,213	3,659
of which in Italy	Thousand tons	**2,227**	**2,412**
of which in Spain	Thousand tons	**986**	**1,247**
RENEWABLE ELECTRICITY PRODUCTION	GWh	298.1	273.4
POWER TARIFF	EUR/MWh	**102.6**	**158.3**
INCENTIVE TARIFF	EUR/MWh	**0.0**	**42.8**

1. To present the Group 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 crudes 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 Financial Reporting Standards (IAS/IFRS) and are unaudited.

CORPORATE AND CONTROL BODIES

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

DESIGNATED MANAGER IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS

FABIO PERETTI	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 financial statements for the year ended as of 31st December 2023.

In this Report, which is also drawn up pursuant to Article 123-*bis*, paragraph 1 of Italian Legislative Decree no. 58 of 24th February 1998 (the Consolidated Finance Act or **TUF**), as amended, the main features of the Saras SpA (also the "**Company**" or "**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 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 three years until the date of the Shareholders' Meeting called to approve the financial statements for the year ended as of 31st December 2025, was defined at the latest Shareholders' Meeting of 28th April 2023, which appointed its members. For the sake of completeness of report, it is acknowledged that on 15th March 2023, the previous Chief Executive Officer and General Manager, Mr. Pier Matteo Codazzi resigned, effective immediately. Taking into account the imminent renewal of the Board of Directors, envisaged on the agenda of the aforementioned Shareholders' Meeting, the Board of Directors' meeting of 15th March 2023 did not co-opt another director and decided to appoint the Chairman of the Board of Directors, Massimo Moratti, as Chief Executive Officer, giving him the relevant additional powers, and to appoint Franco Balsamo, as General Manager, attributing him the same powers as the outgoing General Manager, Mr. Codazzi. Following the Shareholders' Meeting of 28th April 2023, therefore, the new Board of Directors, in the meeting of 3rd May 2023, in continuity with what was carried out during the last mandate, confirmed the appointments of Massimo Moratti, as Chairman of the Board of Directors and Chief Executive Officer and Franco Balsamo as General Manager. During the same Board meeting, Franco Balsamo was also appointed Deputy CEO.

Finally, it is hereby acknowledged that as of 29th April 2023 the position of Chief Financial Officer was attributed to Fabio Peretti.

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 as of 31st December 2023, was defined at the Shareholders' Meeting of 12th May 2021. The Shareholders' Meeting called to approve the Financial Statements for the year ended as of 31st December 2023 will therefore have to appoint the next Board of Statutory Auditors.

The approval of the financial statements for the year ended as of 31st December 2023, marked the end of the mandate to audit the accounts of Saras assigned to the independent auditors E&Y SpA for the years 2015-2023. The Shareholders' Meeting of 28th April 2023, based on the reasoned proposal of the Board of Statutory Auditors of Saras, appointed the independent auditors PwC SpA to audit Saras' accounts for the years 2024-2032.

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 2023 and in the first few months of 2024.

At the meeting of 3rd May 2023, the Board, having assessed the existence of the independence requirements of the directors Valentina Canalini, Adriana Cerretelli, Laura Fidanza, Francesca Stefania Luchi, Giovanni (known as Gianfilippo) Mancini and Silvia Pepino, appointed the Lead Independent Director in the person of Adriana Cerretelli. At the same meeting, the Board also established an 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 the independent directors Adriana Cerretelli, Laura Fidanza, Valentina Canalini and Silvia Pepino, and of the non-independent director Giovanni Moratti).

Both Committees have advisory and proposal-making functions, as provided for in the Code and have met regularly during 2023 and in the first few months of 2024, as illustrated in the Report. In particular, the Remuneration and Nomination Committee was also conferred the duties that pertain to the Related Parties 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 3rd May 2023 previously referred to, the Board of Directors also established an internal Steering and Strategies Committee (composed of the directors Massimo Moratti, Angelo Moratti, Franco Balsamo, Angelomario Moratti, Gabriele Moratti, Giovanni Moratti and Giovanni - known as Gianfilippo- Mancini) to provide advice 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, Risk and Sustainability Committee and the Internal Audit Function.

On 3rd May 2023, the Board of Directors identified the Chairman and Chief Executive Officer, Mr. 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, Fabio Peretti, as the Designated manager in charge of preparing the corporate accounting documents, according to Art. 154-*bis* of the Consolidated Finance Act.

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 Italian Legislative Decree no. 231/2001, which is overseen by a special supervisory body.

The Group 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 Italian 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 2023 relating to the energy, environment and health and safety at work sectors are as follows:

- Resolution no. 628/2023/R/EEL of 28th December 2023 on "*Determinations regarding the Application for Admission to the Sarlux Essential Plant Reintegration Scheme, for the year 2024*";
- Law no. 215 of 30th December 2023, containing "*Urgent provisions regarding regulatory terms*";
- Law no. 214 of 30th December 2023, on the "*Annual Law for the Market and Competition 2022*";
- Law no. 213 of 30th December 2023, on "*State budget for the financial year 2024 and multi-year budget for the three-year period 2024-2026*";
- Law no. 191 of 15th December 2023, containing "*urgent measures in economic and tax matters, in favor of local authorities, to protect labor and for needs that cannot be deferred*";
- Decree-Law no. 181 of 9th December 2023, containing "*Urgent provisions for the country's energy security, the promotion of the use of renewable energy sources, support for energy-intensive companies and reconstruction in the areas affected by the exceptional flood events that have occurred since 1st May 2023*";
- Managerial Decree of the Ministry of the Environment and Energy Safety no. 459 of 29th November 2023, containing a "*Definition of the format of the forms to be completed for the presentation of the application to initiate the assessment procedure pursuant to Article 242-ter, paragraph 3, of Italian Legislative Decree 152/2006, in the case of initiatives and works that fall within the scope of Article 25 of Presidential Decree 120/2017, as well as in the case of initiatives and works that do not involve excavations but involve permanent occupation of land, pursuant to Article 9 of Decree no. 45 of 26th January 2023*";
- Managerial Decree of the Ministry of the Environment and Energy Safety no. 458 of 29th November 2023, containing "*Definition of the format of the forms to be completed for the presentation of the application to initiate the assessment procedure referred to in Article 242-ter, paragraph 2, of Italian Legislative Decree 152/2006, for initiatives and works pursuant to art. 242-ter, paragraph 1, of the same legislative decree, even in the presence of initiatives and works that do not involve excavation activities but involve permanent occupation of land, pursuant to Article 9 of Decree no. 45 of 26th January 2023*";
- Law no. 170 of 27th November 2023, containing "*Conversion into law, with amendments, of Italian Decree-Law no. 132 of 29th September 2023, containing urgent provisions on the extension of regulatory deadlines and tax payments*";
- Law no. 169 of 27th November 2023, containing "*Conversion into law, with amendments, of Italian Decree-Law no. 131 of 29th September 2023, containing urgent measures on energy, measures to support purchasing power and to protect savings*";
- EU Commission Regulation 2023/2449/EU of 6th November 2023, on "*Methods of application of Regulation (EU) 2015/757 of the European Parliament and of the Council with regard to the templates of monitoring plans, reports on emissions, partial emission reports, compliance documents and company-level reports, and repealing Commission Implementing Regulation (EU) 2016/1927*";
- EU Commission Directive 2024/299/EU of 27th October 2023, "*amending Directive EU 2016/2284 of the European Parliament and of the Council as regards the methodology for communicating the projections of emissions of certain atmospheric pollutants*";
- ARERA Resolution no. 481/2023/R/EEL of 24th October

2023 “*Determinations regarding essential plants, amendments and additions to the reference regulations*” - Sarlux plant indicated by Terna among the plants essential on an individual basis for the year 2024;

- Decree of the Ministry of the Environment and Energy Security no. 343 of 20th October 2023, containing “*Amendments to the Decree of the Ministry of the Environment and Energy Security of 16th March 2023*”;

- European Parliament and EU Council Directive 2023/2413/EU of 18th October 2023, “*amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive no. 98/70/EC as regards the promotion of energy from renewable sources and repealing Council Directive (EU) 2015/652*”;

- EU Parliament and Council Regulation 2023/2405/EU of 18th October 2023, “*on ensuring a level playing field for sustainable air transport (ReFuelEU Aviation)*”;

- Decree-Law no. 145 of 18th October 2023, on "*Urgent economic and fiscal measures, in favor of local authorities, to protect labor and for needs that cannot be deferred*" (ADVANCES DECREE);

- EU Commission Regulation 2023/2122/EU of 12th October 2023 “*amending Implementing Regulation (EU) 2018/2066 on the update of the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council*”;

- Law no. 136 of 9th October 2023, containing “*Conversion into law, with amendments, of Italian Decree-Law no. 104 of 10th August 2023, containing urgent provisions for the protection of users, regarding economic and financial activities and strategic investments*”;

- Decree-Law no. 131 of 29th September 2023, containing “*Urgent energy measures, measures to support purchasing power and protection of savings*”;

- Decree-Law no. 132 of 29th September 2023, containing “*Urgent provisions regarding the extension of regulatory deadlines and tax payments*”;

- Managerial Decree of the Ministry of Labor and Social Policy of 20th September 2023, containing “*Revaluation of the fines envisaged with reference to the infringements in the field of hygiene, health and safety at work and the administrative financial sanctions provided for by Italian Legislative Decree no. 81 of 9th April 2008, as well as by acts having the force of law*”;

- European Parliament and EU Council Regulation 2023/1805/EU of 13th September 2023, “*on the use of renewable and low-carbon fuels in shipping, and amending Directive 2009/16/EC*”;

- European Parliament and EU Council Regulation 2023/1804/EU of 13th September 2023, “*on the construction of an infrastructure for alternative fuels, and repealing Directive 2014/94/EU*”;

- Decree-Law no. 121 of 12th September 2023, on “*Urgent measures on air quality planning and road traffic restrictions*”;

- European Parliament and EU Council Directive 2023/1791/EU of 13th September 2023, “*on energy efficiency and amending Regulation (EU) 2023/955 (recast)*”;

- Decree of the Ministry of the Interior of 31st August 2023, containing an "*Amendment to Decree of 1st September 2021 on: General criteria for the control and maintenance of systems, equipment and other fire safety systems, pursuant to Art. 46, paragraph 3, letter a), point 3, of Italian Legislative Decree no. 81, of 9th April 2008*";

- Managerial Decree of the Ministry of Enterprises of 30th August 2023, containing “*Industrial Transition Fund. Terms and methods for submitting the application*”;

- Law no. 112 of 10th August 2023, on the “*Conversion into law, with amendments, of Decree-*

Law no. 75 of 22nd June 2023, containing urgent provisions on the organization of public administrations, agriculture, sports, work and for the organization of the Jubilee of the Catholic Church for the year 2025";

- Decree-Law no. 104 of 10th August 2023, on "*Urgent provisions for the protection of users, regarding economic and financial activities and strategic investments*";

- Resolution of the Interministerial Committee for Marine Policies of 31st July 2023, on "*Approval of the Sea Plan for the three-year period 2023-2025*";

- Law no. 95 of 26th July 2023, on the "*Conversion into law, with amendments, of Italian Decree-Law no. 57 of 29th May 2023, containing urgent measures for local authorities, as well as to ensure the timely implementation of the National Recovery and Resilience Plan and for the energy sector*";

- Decree of the Ministry of the Environment and Energy Security no. 224 of 14th July 2023, on "*Implementation of Article 46 of Italian Legislative Decree no. 199 of 8th November 2021 on guarantees of origin*";

- Law no. 87 of 3rd July 2023, on "*Conversion into law, with amendments, of Italian Decree-Law no. 51 of 10th May 2023, containing urgent provisions on the management of public bodies, legislative terms and social solidarity initiatives*";

- Managerial Decree of the Ministry of the Environment and Energy Security no. 309 of 28th June 2023, on "*Approval of the guidelines for the application of Article 272-bis of Italian Legislative Decree 152/2006 on odor emissions from plants and activities prepared by the Emissions Coordination*";

- Decree-Law no. 75 of 22nd June 2023, on "*Urgent provisions on the organization of public administrations, agriculture, sport, work and for the organization of the Jubilee of the Catholic Church for the year 2025*";

- EU Commission Decision 2023/1198/EU of 21st June 2023, "*amending Directive 2008/68/EC of the European Parliament and of the Council on the inland transport of dangerous merchandise in order to authorize certain national derogations*";

- Law no. 68 of 13th June 2023, on "*Conversion into law, with amendments, of Italian Decree-Law no. 39 of 14th April 2023, containing urgent provisions to combat water scarcity and for the enhancement and adjustments of water infrastructures*";

- EU Commission Regulation 2023/1640/EU of 5th June 2023, "*on the methodology for determining the share of biofuels and biogas for transport deriving from biomass treated with fossil fuels in a common process*";

- Decree-Law no. 57 of 29th May 2023, on "*Urgent measures for local authorities, as well as to ensure the timely implementation of the National Recovery and Resilience Plan and for the energy sector*";

- Decree-Law no. 51 of 10th May 2023, on "*Urgent provisions on the management of public bodies, legislative deadlines and social solidarity initiatives*";

- Managerial Decree no. 326 of 8th May 2023, on "*Amendment to the public notice for the presentation of project proposals as part of investment 3.2 - «Use of hydrogen in the Hard to Abate sector» of the NRRP*";

- Decree of the Ministry of the Environment and Energy Security of 24th April 2023, on the "*Update of the national reporting methods on the sulfur content in marine fuels, required by Directive (EU) 2016/802, based on the Thetis-EU information system*";

- Law no. 41 of 21st April 2023, on "*Conversion into law, with amendments, of Decree-Law no. 13 of 24th February 2023, containing urgent provisions for the implementation of the National Recovery and Resilience Plan (NRRP) and the National Plan for Complementary Investments to the NRRP (CNP), as well as for the implementation of cohesion policies and the common agricultural policy. Provisions concerning the exercise of legislative powers*";

- Decree-Law no. 39 of 14th April 2023, on "*Urgent provisions to combat water scarcity and for the enhancement and adjustment of water infrastructures*";

- Decree of the Ministry of the Environment and Energy Security no. 343 of 16th March 2023, containing "*Conditions, criteria and methods for enforcement of the obligation to use energy from renewable sources in transport between different types of biofuels, including advanced, renewable energy carriers of biological origin, Rfnbo and Rcf*";

- Law no. 23 of 10th March 2023, on "*Conversion into law, with amendments, of Decree-Law no. 5 of 14th January 2023, containing urgent provisions on the transparency of fuel prices and the strengthening of the* *control powers of the Guarantor for the surveillance of prices, as well as support for the use of public transport*";

- European Parliament and EU Council Regulation 2023/435/EU of 27th February 2023, "*amending Regulation (EU) 2021/241 as regards the inclusion of chapters dedicated to the REPowerEU plan in the plans for recovery and resilience and amending regulations no. (EU) 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC*";

- Law no. 14 of 24th February 2023 on "*Conversion into law, with amendments to the Decree-law 29th December 2022, n. 198, on urgent provisions on the matter of legislative terms. Extension of terms for the exercise of legislative powers*";

- Decree-Law no. 13 of 24th February 2023, on "*Urgent provisions for the implementation of the National Recovery and Resilience Plan (NRRP) and the National Plan for Complementary Investments to the NRRP (CNP), as well as for the implementation of cohesion policies and the common agricultural policy (NRRP 3)*";

- Managerial Decree no. 5840 of 22nd February 2023, containing "*Approval of the Ispra guidelines for the preparation of plans for monitoring or managing the impact of soil and soil carbon*";

- EU Delegated Regulation 2023/1185/EU of 10th February 2023, "*supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by defining the minimum threshold for the reduction of greenhouse gas emissions from fuels resulting from recycled carbon, and specifying the methodology for assessing the reductions of greenhouse gas emissions from liquid and gaseous renewable fuels of non-biological origin for transport and from fuels deriving from recycled carbon*".

- EU Commission Regulation 2023/1184/EU of 10th February 2023, "*which supplements Directive (EU) 2018/2001 of the European Parliament and of the Council by defining a Union methodology that establishes detailed rules for the production of liquid renewable fuels and gaseous products of non-biological origin for transport*";

- Law no. 10 of 1st February 2023 on "*Conversion to law, with amendments, of Decree-Law no. 187 of 5th December 2022, containing urgent measures to protect the national interest in strategic productive sectors*";

- Decree of the Ministry of the Environment and Energy Security no. 45 of 26th January 2023, "*governing the categories of initiatives that do not require the assessment pursuant to art. 242-ter, paragraph 3, of Italian Legislative Decree 152/2006, as well as the criteria and procedures for the aforementioned assessment and control methods*";

- Decree of the Ministry of Infrastructure and Transport of 23rd January 2023, containing "*Transposition of Commission Directive 2022/2407/EU amending the annexes to Directive 2008/68/EC of the European Parliament and of the Council on the inland transport of dangerous goods*";

- Decree-Law no. 5 of 14th January, on "*Urgent provisions on the transparency of fuel prices and strengthening of the powers of control of the Guarantor for the surveillance of prices, as well as support for the use of public transport*";

- Law no. 6 of 13th January 2023, on "*Conversion into law, with amendments, of Decree-Law no. 176 of 18th November 2022, containing urgent support measures in the energy and public finance sector*";

- Managerial Decree of the Ministry of the Environment and Energy Security no. 23 of 13th January 2023, on "*Approval of the application rules of Italian Ministerial Decree no. 340 of 15th September 2022 containing provisions for the incentive of biomethane injected into the natural gas network*".

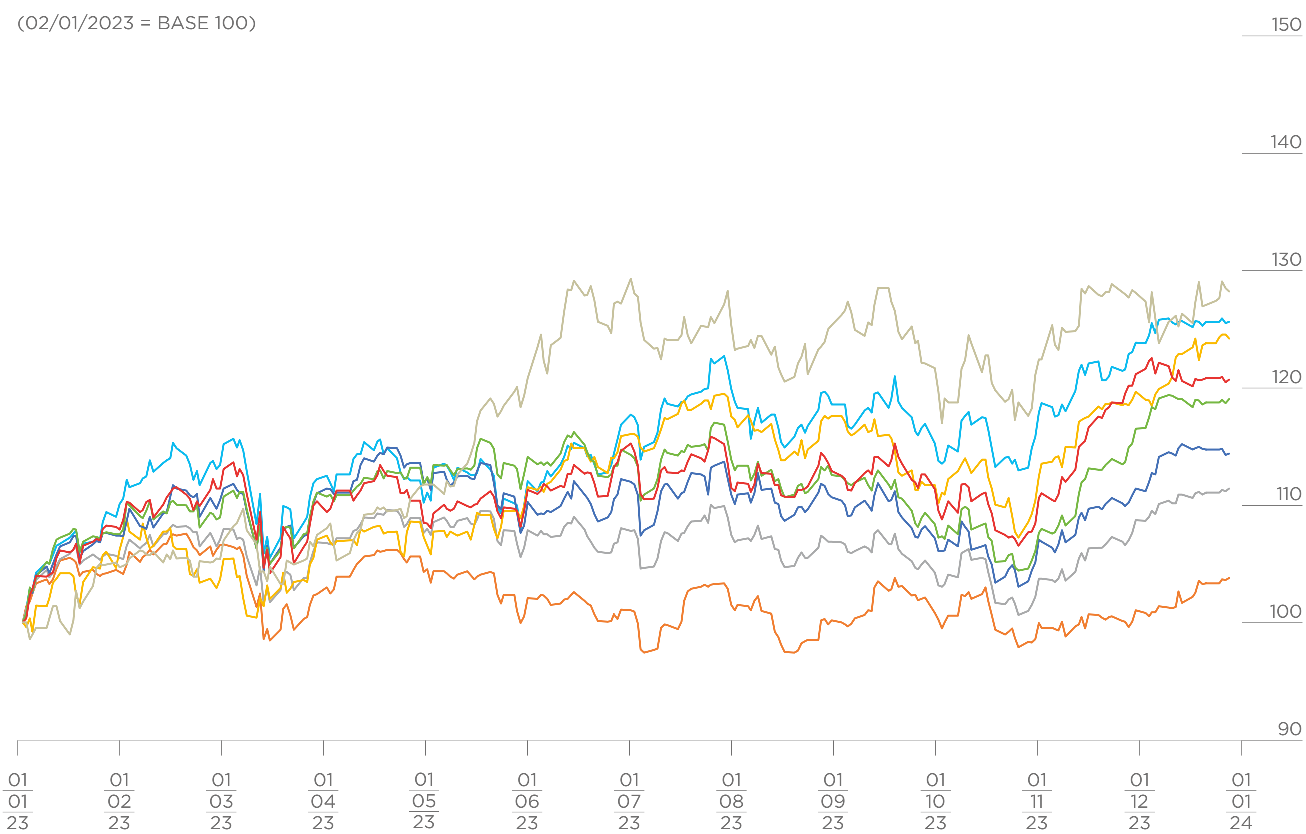
EQUITY MARKET PERFORMANCE

Global stock markets recorded a healthy performance in 2023, the best since 2019, reaching new all-time highs and recovering most of the losses of 2022. The financial markets during the year were mainly driven by expectations regarding the monetary policies of the main global central banks and their potential effects on the performance of economic growth and inflation. Most of the increases in share prices took place in the last part of the year, thanks to the growing belief that European and US central banks were now close to vanquishing the trend in inflation. This conviction was supported by the data for November, which showed a slowdown in price rises for both areas.

However, despite a positive context for the stock markets, the performance of the major international indices was characterized by marked variability: among the major global stock indexes, the best performance was recorded by the Nasdaq, up by more than 43%, thanks in particular to the exceptional performance of the main tech stocks with higher capitalization, which offset the weakness of the rest of the indices, as highlighted by the other indices, the S&P and the Dow Jones, which saw significant, albeit not as high, increases of approximately 25% and 14% respectively.

The EuroStoxx 50 index also closed 2023 with a positive performance (+19.9%) and above expectations despite fears about the prospects of economic growth in the Eurozone and a less expansive short-term monetary policy stance by the ECB. In particular, Piazza Affari (FTSE MIB) closed the year with an increase of 28%, surpassing all other European lists. The strong presence of bank shares, which benefited from the increase in rates, underpins the overperformance of the FTSE MIB. Madrid (IBEX) followed with an increase of almost 23% since the beginning of the year, while Frankfurt (DAX) rose by more than 20% and Paris (CAC 40) by 16.5%. These performances offset the losses caused by the war in Ukraine, but stock markets outside the Eurozone benefited less: Zurich (SMI Market Index) and London (FTSE 100 Index) both rose by 3.8%.

MAIN WORLD MARKET INDICES (SOURCE: BLOOMBERG)



FTSE MIB Index: benchmark equity index of the Italian market, consisting of a basket of 40 stocks on the basis of capitalization, trading volume and sector

FTSE 100 Index: price weighted index by the capitalization of the 100 highest capitalization companies traded on the London Stock Exchange

FTSEurofirst 330 Index: index that includes 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: benchmark equity index of the French Stock Exchange, consisting of 40 companies with the highest capitalization traded on the French Stock Exchange

DAX Index: benchmark equity index of the German Stock Exchange, monitors the performance of the 30 German blue-chip companies traded on the Frankfurt Stock Exchange

IBEX Index: reference equity index of the Madrid Stock Exchange, including the 35 stocks with the highest capitalization listed on the Iberian market

NIKKEI 225 Index: price weighted index based on the price of the 225 main Japanese blue-chip shares traded on the Tokyo Stock Exchange

SARAS STOCK PERFORMANCE

STOCK PRICE (EUR)	2023
Minimum price (26/06/2023) *	1.058
Maximum price (01/02/2023) *	1.655
Average price **	1.330
Closing price on 29/12/2023	1.616

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

** The average price is calculated as the arithmetic average of the closing prices from 02/01/23 to 29/12/23.

DAILY TRADING VOLUMES	2023
Minimum in EUR (million) (24/11/2023)	2.8
Minimum in millions of shares (24/11/2023)	2.0
Maximum in EUR (million) (22/09/2023)	47.3
Maximum in millions of shares (22/09/2023)	33.1
Average traded volume in EUR (million)	10.9
Average traded volume in number of shares (million)	8.2

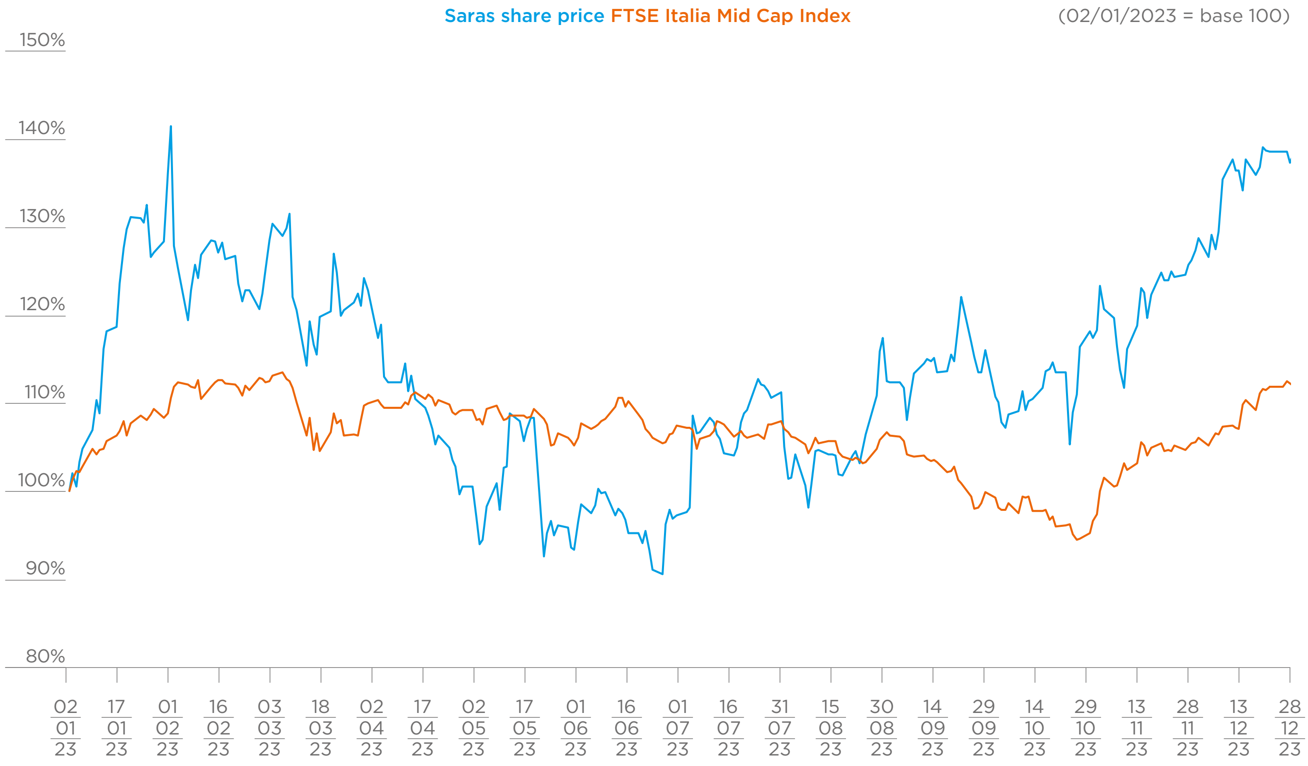
The tables report some data relating to Saras' stock performance in terms of price and volumes traded during the period from 2nd January 2023 to 29th December 2023.

The market capitalization as of 29th December 2023 (last open market day of the year) amounted to approximately EUR 1,537 million and, on the same date, there were 951,000,000 shares. It should be noted that the shareholders' equity of Saras SpA as of 31st December 2023 amounted to EUR 1,115,553 thousand.

The following graph shows a comparison of the daily trend between the Saras stock and the FTSE Italia Mid Cap index of Euronext Milan, which is Saras' benchmark index: as a result of the factors described in the course of this Report and which have affected the refining market, the Saras stock reported a positive performance of 40.6% in 2023.

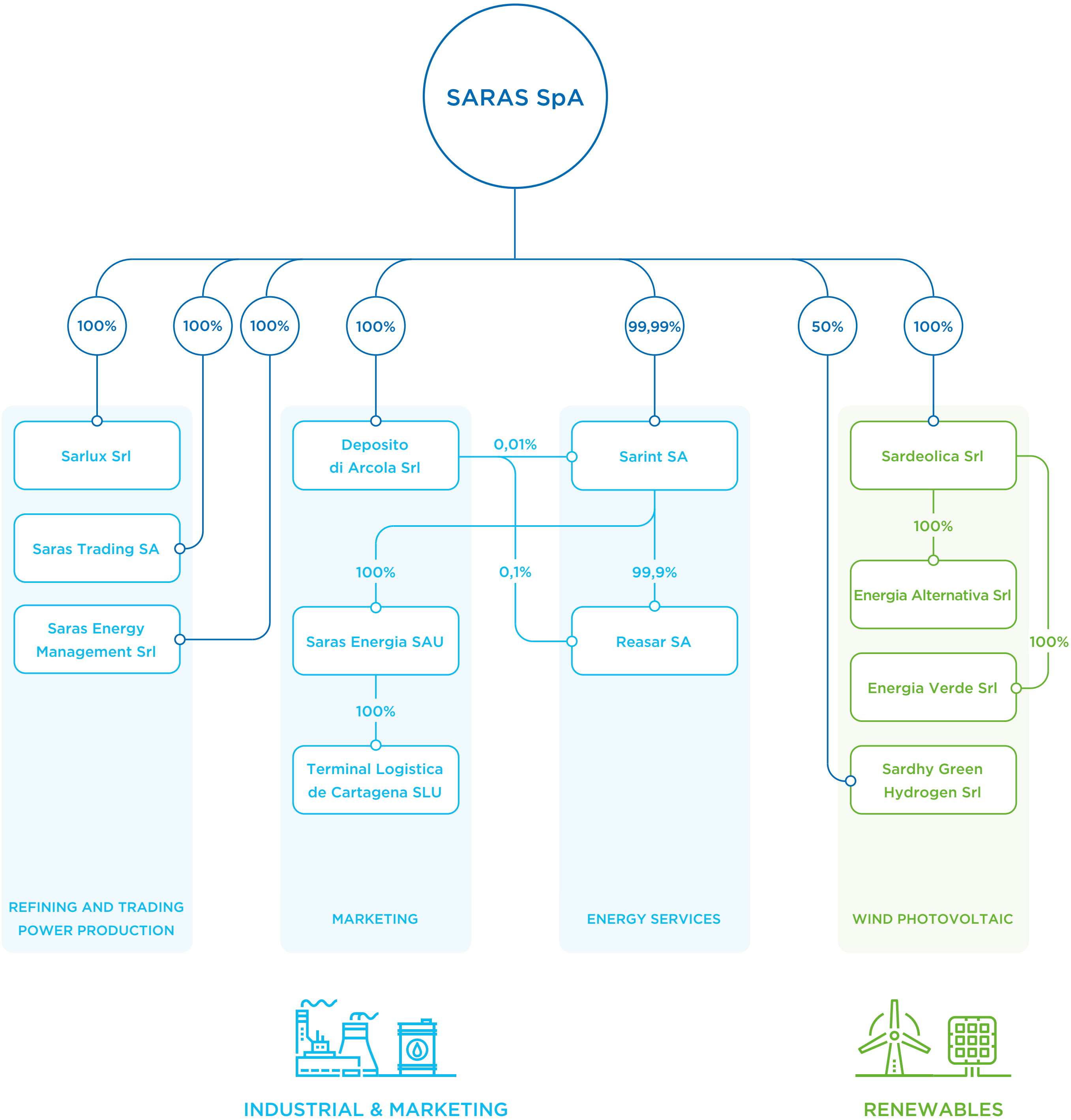
Regarding the Italian market, the benchmark FTSE Mid Cap index, which includes the Saras stock, saw a rise of 13,1%.

SARAS VS FTSE ITALIA MID CAP



STRUCTURE OF THE SARAS GROUP

The following graph shows the structure of the Saras Group and the main companies involved in each business segment, as of 01/12/23.



REGISTERED OFFICES OF THE CONSOLIDATED COMPANIES

Saras SpA
SS. Sulcitana 195, Km 19
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

Sardeolica Srl
V Strada Ovest – Traversa C
Zona industriale Macchiareddu
09032 Assemini - Cagliari

Energia Alternativa Srl
Via Sidney Sonnino, 28
09125 Cagliari

Energia Verde Srl
Via Sidney Sonnino, 28
09125 Cagliari

Sardhy Green Hydrogen Srl
SS. Sulcitana 195, Km 19
09018 Sarroch – Cagliari

Saras Energy Management Srl
Galleria Passarella, 2
20122 Milano

Saras Trading SA
Rue du Mont-Blanc 7,
1201 Geneve (Switzerland)
Svizzera

Sarint SA
12 Avenue de la Porte Neuve
2227 (Luxembourg)
Lussemburgo

Reasar SA
4, Rue du Fort Wallis
L-2714 (Luxembourg)
Lussemburgo

Saras Enegia SAU
C/ Basílica, 19 6ª planta
28020 Madrid
Spagna

Terminal Logistica de Cartagena SLU
Ctra. N-343, Km. 10 (dcha.)
Valle de Escombreras
30350 Cartagena (Murcia)
Spagna

COMMENTS ON SARAS GROUP RESULTS

GAAP and Non-GAAP measures (Alternative performance indicators)

To present the Group 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.

KEY GROUP FINANCIAL AND OPERATING RESULTS:

EUR million	2023	2022
REVENUES	11,443	15,836
Reported EBITDA	662.4	1,170.3
Comparable EBITDA	**669.7**	**1,136.7**
Reported EBIT	452.9	965.7
Comparable EBIT	**468.6**	**945.3**
Reported NET RESULT	313.9	416.9
Comparable NET INCOME	**325.4**	**709.8**
NET FINANCIAL POSITION BEFORE IFRS 16	**202.7**	**268.6**
NET FINANCIAL POSITION AFTER IFRS 16	**166.8**	**227.5**
CAPEX	**224.4**	**105.7**

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

Comment on group results 2023

In 2023, Group revenues amounted to EUR 11,443 million, compared to EUR 15,836 million last year. The significant decrease is related to both the different scenario conditions and the lower volumes produced and sold between the two periods. From a scenario perspective, the variables that had the greatest impact were the depreciation of the main oil products, the reduction in the sale price of electricity (regulated under the Essentiality Regime) and the exchange rate trend characterized by a weakening US dollar compared to the Euro. Specifically, in 2023 the average diesel price was 814 $/ton (vs 1,039 $/ton in 2022), the average gasoline price was 845 $/ton (vs 991 $/ton in 2022), the single national price for the sale of electricity (PUN) was 127 EUR/MWh (vs an average sale price of 303 EUR/MWh in 2022) and the EUR/$ exchange rate was 1.08 (vs the EUR/$ exchange rate of 1.05 in 2022). As regards industrial production, it should be noted that the main production variables were lower than the values recorded in 2022, except for renewable power generation. More specifically, refining runs in 2023 amounted to 94.1 million barrels (vs. 96.1 million barrels in 2022), non-renewable power generation amounted to 3,550 GWh (vs. 4,100 GWh in 2022), renewable power generation amounted to 298 GWh (vs. 273 GWh in 2022) and Marketing channel sales amounted to 3,213 thousand tons (vs. 3,659 thousand tons in 2022).

The Group reported EBITDA in 2023 amounted to EUR 662.4 million, a decrease compared to EUR 1,170.3 million in 2022, primarily attributable to the less favorable scenario conditions compared to the levels of 2022, which translated into a decrease in the diesel crack and the weakening of the dollar compared to the Euro; these effects were partly offset by lower crude oil procurement costs (where the decrease in the price of the reference crude Brent Dtd was partly offset by the increase in premiums or reduction in the discounts of the different types of crude oil) and by the decrease in the cost of electricity, despite the reduction in the benefits of the TER Support Decree. The overall performance was slightly better than in the same period of the previous year. Trading and supply activities were positive, despite a market structure still in "backwardation" but gradually normalizing compared to 2022. Production planning was impacted by lower availability of medium/heavy sour crudes compared to the first part of 2022, stemming from the geopolitical situation, and by a deterioration in the quality of some types of crudes. As regards operations, 2023 was characterized by a weaker performance compared to 2022, in light of a heavier maintenance plan and unscheduled shutdowns also due to the external blackout event, not attributable to the Company. In addition, as regards the valuations of inventories at year-end, they suffered a slight depreciation of EUR 5.7 million compared to an appreciation of EUR 9.6 million in 2022. Non-recurring items in 2023 had a negative impact of EUR 1.7 million, represented by the write-down of some inventories of consumables, compared to a negative value of EUR 34.3 million in 2022.

The Group reported Net Income in 2023 amounted to EUR 313.9 million, compared to EUR 416.9 million achieved in 2022. In addition to the result at EBITDA level, this deviation is due to the improvement in the net balance between financial income and charges, due primarily to the improvement in net exchange differences and lower taxes due to a lower tax base (due to the phenomena described previously and the absence of the impacts of Decree-Law no. 21 of 21st March 2022 as amended, i.e. "windfall tax"). Non-recurring items had a negative impact on the net result for 2023 for EUR 7.3 million and include the write-down of some fixed assets in progress.

The 2023 Group comparable EBITDA stood at EUR 669.7 million, down from EUR 1,136.7 million recorded in 2022. This result, compared to the reported EBITDA, does not include the above-mentioned depreciation of oil inventories between the beginning and the end of the period, includes the impact of the part of forex derivatives reclassified in the operating result, and excludes non-recurring items. The lower comparable EBITDA compared to 2022 is due to a lower contribution from both the "Industrial & Marketing" and "Renewables" segments, as will be detailed in the "Segments Review" section.

The Group comparable Net Income in 2023 stood at EUR 325.4 million, compared to a Net income of EUR 709.8 million in the previous year, as a result of the same effects described for the reported Net Income. It should be noted that the non-recurring items in the comparable Net Income for 2022 included the impact of the windfall tax.

Investments in 2023 stood at EUR 224.4 million, higher than in 2022 (EUR 105.7 million); this increase is attributable to both increased activities in the Industrial & Marketing segment and to greater development activities in the Renewables segment.

The following tables show the details on the calculation of EBITDA and comparable net income for the years 2023 and 2022.

DETAILS ON THE CALCULATION OF COMPARABLE EBITDA:

EUR million	2023	2022
Reported EBITDA	**662.4**	**1,170.3**
Gains/(losses) on inventories and inventories hedging derivatives	5.7	(9.6)
Exchange rate derivatives	(0.1)	(58.3)
Non-recurring items	1.7	34.3
Comparable EBITDA	**669.7**	**1,136.7**

DETAILS ON THE CALCULATION OF COMPARABLE NET INCOME:

EUR million	2023	2022
Reported NET RESULT	**313.9**	**416.9**
Gains/(losses) on inventories and inventories hedging derivatives, net of taxes	4.1	(6.9)
Non-recurring items after tax	7.3	299.8
Comparable NET INCOME	**325.4**	**709.8**


MOTOROLA

NET FINANCIAL POSITION

The Net Financial Position as of 31st December 2023, before IFRS 16 effects, was positive at EUR 202.7 million, compared to the positive Net Financial Position at EUR 268.6 million as of 31st December 2022. In addition, the Net Financial Position as of 31st December 2023, post-IFRS16, was positive at EUR 166.8 million, compared to the positive Net Financial Position of EUR 227.5 million as of 31st December 2022.

A cash absorption of EUR 61 million was reported in 2023. This absorption was due to the payment of taxes totaling EUR 384 million (including EUR 170 million as an effect of Decree-Law no. 21 of 21st March 2022 and subsequent amendments – the "windfall tax"), investments of EUR 224 million, payment of dividends amounting to EUR 181 million, and the payment of interest and financial charges of EUR 38 million. These disbursements were partially offset by the cash generation from operations of EUR 668 million and the reduction in working capital, which released EUR 98 million. The change in working capital is attributable primarily to the decrease in trade receivables and the value of inventories, partly offset by the reimbursement dynamics linked to the Essentiality Regime agreement.

In 2023, reimbursement of bank loans amounted to EUR 119 million, reducing total bank loans to EUR 402 million, of which approximately EUR 88 million are current bank loans to be reimbursed by the end of 2024.

Lastly, it should be noted that cash and cash equivalents as of 31st December 2023 amounted to EUR 542.7 million.

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

KEY GROUP FINANCIAL AND OPERATING RESULTS:

EUR million	2023	2022
Medium- and long-term bank loans	(313.6)	(401.4)
Medium- and long-term bonds	-	-
Other medium- and long-term financial liabilities	(3.5)	(4.4)
Other medium- and long-term financial assets	3.8	4.1
Net medium- and long term financial position	**(313.3)**	**(401.7)**
Current bank loans	(88.4)	(118.6)
Short-term portion of MLT bank loans	-	-
Payables to banks for bank overdrafts	(2.8)	(12.1)
Other short-term financial liabilities	(37.0)	(22.3)
Fair value on derivatives and realized net differentials	53.6	6.6
Other financial assets	48.0	109.6
Cash and cash equivalents	542.7	707.1
Net short-term financial position	**515.9**	**670.3**
Total Net Financial Position before lease liability pursuant to IFRS 16	**202.7**	**268.6**
Financial payables for leased assets pursuant to IFRS 16	(35.9)	(41.1)
Total Net Financial Position after lease liability pursuant to IFRS 16	**166.8**	**227.5**

SEGMENT REVIEW

The "Industrial & Marketing" segment includes all refining and power generation activities as well as "Marketing" activities, while the “Renewables” segment includes activities related to the production and sale of electricity from renewable sources.

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 nominal processing capacity of 15 million tons/year, and an installed power generation capacity of 575 MW. It should be noted that, with regard to power generation activities in 2023, following resolution 740/2022 of 30^{th} December 2022, ARERA accepted the request for admission to the cost reimbursement regime for the Sarlux plant, entered by TERNA in the list of essential plants for the electricity system for 2023.

REFERENCE MARKET

The Saras Group operates in the refining sector through the Sarroch refinery, one of the largest in the Mediterranean in terms of production capacity (15 million tons/year), and is also positioned among the best in Europe in terms of plant complexity (Nelson index equal to 11.7). Its location on the coast south-west of Cagliari gives it a strategic position in the center of the Mediterranean and ensures proximity both to the various crude oil supplier countries and the main consumer markets for refined products.

Global oil demand in 2023[2] recorded an average of 101.7 mb/d, up compared to the average of 99.5 mb/d in 2022. The stronger-than-expected growth in China was the main contributor to this performance, with the sharp post-lockdown recovery in the first half year of the year. In this context, jet fuel/kerosene was the fastest-growing product in 2023, thanks to the particularly rapid reopening of the Chinese aviation industry at the end of the period of lockdown restrictions, which brought global aviation activity back to 2019 levels. Gasoline consumption also benefited from growth above expectations in the services sector, which typically has a greater impact on personal mobility and therefore on gasoline demand. The increase in gasoline consumption was reported, in particular, in the United States, followed by China, Japan, Korea, the Eurozone and the United Kingdom, where there was a greater difference between the performances of the services and industrial sectors. Diesel, on the other hand, was adversely impacted by more stagnant global production, which saw little change compared to the growth forecasts for the year.

The global supply of oil in 2023 reached an annual average of 102 mb/d, up by more than 2 mb/d, thanks to the increase in production of non-OPEC countries, and in particular of that of the United States, while the supply of OPEC+ countries fell by 390 thousand barrels per day, with production in Saudi Arabia down by more than 900 thousand barrels per day on average. The overall decline of the bloc was partially offset by Iran, exempt from supply cuts, which increased production to its highest level of the last five years.

Looking at the refining sector, global refining runs stood at an average of 82.3 mb/d, just below the 2018 record level of 82.5 mb/d.

Also taking a look at the global oil inventory figure, the IEA data for January 2024 reflect a barely balanced market at the end of 2023, showing levels that have reached their lowest point of the last five years. In particular, at the end of November global inventories of middle distillates stood at the lowest seasonal levels since 1988 and in OECD Europe, reached the lowest level recorded in the last 16 years.

A brief analysis is provided below on the trends in crude oil prices, in the crack spreads of the main refined oil products, and also in the reference refining margin ("Reference margin") in the European market, which is the most relevant geographical context in which the Saras Group conducts its operations.

Average annual values *	2023	2022	2021
Crude oil price and differential ($/bl)			
Price of Brent Dated	82.6	101.5	70.9
Diff. Basrah Medium (CIF Med) vs. Brent Dtd	-3.0	-4.5	-1.7
Diff. Azeri Light (CIF Med) vs. Brent Dtd	5.4	5.3	1.7
Refined Products ($/ton)			
ULSD price	813.5	1,038.8	579.4
Gasoline price 10ppm	845.1	990.5	670.7
HSFO price	422.2	451.6	375.3
Crack spreads ($/bl)			
ULSD crack spread	26.4	37.7	6.8
Gasoline crack spread	18.6	17.1	9.5
HSFO crack spread	-15.6	-29.8	-11.3
Other indicators of profitability			
EMC Reference Margin ($/bl)	8.2	9.6	-2.0
$/EUR exchange rate	1.082	1.053	1.183

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

2. IEA estimates, Oil Market Report January 2024

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

In 2023, Brent Dtd recorded an average price of 82.6$/bl (compared to an average price of 101.5$/bl in 2022).

In the first half of the year, Brent Dtd prices fluctuated between 70 and 90 $/bl, held back on one hand by fears of a slowdown in global economic growth, but on the other hand supported by new production cuts by OPEC+ countries and Russia. In April, the latter added new cuts to those announced in previous months, bringing the overall reduction to 1.7Mbl/d starting from May until the end of 2023. At the beginning of June, the cartel therefore announced that it wanted to extend the cuts to the whole of 2024, while Saudi Arabia decided on a further unexpected cut of 1Mbl/d, starting from July and extendable from month to month based on market conditions. These interventions have been instrumental in stemming the bearish pressures of the market, stabilizing Brent Dtd prices, which averaged 81.3$/bl in the first quarter and 78.4$/bl in the second quarter.

In the third quarter, prices rose to an average of 86.8$/bl as a result of OPEC+ cuts and, in particular, due to Saudi Arabia's decision to extend its additional cuts until the end of 2023, as well as to a further cut by Russia of about 0.3Mbl/d, also expected until the end of the year. In addition to the reduced supply, prices were also pushed up by greater consumption in China, in particular due to the recovery of air traffic and in the petrochemical sector, while in the summer period demand increased as a result of greater oil consumption in power generation. Lastly, in the second half of September, prices recorded a further rise, exceeding 97$/bl, in the wake of unexpected decreases in US stocks.

In the **fourth quarter of 2023**, Brent prices instead followed a declining trend, recording an average of 84.1$/bl and falling to 73$/bl in mid-December, in an uncertain macroeconomic and geopolitical context burdened by fears of a recession owing to the still high levels of inflation and the tensions stemming from the fresh conflict in the Middle East, as well as the persistence of the Russian-Ukrainian war. These phenomena reduced the effect of OPEC+ countries and Russia production cuts.

As regards sour crudes (i.e. those with a high sulfur content), in 2023 **Basrah Medium CIF Med recorded an average discount compared to Brent Dated of -3.0$/bl (vs. -4.5$/bl in 2022)**, gradually decreasing over the course of the year, due to the cuts of the OPEC+ producing countries and Russia that typically affect mainly crudes with a high sulfur content.

Although in the first quarter of 2023, in continuity with a trend that took hold in the second half of 2022, the discount was extensive and equal on average to -7.1$/bl as a consequence of the decline in purchases by traditional Asian buyers (in particular, China and India), which after the outbreak of the Russian-Ukrainian conflict preferred heavily discounted Russian crudes, starting from the second quarter of 2023, the production cuts implemented by OPEC+ countries and Russia led to a narrowing of the discount, which was gradually reduced, respectively recording an average of -3.7$/bl in the second quarter and -1.4$/bl in the third quarter, reaching an average premium of +0.1$/bl in the fourth quarter of 2023.

With regard to "sweet" crudes (low sulfur content), **the premium of Azeri Light CIF Med compared to Brent Dated in 2023 averaged +5.4$/bl (+5.3$/bl in 2022)**.

In particular, in the first quarter, crudes with a low sulfur content recorded a robust premium, on average equal to +6.2$/bl, in continuity with a trend that had already emerged in 2022, thanks to the support of high gasoline and diesel margins. In the second quarter, the premium for low-sulfur materials was affected by the downturn in middle distillates and, despite the resilient performance of gasoline, recorded an average of +4.6$/bl, moving closer to historical averages again. In the second half of the year, the premium on Azeri Light CIF Med rose again with an average of +4.9$/bl in the third quarter and +5.8$/bl in the fourth quarter, supported primarily by the strength of middle distillates and the recovery of naphtha prices. In addition, the CIF prices of cross-Med freight were affected between October and November by the rally in freight rates in the Mediterranean area.

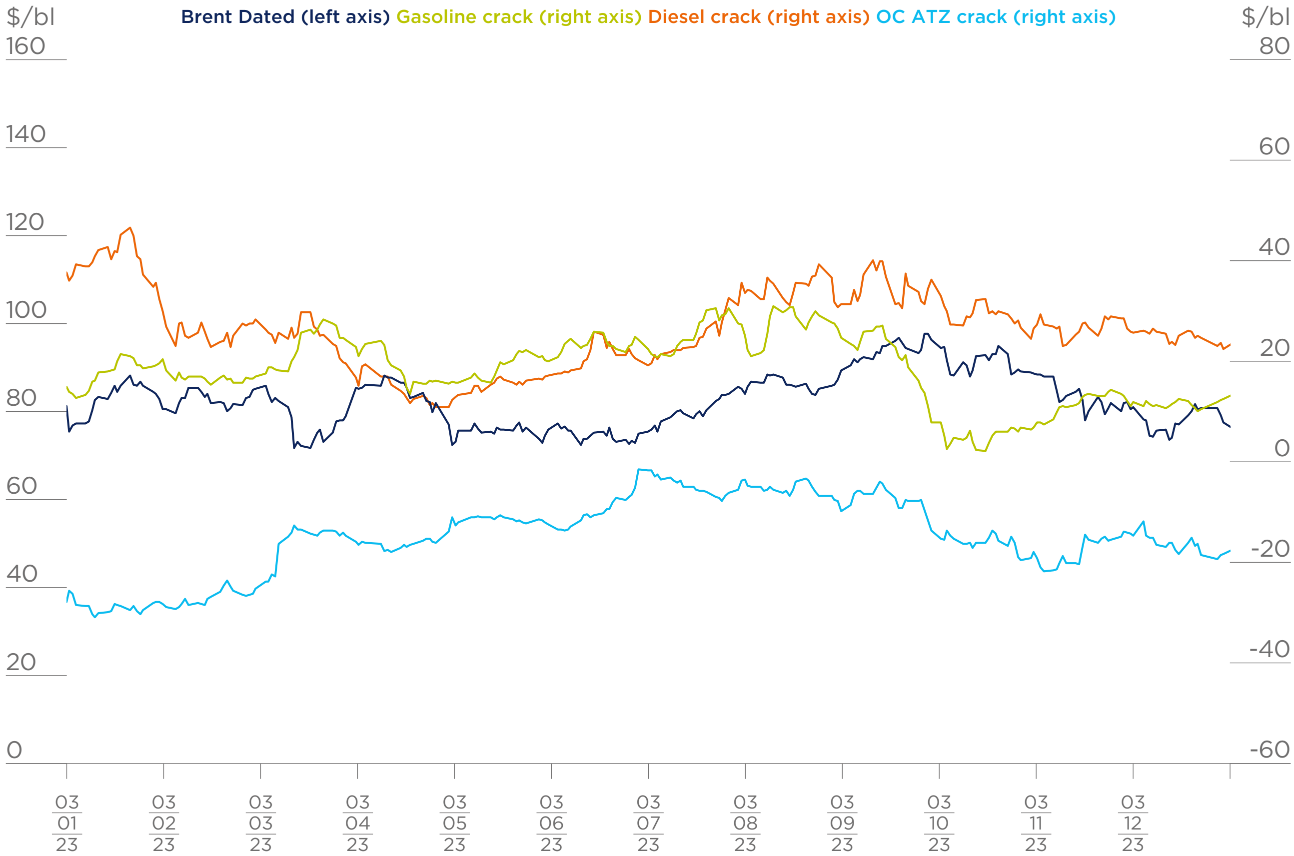
"Crack spreads" of the main refined products (the difference between the value of the product and the cost of crude oil; FOB Med values vs Brent Dtd)

In 2023, the gasoline crack recorded an average of 18.6$/bl compared to the average of 17.1$/bl in 2022, showing significant strength compared to historical averages.

In the first quarter, the gasoline crack was extremely high, averaging +19.2$/bl, thanks to a highly resilient level of consumption despite the uncertain macroeconomic scenario. This strength was confirmed in the second quarter, with an average of +20.5$/bl, and peaks of over 26$/bl in mid-June: the driving season in the Atlantic basin, together with the lower production for spring maintenance in Europe and in the US helped keep inventories at much lower levels than historical averages. The gasoline crack also benefited from a generalized shortage of high-octane components on the market, despite several attempts at balancing through record flows of Indian alkylate to the Atlantic coast of the United States.

In the third quarter the gasoline crack recorded a further increase, averaging 24.9$/bl, influenced by the persistence of production limitations due to both planned and unexpected shutdowns, and also to the high summer temperatures, which in the Mediterranean basin prevented some refineries from working at full capacity. In the fourth quarter, the gasoline crack returned to values more in line with historical averages, down sharply with an average of +9.7$/bl, due to the end of the "driving season" and the transition to winter specifications which allow the collection of cheaper components such as naphtha and butane, and therefore increase the volumes of gasoline available.

BRENT DATED AND GASOLINE, DIESEL AND FUEL OIL "CRACK SPREADS" VS. BRENT (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)

In 2023, the diesel crack (ULSD) recorded an average of 26.4$/bl compared to an average of 37.7$/bl in 2022.

In particular, in the first quarter, the average stood at +30.6$/bl, high, albeit down compared to the values of 2022, mainly due to a slowdown in demand in the industrial sector, held back by inflationary pressures, and due to the supply of middle distillates which has proven to be particularly robust. Milder winter temperatures also reduced the consumption of diesel fuel for heating purposes. Product availability was therefore sufficient to avoid the feared "short" of the market stemming from the embargo on Russia: European countries managed to guarantee high levels of inventory, also thanks to huge flows of imports from the main Asian countries not adhering to the embargo (India, China, and Turkey). During the second quarter, the diesel crack fell again, with an average of +16.8$/bl, reaching pre-conflict levels (around 10$/bl) in April, adversely impacted by both high import volumes and the weakening of demand.

It was not until June that the restart of the Chinese economy and the consequent reduction in exports to Europe allowed the European market to clear excess stocks, and the ULSD crack went back to around 20$/bl. In the third quarter of 2023, the diesel crack strengthened again, recording a very high average of 31.3$/bl. The strong recovery from the previous quarter (+86%) was followed by a reduction in production levels: as in the case of gasoline, a series of unplanned shutdowns in Europe, and a reduction in the operating performance of refineries in the Mediterranean area struggling with the high temperatures in the summer months reduced the available inventory levels. In addition to this there were the OPEC+ countries and Russia production cuts that limited the availability of high sulfur content crudes used in the production of diesel. Furthermore, in mid-September, the Russian government halted exports of petroleum products to calm prices in the domestic market, adding upward pressure on the ULSD crack in Europe, which rose above 40$/bl. Finally, the recovery in international air traffic and jet fuel consumption supported middle distillates over the summer period, particularly following the reopening of China after the long period of Covid restrictions. In the fourth quarter, the normalization of production levels and lower than expected consumption of diesel for heating use slightly reduced the crack, which averaged 27.0$/bl.

In 2023, the VLSFO crack recorded an average discount of -1.8$/bl (compared to an average premium of +2.5$/bl in 2022), with a highly variable trend during the year, remaining on average at negative levels due to a general slowdown in maritime traffic compared to the previous year.

In the first quarter, the average was -0.2$/bl, up compared to the end of 2022, due to lower imports from the Middle East, (in particular because of the prolonged suspension of production at the Al Zour refinery in Kuwait). Furthermore, the strong margins of gasoline prompted many refineries to allocate the Light Sweet residue to the cracking cycle (FCC) and to light distillate production, rather than using it in VLSFO formulations. Although this phenomenon was also confirmed in the second and third quarters, in April the VLSFO crack weakened again, bringing the average for the second quarter to -2.4$/bl and continuing to -2.3$/bl for the third quarter. Also in the fourth quarter, the average crack was similar and stood at -2.2$/ton. Despite the constant average, the crack performance fluctuated significantly during the year, and reached values of around zero in July and August until returning to positive values between November and December, also due to the decline in Brent and the greater inertia of the VLSFO market in adapting. Despite the volatility, the average of the crack during the year remained in negative territory, due to the general slowdown in maritime traffic with a consequent drop in demand.

**The high-sulfur fuel oil (HSFO) crack in 2023 recorded an average of -15.6$/bl,** (vs. -30.0$/bl in 2022), with significant differences in the various quarters. Specifically, in a depressed context for ATZ crudes, the HSFO crack recorded an average of -25.3$/bl in the first quarter, despite resilient demand from ships equipped with scrubbers (which allows the use of HSFO at the expense of the more expensive VLSFO) in the "East of Suez" naval trades. In the second quarter, however, the HSFO crack recorded a significant appreciation, marking an average of -13.5$/bl, due to the OPEC+ countries and Russia production cuts aimed specifically at high sulfur crudes. Additional support has come from increased demand for fuel oil for electric power generation in the Middle East and some parts of Asia. In the third quarter, the HSFO crack appreciated further, marking an average of -6.5$/bl, given the intensification of the OPEC+ countries and Russia cuts, the continued use of fuel oil for power generation in the Middle East and Asia, and also the reduction in operational capacity of refineries (approximately -20%) due to extremely high temperatures. In the fourth quarter, the HS fuel oil crack suffered a marked decline, recording an average of -17.1$/bl, principally due to the greater use of VLSFO, to the detriment of HSFO, for power generation in some Middle Eastern regions. This circumstance, combined with an increase in production in Canada, has given rise to a “long” market of HSFO and a consequent increase in inventories.

Marketing

In Italy, according to data analyzed by Unione Energie per la Mobilità (UNEM) from the source "Ministry of the Environment and Energy Security - DGI", in 2023 total consumption fell by 1.5% compared to 2022, largely due to the sharp decline in petrochemicals (-488 Kton) and despite the support deriving from road mobility and the recovery of air transport, which together exceeded the volumes of last year by almost 650 Kton.

The consumption of automotive fuels (gasoline + diesel) in 2023 amounted to 31.5 Mton, down slightly (-0.5%) compared to 2022, but approximately 350 Kton higher than the pre-pandemic level. In particular, compared to 2022, gasoline showed an increase of 3.8%, while automotive diesel showed a decline of 1.9%. The gap between the trends of the two fuels, in addition to economic aspects, including slowing economic developments and the price effect, also reflects a structural factor - namely, the gradual shift in private car consumption from diesel to gasoline, to the advantage of gasoline-powered hybrid cars. In addition, gasoline volumes benefit from an increasingly wide range of users, including professional operators (taxis, sales agents, etc.). On the other hand, when compared to 2022, there was a significant increase in the consumption of aviation jet fuel in 2023, which continued its recovery towards pre-pandemic levels with an increase of 21.2% compared to the same period of 2022.

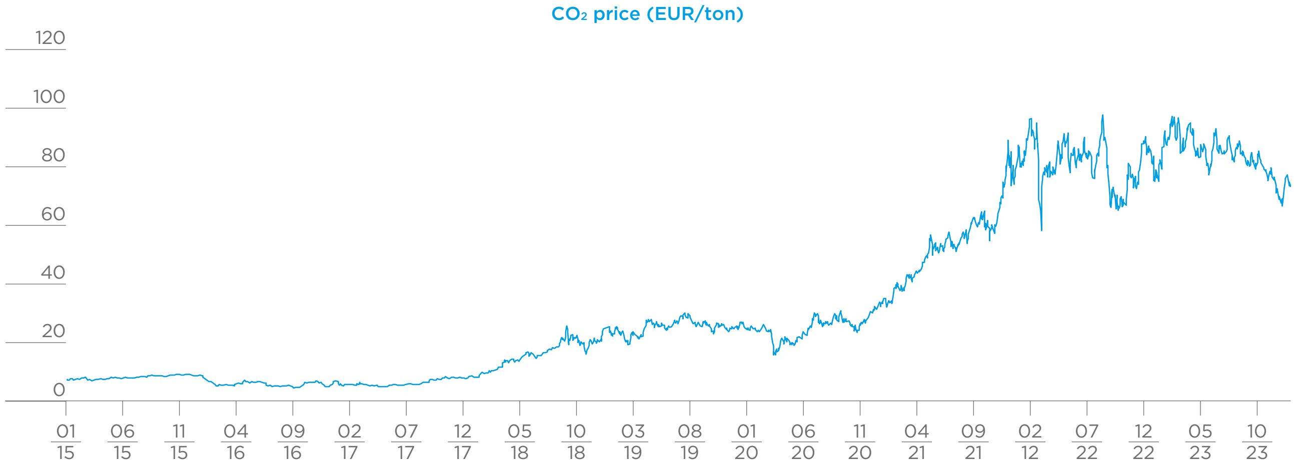
In Spain, the data compiled by CORES show that in 2023 the consumption of motorway fuels generally decreased by -1.1% compared to 2022, with significant growth in demand for gasoline (+5.4%) and a reduction of that for automotive diesel (-2.8%). These trends are mainly explained by the current direction of the Spanish market where, like in Italy, the number of hybrid cars with internal combustion engine running on gasoline is growing, and where the replacement of fossil diesel with a product of plant origin (HVO, biodiesel) is more evident – a development which, however, is not currently occurring with gasoline.

Electricity and CO_2

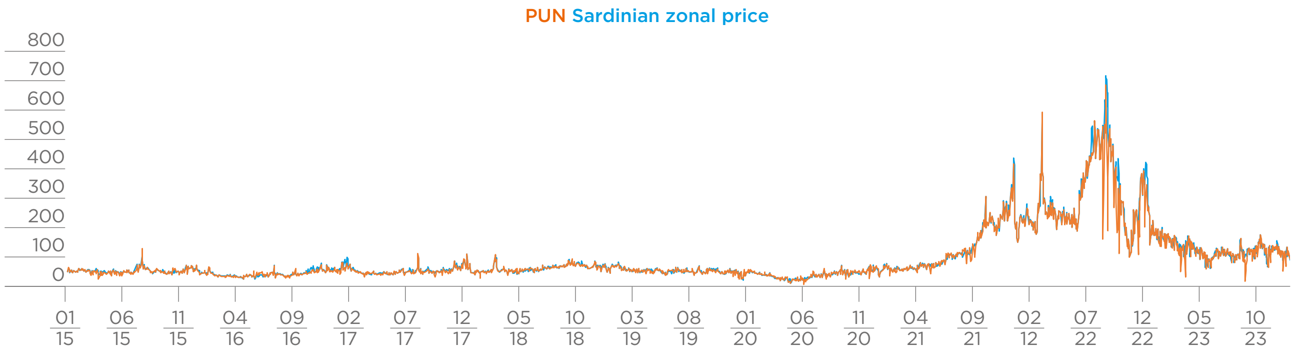
In 2023, the PUN recorded an average price of 127 EUR/MWh compared to an average of 303 EUR/MWh in 2022.

More specifically, the average price of the PUN in the first six months of 2023 was equal to 136 EUR/MWh, with a gradually decreasing trend in the wake of the trend recorded by natural gas, which recorded a clear decline compared to the average registered in the second part of last year. In fact, the average price in the first quarter was 157 EUR/MWh, while in the second quarter it fell further to 115 EUR/MWh. Overall, the decline in natural gas prices compared to last year's levels can be traced back to the high imports of liquefied natural gas (LNG) to replace the reduced flows via pipeline from Russia, and to lower consumption compared to historical seasonal averages in the first part of the year, given the particularly mild winter and the greater attention to energy savings by both private individuals and industrial users in Europe (which led to an effective reduction in demand, estimated at around 20%). In the third quarter of 2023 the PUN maintained a stable trend with an average of 113 EUR/MWh. Also in this quarter, the trend aligned with that of natural gas prices, which was reasonably stable thanks to production increases in Norway and Algeria. In the last quarter of the year, in line with the performance in natural gas prices, the demand for which also increased for heating use, the PUN recorded an increase of approximately 9%. The average was therefore 124 EUR/MWh.

CO_2 PRICE (EUR/TON)



ELECTRICITY (PRICE IN EUR/MWH)



Moving on to EUA quotations for European carbon dioxide permits, in 2023 the average price stood at 84 EUR/ton (vs. approximately 81 EUR/ton in 2022). While in the first nine months prices remained stable at around 85 EUR/ton, in the fourth quarter they dropped by around 10%, reaching around 76 EUR/ton, mainly due to the economic slowdown recorded in the Eurozone.

Saras' Industrial & Marketing margins and EMC Reference Margin

As regards the analysis of the Industrial & Marketing segment's profitability, Saras uses as a benchmark the "EMC Reference Margin", against which the Sarroch industrial site typically achieves a premium thanks to the high flexibility and complexity of its plants, as well as to its industrial and commercial performance.

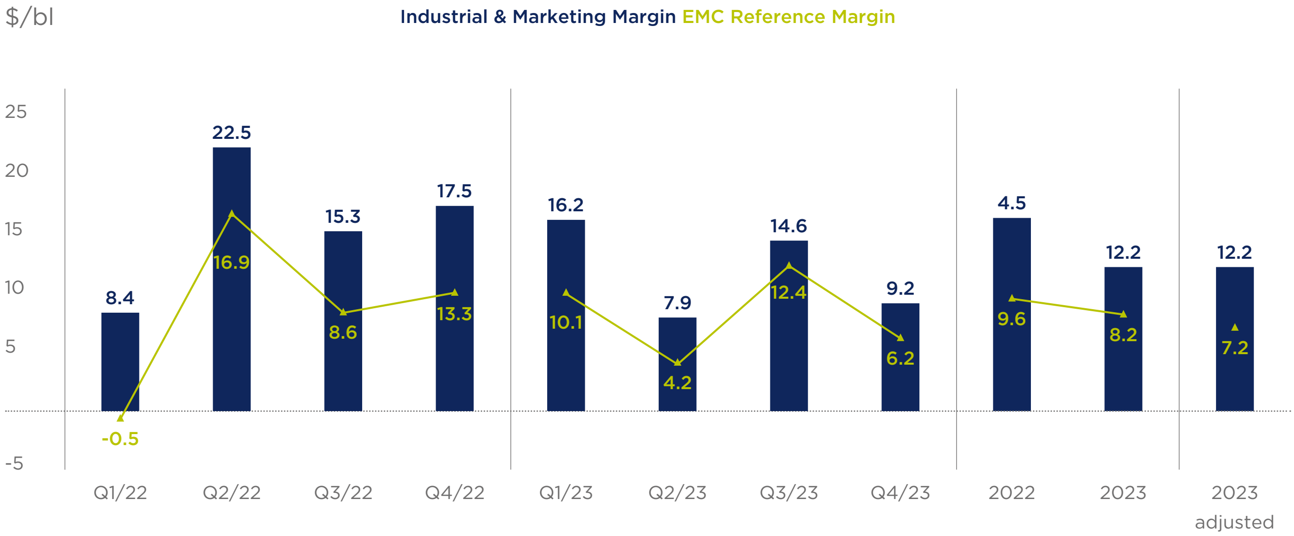
Following the market conditions described in the previous paragraph, **in 2023 the EMC Reference Margin stood at an average of 8.2$/bl** (vs. an average of 9.6$/bl in 2022). **Saras' margin was 12.2$/bl** (16.4$/bl in the previous year), **with a premium of 4.0$/bl** (vs. +6.8$/bl in 2022).

To understand the changes on Saras premium, the following impacts have to be highlighted:

1. The EMC Reference Margin is calculated with a slate price at 100% Brent Dtd. On the contrary, Saras purchases a large variety of crudes, with different premiums or discounts vs Brent. Each quarter, spreads of each quality of crude vs Brent may change. The combined effect of the fluctuations of all the spreads of the crudes purchased by Saras, weighted with the respective purchase volumes, therefore affects the margin actually realized by Saras in the period, while it has no influence on the EMC Reference Margin, which depends solely on the Brent price.
2. Secondly, the yield of refined products present in the EMC Reference Margin represents the typical balance between light, middle, and heavy distillates of a Mediterranean coastal refinery of medium complexity, and therefore also includes a non-negligible share of high-sulfur fuel oil (HSFO); they do not include any power generation. On the contrary, the Saras margin includes the sale of electricity of the IGCC, which currently takes place under the Essentiality Regime, and does not include a significant contribution from the HSFO, as it is generally not produced by the Sarroch refinery (except in temporary situations such as, for example, during shutdowns for maintenance).

For the above, the Saras premium compared to the EMC Reference

SARAS GROUP: INTEGRATED MARGINS 2022 – 2023



achieved in 2023 was lower than the premium achieved in 2022, as in 2023 there was an appreciation of the HSFO (which benefited only the EMC Reference margin, but not the Saras margin), and during the year there was a progressive and significant appreciation of high sulfur material (which, as mentioned above, had no effect on the EMC References, but penalized all complex high-conversion refineries, such as that of the Saras Group). In addition, in 2023 the Saras premium was impacted by a poorer production performance compared to 2022, also due to the external blackout event not attributable to the Company. Finally, the premium was affected by the termination of the TER Support Decree as of 1st July 2023. This decree had reduced Saras' variable costs for the entire year 2022, while its extension (and the consequent reduction in costs) only affected the first half of 2023.

If an "adjusted" EMC reference margin were to be calculated, adjusted only by market effects relating to HSFO and crude oil spreads described above, it would be worth 7.2$/bl for the whole of 2023; in this case, the Saras premium would be 5.0$/bl, as shown in the previous chart.

With regard to the last quarter of 2023, the EMC Reference Margin stood at an average of 6.2$/bl (vs. an average of 13.3$/bl in Q4/22). **The Saras margin was 9.2$/bl** (17.5$/bl in the same period of the previous year), **showing a premium of +3.0$/bl (4.2$/bl in Q4 of the year 2022)**. The premium in the fourth quarter was lower than in the fourth quarter of 2022 mainly due to the same phenomena mentioned above.

Operating results

REFINERY RUNS		2023	2022	%
CRUDE OIL RUNS				
	Thousand tons	12,885	13,168	-2%
	Million barrels	94.1	96.1	-2%
	Thousand barrels/day	258	263	-2%
COMPLEMENTARY FEEDSTOCKS				
	Thousand tons	630	1,040	-39%
ELECTRICITY PRODUCTION				
	GWh	3,550	4,100	-13%
TOTAL SALES				
	Thousand tons	3,213	3,659	-12%
of which: in Italy	Thousand tons	2,227	2,412	-8%
of which: in Spain	Thousand tons	986	1,247	-21%

Crude oil runs in 2023 were 12.89 million tons (94.1 million barrels, equal to 258 thousand barrels per day), down compared with the total runs in 2022. Refining runs were penalized by a heavier maintenance plan and by events also generated by external causes, not attributable to the Company, which negatively affected production in the second and third quarters.

Electricity production amounted to 3,550 GWh, down 13% compared to 2022, mainly due to the same reasons that penalized the refining runs, also considering the multi-year shutdown of the IGCC plant carried out in the second quarter.

Marketing channel sales amounted to 3,213 thousand of tons, down by 12% compared to the sales realized in 2022. In particular, in Spain, the lower sales are due to a less favorable market context due to the significant imports of diesel from abroad; in Italy they are due to the non-renewal of the transit contract on two sales bases, partly offset by sales actions on the remaining bases served.

OIL CRUDES BY TYPE		2023	2022
Light extra sweet		47%	43%
Light sweet		10%	10%
Medium sweet/extra sweet		1%	1%
Medium sour		1%	10%
Heavy sour/sweet		40%	36%
Average Density	°API	33.3	32.8

The mix of crudes that the Sarroch refinery processed in 2023 had an average density of 33.3°API, lower than the average density processed in 2022. This lighter density resulted by a higher processing of crudes with a very low sulfur content ("light extra sweet") at the expense of those with a higher sulfur content ("medium sour"). This performance is due to the different availability of the gasification plant, which underwent the general shutdown in 2023; this led to the optimization of processing with light sweet crudes characterized by higher yields in light and medium distillates. The change from medium sour to heavy sour crudes is instead related to the different geopolitical situation, which has led to a reduction in the availability of medium sour crudes (in particular of Middle Eastern origin) from the second half of 2022.

OIL CRUDES BY ORIGIN	2023	2022
North Africa	27%	18%
North Sea	5%	3%
Middle East	13%	18%
Caspian region	17%	20%
West Africa	22%	34%
Other	16%	7%

The mix of oil crudes by origin in 2023 shows a reduction in the share from Western Africa (-12%) and to a lesser extent the Middle East (-5%) and the Caspian Sea (-3%), offset by higher imports from North Africa (+9%) and other geographical areas (+9%). These changes are due in part to the changed availability conditions, also as a result of the OPEC+ countries and Russia cuts and the sanctions following the Russian-Ukrainian conflict, which in part led to greater procurement from other areas (in particular from North America), and in part to the greater availability of Libyan crude oil. In this context of uncertainty and increasing variability in the timing and conditions of procurement of crudes, 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.

As regards the refined products yield, in 2023, consistently with the production set-ups characterized by the shutdowns of some plants, the percentage yields in middle distillates decreased in favor of higher production of semi-finished products, fuel oil and naphtha.

PRODUCTION		2023	2022
LPG	Thousand tons	266	269
	yield (%)	2.0%	1.9%
NAPHTHA	Thousand tons	651	525
	yield (%)	4.1%	3.7%
GASOLINES	Thousand tons	2,967	3,207
	yield (%)	22.6%	22.6%
MIDDLE DISTILLATES	Thousand tons	6,557	7,343
	yield (%)	48.5%	51.7%
0.5% SULFUR FUEL OIL	Thousand tons	940	717
	yield (%)	7.0%	5.0%
OTHER	Thousand tons	1,396	1,343
	yield (%)	10.3%	9.5%

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

Main financial results

EUR million		2023	2022	% Change
Reported EBITDA		638.9	1,132.5	-44%
Comparable EBITDA		**646.2**	**1,098.9**	**-41%**
of which: related to the Marketing channel		*60.4*	*55.0*	*10%*
Reported EBIT		438.2	935.8	-53%
Comparable EBIT		**453.9**	**915.4**	**-50%**
EMC Reference Margin	$/bl	8.2	9.6	-14%
Saras IND & MKTG MARGIN	$/bl	12.2	16.4	-26%
CAPEX		178.4	86.8	106%

Comparable EBITDA in 2023 stood at EUR 646.2 million, with a Saras Industrial & Marketing margin of +12.2$/bl (as usual, already net of the impact of the maintenance work carried out in the period); the Marketing channel contributed to this margin by 0.9$/bl. This result is set against a comparable EBITDA of EUR 1,098.9 million and a Saras Industrial & Marketing margin of +16.4$/bl (the contribution of the Marketing channel to this was 0.8$/bl) in the previous year.

As regards market conditions, in a context of refining margins high and stronger than historical averages, the impact of the scenario was less favorable compared to 2022, with a negative impact of about EUR 571 million; this negative result was mainly attributable to the significant reduction in the diesel crack, the increase in the premiums of different crude qualities and the weakening of the US dollar, which were only partially offset by the increase in the gasoline crack and the reduction in the Brent Dtd reference price.

Overall operating performances in 2023, if compared with 2022, were better by approximately EUR 47 million. In particular:

- Trading & supply activities (which include the procurement of crudes and complementary raw materials, the sale of finished products, chartering, and the management of inventories, including compulsory stocks) provided a higher contribution of EUR 92 million compared to 2022. This result is attributable to the lower negative impact of derivatives entered into on purchases and on inventory hedges, which in 2022 had suffered from the effects of significant backwardation of the market structure.
- Production planning (consisting of the optimization of the mix of crudes brought in for processing, management of semi-finished products and production of finished products, including those with special formulations) made a contribution approximately EUR 26 million lower compared to the previous year. This difference is due to the changed market conditions that resulted in lower availability of crudes as a consequence of the Russian-Ukrainian conflict and OPEC+ countries and Russia production cuts, and the lower quality recorded in some types of crudes.
- 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, as well as reimbursements under the Essentiality Regime agreement) net of the effects of the different levels of unit margins between the two periods, made a lower contribution of approximately EUR 19 million compared to the same period of the prior year. This impact can be attributed, on the one hand, to the effects of increased scheduled maintenance work compared to the previous year and, on the other hand, to the impacts of events also caused by external factors that affected the site, particularly in the second and third quarters of the year.

Variable industrial costs, net of the contribution related to the Essentiality Regime agreement, were EUR 76 million lower in 2023 than in 2022. Electricity contributed with a cost reduction of EUR 51 million, attributable to the sharp reduction in the electricity price which more than offset the reduction in benefits from the TER Support Decree, whose contribution in 2023 was roughly EUR 32 million. CO_2 emissions contributed with a cost reduction of EUR 24 million, due to a decrease in emissions as a result of the multi-year shutdown of power generation plants carried out in the second quarter and an increase in the assigned free allocations. The remaining difference is due to the lower cost of nitrogen, whose tariff benefited from the sharp reduction in electricity prices, offset by a higher cost of demurrage.

In 2023, fixed industrial costs, net of the contribution related to the Essentiality Regime agreement, recorded an increase of around EUR 11 million compared to the previous year. Costs increased mainly due to a more costly maintenance plan and greater unplanned maintenance activities as well as personnel (increases linked to the National Collective Labor Agreement and new contractual arrangements), insurance and the effect of inflation.

In 2023, the contribution of the Marketing channel to the comparable EBITDA amounted to EUR 60.4 million, versus EUR 55.0 million in 2022. This change is mainly due to higher sales margins in Italy and, to a lesser extent, in Spain, despite the reduction in volumes sold in both countries. It should be noted that this contribution should be considered together with the Industrial contribution because of the strong coordination between technical and commercial expertise on which the Group business model is based.

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 the Ulassai and Perdasdefogu areas (Sardinia) and, as of 2021 through the newly acquired Energia Verde Srl and Energia Alternativa Srl, owners of two wind farms located in the Macchiareddu area (Cagliari).

In 2023, Saras' production from renewable sources amounted to 298,082 MWh, which corresponds to the annual electricity needs of around 208,013 people. The use of renewable wind power has therefore saved 381,791 barrels of oil and avoided CO_2 emissions for around 193,158 tons. Furthermore, cumulatively, from the time it became operational until 31st December 2023, the wind farm's electricity production reached 3,499,607 MWh.

PRODUCTION 2023 [MWH]	EQUIVALENT ANNUAL POPULATION [1]	TOE [2] "SAVED"	BARRELS OF OIL [3] "SAVED"
298,082	208,013	55,742	381,791
PRODUCTION 2023 [MWH]	**POLLUTANT**	**SPECIFIC EMISSIONS[4] [KG/MWH]**	**EMISSIONS AVOIDED [T]**
298,082	CO_2	648	193,158

PRODUCTION 2005-2023 [MWH]	EQUIVALENT ANNUAL POPULATION [1]	TOE [2] "SAVED"	BARRELS OF OIL [3] "SAVED"
3,499,607	2,442,154	654,427	4,482,373
PRODUCTION 2005-2023 [MWH]	**POLLUTANT**	**SPECIFIC EMISSIONS [4] [KG/MWH]**	**EMISSIONS AVOIDED**
3,499,607	CO_2	648	2,267,745

1. Per capita energy consumption in Sardinia for domestic use, year 2022: 1,433 kWh/inhabitant/year (Terna, 2022 Consumption Statistical Data https://www.terna.it/it/sistema-elettrico/statistiche/publicazioni-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

On 14th July 2021, **the European Commission adopted the "Fit for 55" package in which the minimum target for reducing CO_2 emissions** by 55% by 2030 with respect to 1990 levels was set for the European Union. The "Fit for 55" package is part of the European Green Deal, which aims to put the EU 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 EU countries meet the new target of a 55% reduction in greenhouse gases. The objective of RED II is to promote and increase the use of renewable resources in the Union's energy mix. 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.

On 31st October 2023, the new directive on renewable energies, RED III, was published in the European Official Journal, amending RED II, which raised the binding target for the share of renewable energy in the EU's final energy consumption to 42.5% by 2030, with an even stricter commitment for member states to reach 45%, in line with the REPowerEU plan presented in May 2022 in Brussels. From that date, each Member State of the European Union will have 18 months to transpose the Directive and comply.

The Directive streamlines the procedures for the granting of permits for new renewable energy plants, such as solar panels and wind farms, or for the adaptation of existing ones. The Member States will have the task of defining specific "acceleration zones" for renewable energies, in which the authorization procedures will be faster, and where the national authorities will not be able to take more than 12 months to authorize the construction of new renewable energy plants. Outside these areas, the procedure cannot exceed 24 months.

The most recent Eurostat data on the penetration of renewable energies in the continental energy mix updated to 2022, with details for each EU Member State, show that the **share of renewable sources in gross final energy consumption at EU level has reached 23% in 2022**. Italy reached 19%. EU countries must therefore step up their efforts to collectively meet the new target for 2030, which requires an almost 20% increase in the share of renewable energy sources in the EU's gross final energy consumption.

In 2023, there was actually a slight acceleration: according to WindEurope[3], EU countries installed 17 GW of new wind energy during the year, 14 GW onshore and 3 GW offshore, up slightly compared to **the 16 GW added in 2022**, the most the EU has ever built in a single year. However, according to Brussels' estimates, at least 37 GW of new wind energy per year should be added to achieve the EU's 2030 target for renewable energy.

Main operating and financial results

		2023	2022	% Change
ELECTRICITY PRODUCTION	GWh	298.1	273.4	9%
POWER TARIFF	EUR/MWh	102.6	158.3	-35%
INCENTIVE TARIFF	EUR/MWh	0.0	42.8	NA

In 2023, the Renewables segment's comparable EBITDA amounted to EUR 23.5 million, lower than the EUR 37.8 million achieved in 2022. The lower EBITDA between the two periods is mainly due to the sharp reduction in sales electricity price, partially offset by higher production volumes. Electricity production amounted to 298.1 GWh, an increase of 24.7 GWh compared to the previous year; this increase is due primarily to the higher wind speeds recorded in the year.

With regard to the TER Support Decree, as amended, it should be noted that its application ended on 30th June 2023; the production priced at the 61 EUR/MWh price cap was 53% of the first half year production, with a negative impact on the EBITDA of approximately EUR 4.9 million in the year (vs. a negative impact of EUR 25.4 million in the same period of the previous year). In addition, in 2023, production did not benefit from any incentive, while in 2022 the incentivized production made a positive contribution of EUR 1.8 million.

Construction activities are proceeding on the 79 MW photovoltaic plant in the Macchiareddu industrial area, which is expected to come into operation within the first half year of 2024. In addition, it should be noted that in 2023 two authorizations were obtained for photovoltaic plants to be built at the Arcola deposit area and at the industrial plants in Sarroch for a total power of approximately 12 MW.

EUR million	2023	2022	% Change
Reported EBITDA	23.5	37.8	-38%
Comparable EBITDA	**23.5**	**37.8**	**-38%**
Reported EBIT	14.7	29.9	-51%
Comparable EBIT	**14.7**	**29.9**	**-51%**
CAPEX	**46.0**	**18.9**	**143%**

3. Trade association that includes the most important wind operators in Europe

INVESTMENTS BY SEGMENT

The investments carried out by the Saras Group in 2023 amounted to EUR 224.4 million, up from EUR 105.7 million in 2022.

As for the Industrial & Marketing segment, investments in 2023 amounted to EUR 178.4 million, an increase compared to EUR 86.8 million in 2022. The change compared to the previous year is attributable to the heavier maintenance and repair work to restore the useful life of a significant number of plants, in particular the multi-year shutdown of the IGCC plant (Gasification Combined Cycle Power Plant) which produces electricity under the Essentiality Regime agreement. Activities on the refinery's logistics infrastructures also resumed, in order to improve operating performance. As usual, some investments were dedicated to the continuation of activities ensuring compliance with the HSE requirements and maintaining the operational efficiency of the plants. Lastly, it should be noted that during the year, work continued on HVO treatment and biofuel production plants.

As for the Renewables segment, investments in 2023 amounted to EUR 46.0 million, an increase compared to EUR 18.9 million in 2022. These investments concerned primarily the construction of the new photovoltaic plant located in the Macchiareddu industrial area.

EUR million	2023	2022
INDUSTRIAL & MARKETING	178.4	86.8
RENEWABLES	46.0	18.9
Total	**224.4**	**105.7**

OUTLOOK

In the Oil Market Report of February 2024, the International Energy Agency (IEA) confirmed **the data on global oil demand growth in 2023, equal to +2.3 Mbl/d compared to the previous year, and estimated growth of +1.2 Mbl/d in 2024, higher than the estimates reported in last October's report, which will allow to reach an all-time record in terms of average demand of 103 Mbl/d.** In particular, global oil demand in 2024 will be supported by non-OECD economies, primarily China, India, and Brazil, which alone will contribute to almost 80% of global growth. On the other hand, the OECD area will suffer a further slowdown in consumption, which already took hold at the end of 2023, as a result of the gradual pressure caused by restrictive monetary policies, combined with the generalized and growing effect of the numerous energy efficiency initiatives, and the increasing spread of electric vehicles.

From a supply perspective, 2024 began with a loss of production in North America of over 900 Kbl/d, primarily as a result of the extreme weather conditions that shut down a number of oil fields in the Northwest, Texas, and in Canada. Including minor losses in other regions, total non-OPEC+ supply fell by 1 Mbl/d in January 2024 compared to the previous month, while that of OPEC+ countries in the same period recorded a decline of 360 Kbl/d. However, starting from the second quarter of this year, a recovery in supplies from non-OPEC+ countries (mainly the United States, Brazil, Guyana, and Canada) is predicted, and the IEA expects growth to continue for the rest of the year. On the whole, despite the aforementioned losses recorded in January, according to the IEA, **supply for the whole of 2024 is set to increase by 1.7 Mbl/day, up to the record average of 103.8 Mbl/d.** Non-OPEC+ producers will supply 95% of the additional barrels in 2024. In stark contrast, the IEA forecasts that OPEC+ countries and Russia production will increase by only 90 Kbl/d, provided that the alliance actually decides to gradually release, starting from the second quarter, the additional cuts introduced last year.

Looking at the refining sector, the IEA expects global refining runs to reach 83.3 Mbl/d in 2024, as the launch of large refineries in non-OECD countries will offset the lower production of European and US refineries, putting pressure in particular on gasoline exports from some obsolete and less competitive European sites. Middle East (+630 Kbl/d), China (+340 Kbl/d) and Africa (+260 Kbl/d) will drive production growth in 2024, thanks to the entry into service of the Al Zour (615 Kbl/d in Kuwait) and Duqm (230 Kbl/d in Oman) refineries, the expected increase in production of Jizan (400 Kbl/d in Saudi Arabia), as well as the 110 Kbl/d expansion of the Sitra refinery in Bahrain, whose incremental production should reach the market in the second half of the year. In China, a significant increase in export shares compared to the levels reached at the end of 2023 is not expected, and however the Yulong refinery (400 Kbl/d) will enter into service, which will offset some closures announced in the province of Shandong. Finally, growth in African production volumes is expected, thanks to the new refinery of Dangote (650 Kbl/d in Nigeria), which should reach full operations in the second half of 2024. On the other hand, competitive analyses by experts show that some refineries in Europe will be at risk of closure or conversion into biorefineries.

Generally speaking, therefore, the IEA expects a better balance between supply and demand in 2024 when compared to 2023, with growth in refining runs which should meet global consumption.

Looking at the performance in crude oil prices in 2024, the intensification of geopolitical tensions in the Middle East (with the attacks on vessels in transit in the Red Sea), together with the aforementioned production interruptions in North America and Canada, have supported the reference crude oil prices of Brent Dtd, following the decline that had characterized the last quarter of 2023. In fact, after the low of around 76$/bl at the beginning of the year, Brent Dtd prices exceeded 85$/bl in mid-February and, according to the main independent sector analysts, are expected to settle at around 80$/bl also in subsequent quarters, albeit with fluctuations.

In this context, it should be recalled that the continuation of the OPEC+ countries and Russia production cuts and robust demand for this quality of crudes in Asian countries could continue to sustain the cost of high-sulfur ("sour") crudes, with a consequent erosion of part of the premium on the refining margin that can be obtained by the complex and high-conversion-capacity refineries (including that of the Saras Group).

Similarly, for crudes with a low sulfur content ("sweet"), the forecasts of 2024 indicate that premiums will continue to be higher than the historical averages, due to expectations of robust levels for the crack spreads of medium and light distillates, although a gradual normalization is possible.

Moving on to the analysis of refined products, the main forecast sources consider that the current tensions along the import routes from the Middle East may be resolved, but they believe that the diesel crack spread may in any case remain high compared to historical levels, and higher than 20$/bl, as Europe has now definitively renounced import flows via pipeline, replacing them with considerably more expensive flows by ship, mainly from refineries in the Middle and Far East. At the time of drafting this document, in the first two months of the year, the average exceeded 27$/bl.

For the gasoline crack spread, after the seasonal decline in the last quarter of 2023, levels returned close to 13-14 $/bl. Sector analysts believe that these values can also be confirmed as the average for the entire year, with more robust levels in the spring (coinciding with the scheduled maintenance season), and then also during the summer (in line with the seasonal dynamics of the "driving season").

Finally, electricity and CO_2 prices in the first two months of 2024 averaged approximately 95 EUR/MWh and around 65 EUR/ton. According to sector analysts, the price of electricity, which has decreased compared to the average of the last quarter of 2023, could rise again due to the pressures that events in the Middle East have generated on the natural gas market. The prices of EUA permits on CO_2 emissions declined in the first months of 2024, in continuity with the performance recorded in the last quarter of 2023. This is attributable to the slowdown in the industrial sector in the Eurozone, and to lower-than-expected winter consumption, due to mild temperatures. However, experts predict a recovery in CO_2 prices with a return towards 80 EUR/ton over the next few quarters, in response to growing regulatory pressures and European decarbonization efforts.

In light of these forecasts, still characterized by high volatility, the EMC Reference Margin in 2024 should remain higher than historical averages, albeit lower than the figure recorded in 2023.

Also now taking into consideration the operations of the industrial site of Sarroch, 2024 will be characterized by a less costly maintenance plan than the one in 2023. The first quarter will see the turnaround of the alkylation plant used in the gasoline cycle, and of the tail gas treatment and sulfur recovery plant (Z3 and TGTU), and some minor maintenance work on a "topping" distillation unit (T1). In the second quarter, an atmospheric distillation unit, the "topping" (RT2) unit, and a vacuum distillation unit, the "vacuum" (V1) unit, will be affected by turnaround maintenance, with the simultaneous slowdown of operations of the IGCC plant. Lastly, in the third quarter no significant maintenance work is planned, while in the last quarter maintenance is planned for a cleaning of the "topping" (T2) and the "vacuum" (V2) units, and maintenance of a turbine, a washing line and two IGCC gasifiers. Overall, as regards the annual refining of crude oil, this is expected to be approximately 13.3 ÷ 13.8 million tons (or 97 ÷ 101 million barrels), which will be augmented by approximately 1 million tons of crude oil complementary plant feedstock (corresponding to roughly 7 million barrels); in addition, power generation is expected to be around 4.1 ÷ 4.3 TWh, up compared to 2023 levels, consistent with the planned maintenance works and based on an assumed essential power requirement. In fact, it should also be recalled that Sarlux Srl's combined cycle power plant (IGCC) has been registered by TERNA under the "essential" plants for 2024 as well, and that it has been admitted to the related cost reimbursement regime by ARERA.

Activities started in 2023 aimed at improving the performances of the Industrial & Marketing segment will continue in 2024, with the involvement of a broad spectrum of commercial and industrial initiatives, and targeted at both margin maximization and cost optimization, with a view to maintaining the Sarroch refinery among the best assets in the sector and increasing its resilience to market volatility.

Given the expected reference scenario, as well as the operating conditions, maintenance activities, and specific efficiency initiatives described above, **the Company estimates that in 2024 it will be able to achieve an average annual premium compared to the EMC Reference margin of between 3.5 ÷ 4.5$/bl**. Once again, please note that the Saras premium will benefit from the favorable conditions expected for product crack spreads, as will the EMC Reference margin; moreover, the Saras margin could be affected by the overall increase in the spreads of the various crudes with respect to Brent, while this will not have an impact on the EMC Reference margin. Therefore, the combined effect of expected market developments is one of the main factors that explain the expectation of the average Saras premium indicated above.

The forecasts relating to fixed costs of the Industrial & Marketing segment are equal to approximately EUR 380-400 million, down compared to the year 2023 mainly due to the different maintenance plan envisaged and the impacts of the optimization initiatives in progress.

Finally, the segment's investments are expected to amount to around EUR 170-180 million, with the aim of continuing the process of increasing efficiency and maintaining the competitiveness of the plants. This estimate includes approximately EUR 10 million of investments dedicated to the launch of Energy Transition projects.

Concerning investments in the Renewables segment, the construction of the 79 MW "Helianto" photovoltaic park is expected to be completed by the first half of 2024, which will bring the total installed and operating capacity of the Renewables segment to 250 MW in the second half the year. In 2024, works are expected to start on the construction of two additional photovoltaic plants, authorized in 2023, in the areas of Sarroch and Arcola for a total of approximately 12 MW (these plants are expected to be operational from the second half of 2025). In the first few months of 2024, the authorization was obtained for an additional wind power plant of approximately 25 MW ("Abbila", in the Ulassai and Perdasdefogu areas), and the Single Authorizations are expected to be obtained in 2024, not only for Abbila, but also for two other wind farms called "Boreas" and "Monte Argentu" (in the Jerzu and Nurri areas), for a total installed capacity of approximately 100 MW. At the same time, activities are continuing for the development and submission of authorization applications for additional renewable projects.

The start of production of the "Helianto" photovoltaic park makes it possible to estimate a cumulative production for the whole of 2024 of approximately 350 GWh. It should also be noted that this production will be fully valued on the market in 2024 and it is estimated that the incentive component, which had been zero in 2023, will have an impact of approximately EUR 2 million.

With regard to investments in the Renewables segment, an aggregate amount of approximately EUR 40 million is expected in 2024, of which roughly EUR 13 million will be dedicated to the completion of the Helianto photovoltaic park, around EUR 11 million to the construction of new authorized wind farms and development activities, and a further EUR 14 million could be used to commence the construction of the new wind farms based on obtaining the related Single Authorizations.

Finally, with regard to the expected trend of the Group Net Financial Position, the forecasts of cash flow generation and the trend of working capital (by virtue of the scenario and performance assumptions hypothesized by the Company) allow us to hypothesize a positive end of year for the Group Net Financial Position.

The Energy Transition activities undertaken **to seize the opportunities offered by new technologies** will also continue in 2024. The Group actively monitors the evolution of the regulatory context in order to seize future opportunities in the area of energy transition.

The projects in progress include the following in particular:

- the development of a project for the construction of a 20 MW electrolyzer, with the aim of **producing green hydrogen for use in the Sarroch refinery**, powered by renewable energy. To this end, SARDHY, the JV with Enel Green Power was selected among the Italian beneficiaries of the public grants approved by the European Commission as part of the IPCEI Hy2Use. The total amount of the loan assigned to SardHy Green Hydrogen Srl is approximately EUR 102 million, of which a first tranche subject to a Concession decree of 28th December 2023, while the remainder will be disbursed under another decree at the issue phase. Activities involving the negotiation and finalization of contracts for the supply of materials and for works tenders are continuing. The first half of 2024 is expected to see the start of construction of the hydrolyzer at the Sarroch refinery, which is expected to enter into operations in the first half of 2026;

- **the Carbon Capture and Storage (CCS) project**, in collaboration with Air Liquide, for which activities are in progress to define the aspects relating to the entire development chain, including logistics and transport, and to finalize costs and timings;

- **the project dedicated to the use of hydrogen and CO_2 for the production of synthetic fuels (e-fuels)** with the aim of optimizing the potential uses of CO_2 for which a loan was awarded in 2023 as part of the "Hard to Abate" NRRP call for tenders. The completion of engineering activities and the start of construction are expected in 2024, with construction expected to be completed by the end of 2025. The overall costs expected of approximately EUR 10 million will be mostly covered by loans;

- **in the area of biofuel production**, a number of technical assessments are underway for the expansion and optimization of hydrogenated vegetable oil (HVO) production activities both in co-processing and in purity. In particular, investments and assessments are underway aimed at (i) installing a new catalyst that will allow additional production capacity of 20 Kton per year of HVO in purity by the first half of 2024; (ii) optimizing logistics by insulating some discharge lines and tanks to expand the range of vegetable oils that can be used in co-processing to include high "pour point" oils; (iii) developing a new pre-treatment plant that will expand the range of oil crudes that can be used in the production of HVO in both co-processing and purity; (iv) retrofitting and revamping some existing desulfurization units (U300 and U700) that will allow future decisions about extending the production capacity of HVO and HEFA pro SAF up to 200 Kton per year;

- **a "Waste To Fuel" project**, for which a financing application has been submitted for a European tender for the construction of a low-temperature pyrolysis plant for the production of advanced fuel and carbon black from used tires (about 14 Kton/year). In 2024, the application for the related funds will be submitted and test activities will be finalized on a demonstration plant to consolidate the technology. Finally, the FEED and permitting will be started after the eventual awarding of the financing.

HUMAN RESOURCES

In accordance with the provisions of Article 5, paragraph 3, letter b of Italian 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 Italian 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 2023, the management of human resources was aimed at putting the organization and people in the best possible conditions to contribute effectively and efficiently to the implementation of the Group strategic guidelines, defined to guarantee value and sustainability over time to the business in the current context of global acceleration of the energy transition.

Organization

At the end of 2023, the Group had 1,591 employees, marking an increase of 1% compared to the previous year.

With the aim of supporting its evolution from a pure refiner to a sustainable energy player, the Group has made some significant organizational changes to develop a business model that combines the world of refining with the renewable energy sector, continuing with the process already started in recent years.

Alongside the Market Units for the refining and production of electricity, both from conventional and renewable sources, the new organization dedicated to New Initiatives was established, responsible for coordinating the development of projects aimed at capitalizing on the opportunities offered by new technologies aimed at decarbonization, and encouraging and developing the integration of new energy sources as part of refining activities.

At the same time, the Energy organization focused on the development of projects and partnerships that aim to reach the target of 1 GW of installed renewable capacity in 2028, and on initiatives needed to accelerate the convergence between the conventional and renewable energy business.

The Oil Supply Chain organization was also included among the Market Units, now reporting directly to the Deputy CEO, with the responsibility of overseeing the process of defining the refining programs, integrating the contributions of the Industrial and Commercial organizations, in order to optimize the operational and commercial tools.

Also as part of the Group evolution, in relation to the Industrial

organization, the merger by incorporation of the company Sartec into the company Sarlux was carried out, effective from 1st July 2023. The new corporate structure provides the necessary flexibility to meet the efficiency objectives of relevance to business sustainability, thanks to the related organizational and process synergies. At the same time, the merger represents an important investment in the Group people, whose contribution and skills are essential for the implementation of the strategy.

Following the merger, a new employer structure was defined in Sarlux and, in line with this structure and in continuity with previous organizational developments, the integration of the Industrial organizational unit was completed to maximize the contribution to the Group strategy, in terms of implementing production plans and increasing asset availability. The main drivers of this change were the verticalization of production processes, the focus on processes critical to efficiency and sustainability objectives, the development of skills for change and synergy between functions.

With regard to the Corporate Staffing Units, the repositioning of the Sustainability & Investor Relations organizational unit whereby it reports directly to the Deputy CEO, which reflects the strategic value of sustainability for the Group, is noted.

Industrial relations

In the first few months of 2023, as usual, activities with the Social Partners focused on sharing organizational and management methods of the clusters of shutdowns that affected the Sarroch Industrial Site throughout the year, with particular attention to the 10-year shutdown of the IGCC plant.

In February, the gasoline contribution was renewed for the two-year period 2023-2024 and a new digital basic medicine service was introduced.

As usual, for the companies Saras, Sarlux and Sardeolica, thanks to the definition, in 2022, of the Performance Bonus platform for the three-year period 2022-2024, in 2023 the new productivity and profitability indicators (KPIs) were identified for the year under review.

In the months of April, July and November, a plan for the hiring of plant operators was shared with the RSU (unitary workplace union structure) aimed at covering part of the shift staff vacancies in order to organize the refinery.

Between May and June, trade union discussions took place on the merger by incorporation of Sartec, the Group engineering company, into Sarlux, which involved the transition from the Metalworking National Collective Labor Agreement to the Energy and Oil National Collective Labor Agreement of over 100 employees. This activity was concluded with the trade union agreements of 8th and 26th June, through which the Company and the RSUs of both companies agreed on the management and harmonization methods of all the financial and non-financial entitlements of the former Sartec employees.

In October, the subsidiary Deposito di Arcola signed an agreement with the RSUs and the local trade unions that provides for a gradual reduction in the workforce, as a result of the impossibility of renewing the concession for a boarding/disembarkation point following the redefinition of the activities of the Port of La Spezia. This reduction will take place in two phases, the first of which was carried out on 01/01/2024 with the second scheduled for 01/05/2024. The redundant employees were offered the opportunity of a transfer to the Sarroch site or to the Milan office, or to take up the option of the consensual termination of employment with a redundancy incentive. Employees who did not participate in any of the aforementioned options were able to take advantage of processes to support their relocation to other areas of the country, carried out with the support of Confindustria La Spezia.

In November, Saras and the RSUs signed an agreement as substitute sources for the Solidarity Fund, with which some changes to the fund's articles of association and regulations were made, including the expansion of reimbursable health services effective as of 01/01/2024.

With regard to the Sarroch Site, in anticipation of the CGIL regional general strike on 27th November, meeting minutes were signed regarding the need to reconcile the exercise of the right to strike with the need to ensure people's safety, the protection of production plants and of the environment.

In December, specific agreements were signed relating to the Welfare Plan for the period 2023-2024 with the disbursement of a welfare credit for the reimbursement of the costs for domestic utilities of the integrated water service, electricity and natural gas, incurred by the employees themselves or by a family member and for the purchase of goods and services according to the limits of the fringe benefits provided for by the legislation for workers with or without dependent children.

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.

To achieve even more sustainable training, the methodological approach based on the development of "Learning Agility" continues to be adopted, which encourages self-learning of content, concentrating its consolidation during periods of discussion and revision in the classroom or directly in work environments.

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;
- awareness-raising on sustainability, which draws attention to an approach to work based on respect for ESG principles;
- compliance training: training and education on issues governed by law (e.g. HSE training, Code of Ethics and Anti-Trust etc.).

34,007
Total training hours 2023
Saras Group

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

Also in 2023, there was renewed investment in the most recently hired staff, who participated in soft skills development programs with a focus on "personal effectiveness" and "inclusive culture".

Position training for operational roles continues to be an important step in the development of know-how, both technical and behavioral, for the seamless undertaking of new roles, as well as an opportunity for the transfer of knowledge and skills to new generations.

Following the new hires for operational roles, also in 2023, "Plant Operator" training courses were delivered, which provided not only technical and specialist contents, but paid special attention to the understanding of the role and the importance of "Soft Skills".

The Group has also continued to invest in its managers, with initiatives targeted at leadership development, through individual coaching and People Management courses, involving an increasing number of people.

The Mentoring project continues, as part of which - also in the second edition - the preparatory training of the mentors was carried out and the individual mentor-mentee courses were delivered.

Also in line with the strong focus on management-related issues, two important initiatives targeted at maintenance personnel and investments were launched, with the aim of enhancing skills for effective and efficient "Work Management" and Project management, sharing and strengthening methods and approaches in line with our values and our efficiency culture.

Training was regularly provided on:

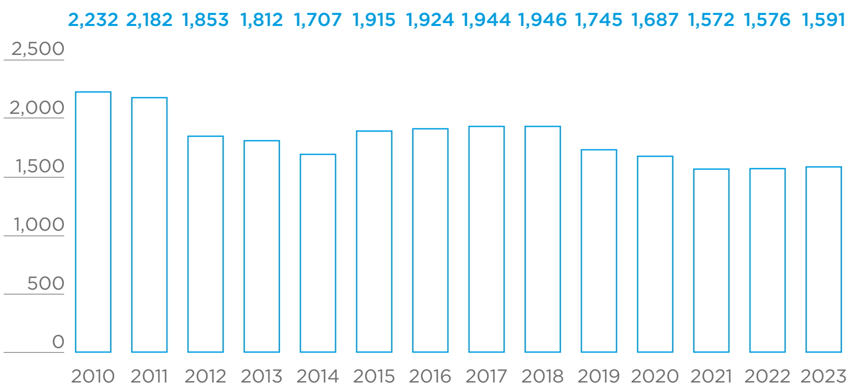
- Privacy
- Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001
- Code of Ethics
- Anti-corruption

which, in addition to being always available to everyone on SarasLearning, is an integral part of the onboarding course attended by all new staff.

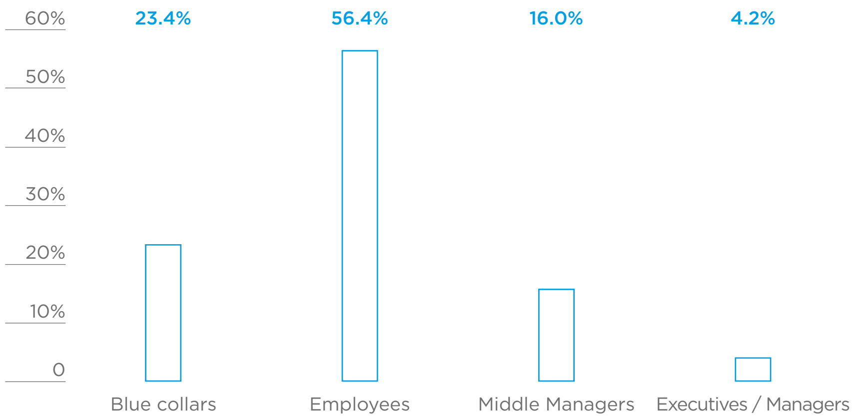
With regard to the training initiatives across the entire Group, some projects with a material impact have been carried out that need to be reported in this document.

In view of the migration to Microsoft 365, to facilitate the process of familiarization and intensive adoption of the new tools, more than 20 live webinar meetings were organized to reach all Group employees. This program is part of a broader change management project and represented an important moment of change in the way of working, based on the sharing and protection of data and information.

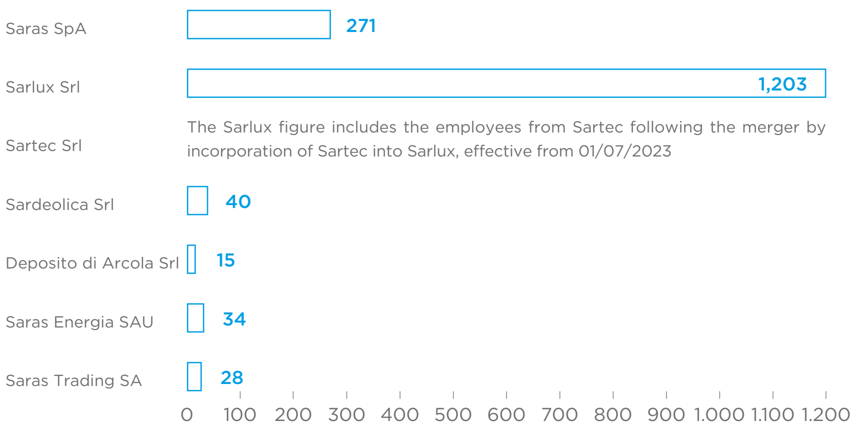
SARAS GROUP: TOTAL EMPLOYEES



SARAS GROUP: POPULATION BANDS (31.12.2023)



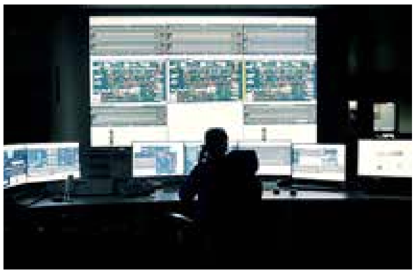
EMPLOYEE DISTRIBUTION BY COMPANY (31.12.2023)



A new training campaign on Cyber security was also launched, which involved all Group people in a digital learning course, aimed at stimulating awareness of behavior that could put personal and corporate security at risk.

With regard to training on sustainability, in anticipation of the drafting of the integrated report, all staff involved in the ESG reporting process took part in awareness-raising and in-depth meetings on the issues of the EU Taxonomy, double materiality and the Corporate Sustainability Reporting Directive. The topic of sustainability was also included in the onboarding program and chosen as the topic for the mandatory update of 2023 for workers' safety and environment representatives (RLSA).

Lastly, a program of meetings was launched aimed at providing tools to ensure greater awareness when dealing with the risk of fraud, should it occur, and to learn about the process of managing reports of potential irregularities. In 2023, top managers participated in the initiative and in 2024 it will continue with the involvement of the rest of the Group population. Attendance of the course is mandatory pursuant to the Organizational Model, Italian Legislative Decree 231/01 and Italian Legislative Decree 24/2023 on Whistleblowing.



TOTAL HOURS OF TRAINING

Parameter	2021	2022	2023
Saras SpA	3,076	4,154	3,197
Sarlux Srl	25,325	26,117	28,399
Sartec Srl	3,889	2,894	-
Sardeolica Srl	1,445	1,762	1,312
Deposito di Arcola Srl	97	100	266
Saras Energia SAU	757	407	665
Saras Trading SA	160	105	168
Total	**34,749**	**35,539**	**34,007**

Internal communication

Internal communication is mainly aimed at supporting the implementation of the strategy and the achievement of the organization's objectives, enhancing the importance of the contribution of people and promoting a way of working based on empowerment, trust, autonomy and the ability to deal with change.

During 2023, in particular, the most significant activities included the communication of organizational and corporate structure changes, a fundamental opportunity to highlight the link with the strategic guidelines, as well as the objectives and changes deriving from the reviews of business processes and the adoption of new work tools.

In the first half of the year, an intense internal communication plan was developed which, in synergy with the training plan, accompanied the migration of email functions and collaboration and productivity tools to the Microsoft 365 platform. This communication involved all Group employees, thanks to the support of a large group of champions belonging to all organizational units and through different channels used to inform and involve staff in adopting the new work methods.

Also this year, meetings dedicated to the presentation of the Sustainability Report were held, which represent an important opportunity to involve the Group management, during which ongoing initiatives are shared to guide the company's activities towards an increasingly sustainable future.

Lastly, it should be noted that, to support the introduction of the digital platform of medical services in the company welfare offer for employees and their families, an ad hoc communication campaign was created to raise awareness of the services available and methods for accessing them, in order to maximize their use by the beneficiaries whenever necessary.

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.

The year 2023 saw the conclusion of the long-term incentive plan for the Saras Group Top Management, called Performance Cash Plan 2021-2023, approved by the Shareholders' Meeting on 12th May 2021 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 management figures. The details of this Plan are provided in a subsequent section of this Report on Operations. The final calculation of the Performance Objectives will take place following the approval of the financial statements for 2023.

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.


14

HEALTH, SAFETY AND ENVIRONMENT

Be safe, always.

"We are committed to ensuring safety at all times.
For all our employees this is the fundamental principle that must always be respected
In this regard, 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 2023

The injury frequency rate for the entire Group was 4.25, up from the 1.98 reported in 2022. The performance was determined by the increase in the number of events reported (10 in 2023 vs. 5 in 2022) compared to a decrease in the number of hours worked, which is the denominator of the ratio with which the frequency rate is calculated. The number of days lost due to injury also increased (672 in 2023 vs. 243 in 2022) increasing the severity index from 0.10 to 0.29.

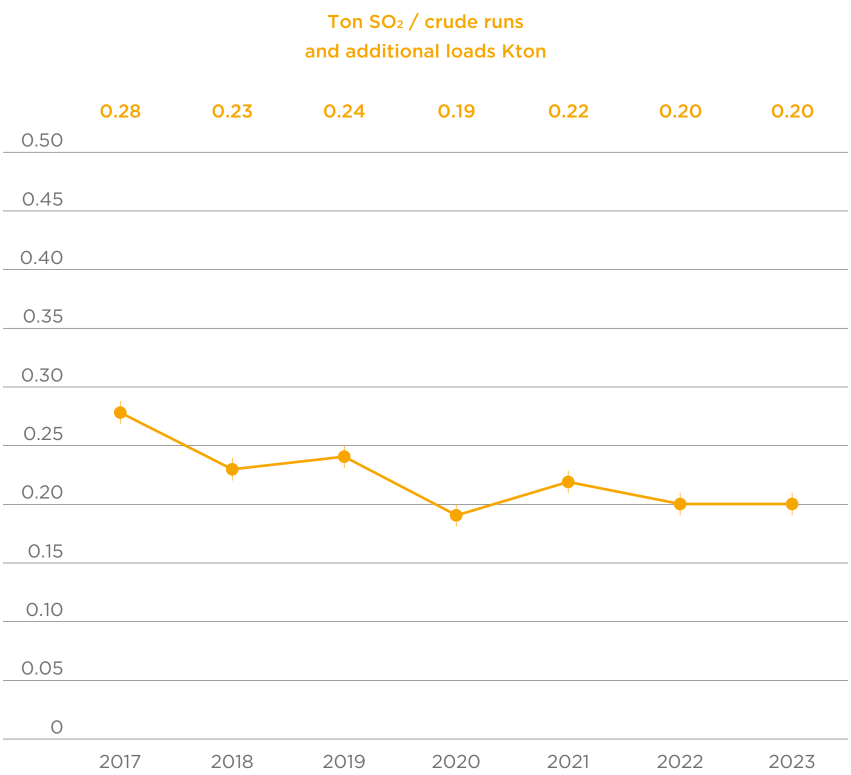
For the subsidiary Sarlux, in assessing its HSE performance, the process of merger by incorporation of Sartec must be taken into account, which took place on 1st July 2023. Specifically, in 2023, with respect to 1,719,663 hours worked (1,608,371 in 2022), Sarlux recorded 8 injuries, of which 5 occurred in the plant area (4 in 2022, of which 3 in the plant area); consequently, the frequency rate (ratio between the number of accidents and millions of hours worked) stood at 4.65 while the severity index (ratio between the number of days lost and thousands of hours worked) was 0.28.

Sarlux accidents are attributable to the following root causes: Unsafe conditions for materials or equipment (2); Risky or reckless act of the injured party (6). As regards the breakdown by gender, 7 accidents involved men with 1 involving a woman.

With regards to the services of the Contractors operating at the Sarlux Plant in Sarroch during 2023, in respect of a number of hours worked totaling 3,611,778 (2,900,137 in 2022), there were 4 injuries (17 in 2022); consequently, the frequency rate was 1.11 while the severity index (ratio between the number of days lost and thousands of hours worked) was 0.10.

Therefore, the All Workers frequency index (Sarlux workers and Sarlux Contractors) stood at 2.25 in 2023 (4.66 in 2022).

SO_2 PRODUCTION INDEX



In this context, Sarlux implements the following actions:

1. <u>The application of the Behavior-Based Safety (BBS) protocol at the Sarroch site</u>: 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").

   Since 2018, the rate of safe behavior has been over 98%, which is evident from the analysis of checklists filled out in significant numbers (up to 22 thousand "all workers" observations in a single year), a sign that the culture of safety has deeply penetrated all areas of the company. In 2023, compared to 20,099 observations (16,404 in 2022), 12,385 feedbacks were provided (9,159 in 2022), registering a safe behavior rate of 98.8% (98.6% in 2022).

2. <u>Interference risk management</u>: in order to improve the "All Workers" accident performance and in particular the management of interference risks, at the beginning of the year and before the important clusters of shutdowns, a widespread training and awareness-raising activity was carried out for the Sarlux workers on the subject, involving 260 people in 20 separate training sessions.

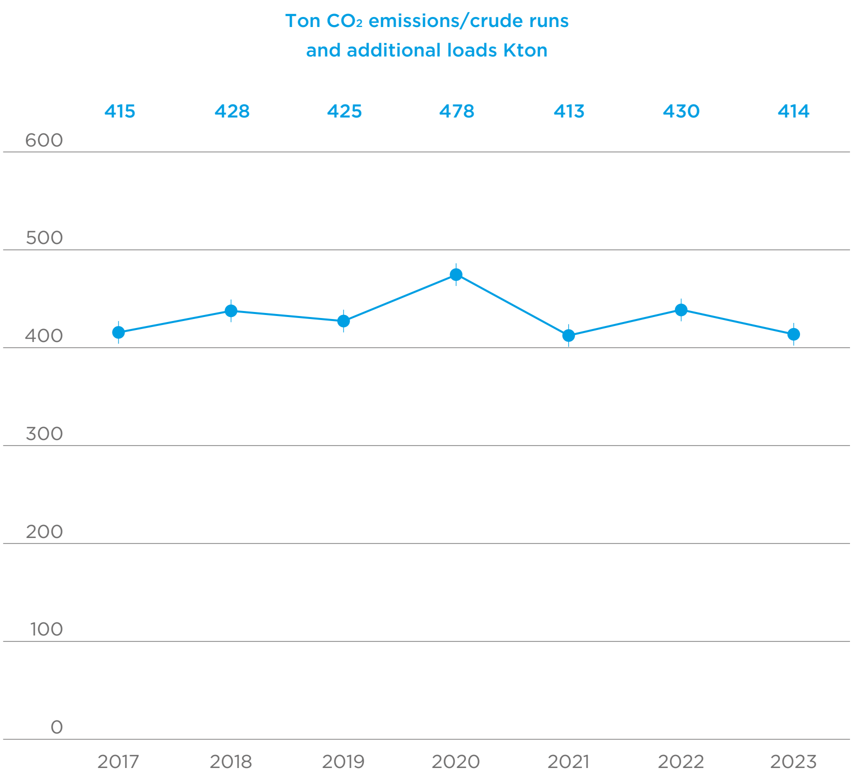
3. <u>The Systematic Periodic Exchanges with Contractors</u>: implemented on a weekly basis during shutdown periods, a calendar of meetings to discuss contingent HSE issues that have occurred on the site. Proactive exchange was further enriched by the contribution of the companies' prevention and protection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

4. <u>The analysis of incidental and near-miss events</u>: near misses are events related to work activities, with the potential to produce severe damage to persons and/or things. Once again, in 2023, 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. Specifically, 17 near misses were reported by Sarlux personnel and 55 by Contractors' personnel.

5. <u>The Audits of HSE Management Systems</u>.

6. <u>Site inspections</u>: to ensure the constant control of the activities carried out by the companies, a total of 57 inspections were conducted, involving 215 third-party workers.

CO_2 PRODUCTION INDEX



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 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 22nd December 2023, the Chief Executive Officer 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";

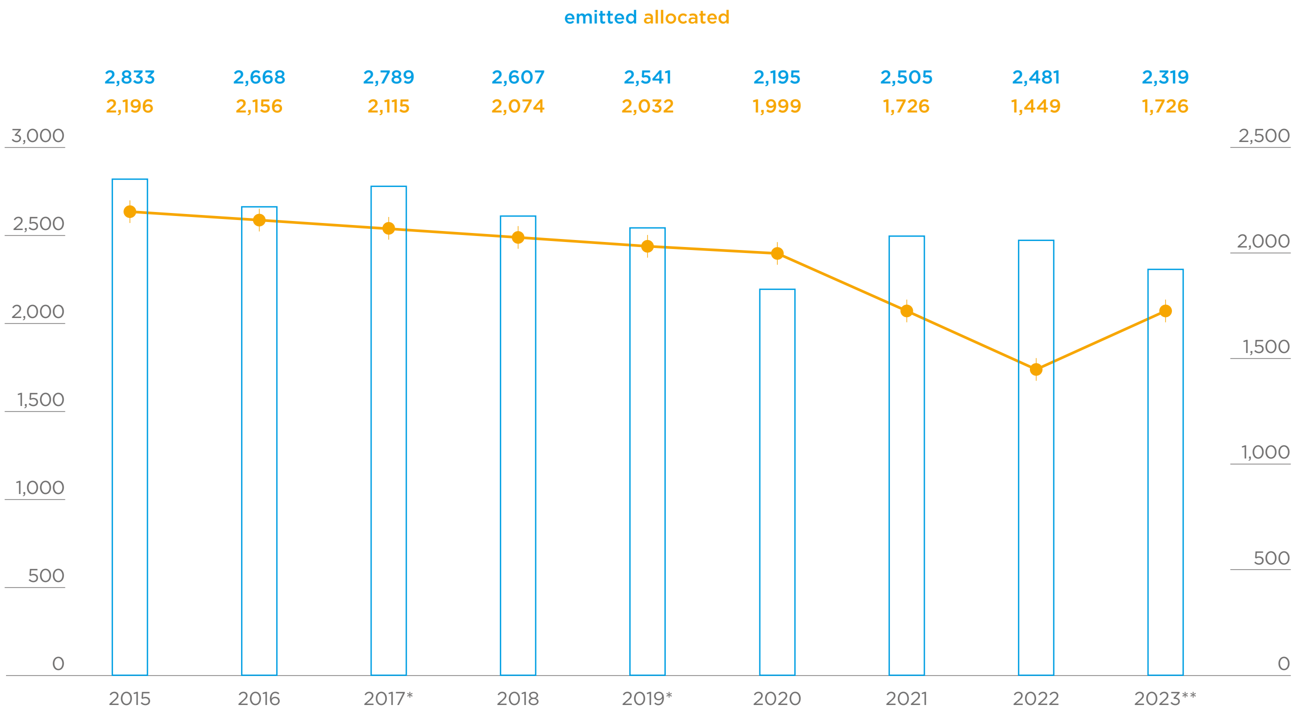
The system is divided into:

- 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 audits and consequent certifications by Lloyd's, temporally following the publication of the financial statements.

** The emissions of 2023 could undergo changes as a result of the audits and consequent certifications by Lloyd's, currently in progress.

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 "Italian 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

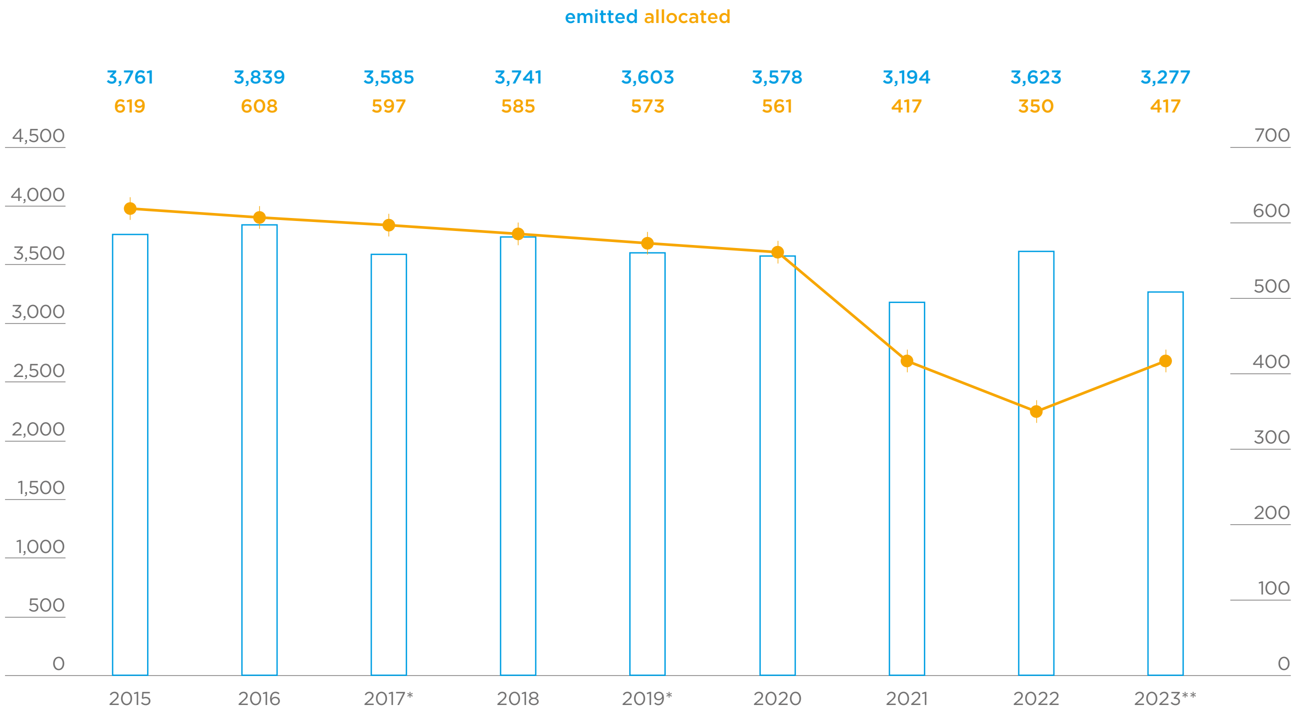
Since October 2008 Sarlux has joined the community Eco-Management and Audit Scheme EMAS. EMAS is joined on a voluntary basis by both public and private companies and organizations which thus commit to assessing, improving and disseminating their environmental "efficiency".

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 (TON/YEAR)



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

** The emissions of 2023 could undergo changes as a result of the audits and consequent certifications by Lloyd's, currently in progress.

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 2023, 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 2023, SO_2 emissions were 2,637 tons and CO_2 emissions stood at 5,595,756 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.

In 2023, no violations of environmental standards, regulations and laws on socio-economic matters or on the impact on the health and safety of customers who purchase the products sold by the Saras Group were ascertained, except as specified below:

1. On 11th July 2023, the Italian Competition Authority (AGCM) initiated proceedings against numerous Italian companies, including Saras, aimed at ascertaining the existence of possible violations of art. 101 of the Treaty on the Functioning of the European Union ("TFEU"), regarding the pricing policy adopted in the last three years on the "bio" component of motor fuels. Saras received a

preliminary notice on 19th July 2023. To date, only partial access has been granted to the documents of the proceedings and Saras has not been notified of the preliminary disclosures ("CRI") results. On 19th October 2023, Saras submitted a set of commitments to the Authority pursuant to art. 14-*ter* of Law no. 287/90. By decision of 21st November 2023, the Authority ordered it to be rejected. On 23rd January 2024, the AGCM then notified Saras of a request for information on the methods of compliance with the regulatory obligations on biofuels. The Procedure will therefore follow the ordinary course that provides for the sending of the CRI if, at the end of its investigation, the Authority deems its allegations to be well founded. At present, it is not possible to predict the outcome of the Proceedings, which must in any case be concluded, unless extended, by 31st December 2024.

2. In September 2023, Saras received an administrative penalty in the amount of EUR 500 thousand (referring to the year 2022), pursuant to art. 9, paragraph 9 of Italian Legislative Decree 66 of 2005 as amended, for not having achieved the objective of reducing the carbon intensity of fuels used for consumption by at least 6% compared to a standard value identified by EU legislation equal to 94.1 gCO_2/MJ. This failure to achieve the objective is due to certain operational difficulties arising from the impossibility of exploiting a blend of biofuels beyond the legal limits (due to the 5% limitation of transfer from one year to another) and the limited availability in the market of Upstream Emissions Reduction certificates.

3. On 6th October 2023, a warning was issued by MASE for non-compliance with the AIA provisions relating to the PMC, pursuant to paragraph 2 of art. 29-quattordieces of Italian Legislative Decree 152/06. The company acknowledged the warning within the terms provided for by the law.

4. Following the Report prot. no. 17744 of 11.07.2022 of the Headquarters of the Cagliari Fire Brigade, some prescriptions were notified to Sarlux pursuant to art. 20 of Italian Legislative Decree no. 758 of 19.12.1994 in relation to Presidential Decree 151 of 2011 and, on 15th November 2023, Sarlux was notified of compliance with the requirements by the same Headquarters. Following compliance, an administrative sanction was imposed.

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 EMAS.

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, Eni Group), 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.

In 2021, the Sarlux Integrated Environmental Authorization (DEC-MIN-0000263 of 11th October 2017) was partially re-examined, which concluded with the issue of Ministerial Decree 159 of 14/04/2022.

The current AIA (DEC- MIN-0000263 of 11th October 2017) 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 2023.

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 "Emissions 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 relates 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 refining/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, as required by the legislation, to the ETS Committee the certified Activity Level Change (ALC) communication, certified by a recognized entity, on the activity levels for the 2021-2022 two-year period for the purposes of issuing of free allowances (2023) indicating a non-significant activity level change and, therefore, the allowances issued and used in 2023 came to 2,143,510.

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. In 2003, the Vessel Acceptance Policy was introduced. Through the process of technical assessment (screening) of the proposed vessels, compliance with the most stringent safety requirements is thus guaranteed. 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 Italian 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 quantity of waste produced by process activities requires continuous internal synergies and innovation, which also made it possible to record improvements in 2023, in particular in the quantity of sludge produced by the water treatment plant and sent to the waste treatment plant within the site and managed on loan for use by a third-party company.

For 2023, the production of waste, related to the different type of maintenance and investment activities, was lower than that of 2022; there continues to be an important contribution in quantitative terms due to the management of groundwater linked to MISE Northern Plants.

With regard to the environmental impact of waste leaving the site, considering that approximately 52% of the waste produced in 2023 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 91% compared to the amount of waste that would have been generated without its use. The performance, in line with that of the previous year, is the result of a particularly high service factor and optimized management of facilities producing sludge that needs to be treated.

In 2023, around 87% 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.

A further commitment of Sarlux is to optimize the collection of municipal waste, in respect of which, in 2023 one of the best performances at national level was reported, separating 82% of municipal waste and sending only 18% of municipal waste produced to disposal as dry waste.

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 in 1962 in Sardinia, and immediately integrated with local communities, committing itself to creating sustainable value and promoting social projects dedicated to the community. The Group constant interaction with the local area promotes the social, economic and cultural development of the community, which the company and the community mutually benefit from.

The Relationship with the local area in which the Group operates and with the communities concerned, as envisaged by the Policy for the Protection of Human Rights and the Sustainability Policy, is characterized by the commitment to understand, assess and measure the impacts in terms of human rights, socio-economic development, environmental protection and biodiversity.

In addition, the Group policy, called "Our Stakeholders", outlines its approach to managing relations with local communities, recognizing them as strategically important stakeholders.

The Group engages in dialogue with these stakeholders characterized by shared values and objectives and supports projects with greater impact and value for the territory, needed to support the social fabric and add value to history and traditions.

One of the objectives that Saras is especially committed to is promoting the business culture and making people aware of its value and importance. 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 that must tackle issues like unemployment, especially among young people, and depopulation of internal areas.

With this in mind, when it comes to cross-company courses for the skills and orientation of students, the activities are extended to the whole of Sardinia.

Saras for schools

The right to education is a value that leads to cultural growth, development and well-being: it means giving everyone the opportunity to have the tools for their own self-realization. For this reason, through its Group companies, Saras has set up a number of courses to meet the demands of schools and contribute to innovative and more effective teaching.

In the last few years, over one thousand students attending educational institutions have participated in Courses for Transversal Skills and Orientation (PCTO), giving them the opportunity to see the world of work at first hand and in particular to observe the complex system of know-how and technological innovation that develops in an industrial group.

In 2023, more than 185 students from nine high schools participated in in-depth educational programs at the Sarlux refinery with a focus on the issues of energy transition and sustainability.

In 2023, the Saras Group initiatives aimed at students were enriched with new content, in line with the technical and intellectual evolution of industrial production, through a focus on burning issues such as Cyber Security and Information and Communications Technology, in respect of which students were interested and inspired.

The activities, designed on an ad hoc basis for each course, were led by experts and managers of the Saras Group who dealt with industrial topics, often using simulations to represent the Group way of working and convey useful insights for joining the world of work.

In addition, the students especially appreciated the possibility of being able to gain hands-on experience at a production company and to integrate the theoretical skills required by study plans.

Saras has been supporting **secondary schools** for over 20 years, in order to tackle school drop-outs and foster the cultural growth of students, in particular students of Istituto Comprensivo Statale di Sarroch e Villa San Pietro, municipalities that gravitate around the Sarlux industrial site.

As part of the “Saras per la scuola” educational courses, the Group, as every year, donated textbooks to the Institution which, in the name of sustainability and the circular economy, are given under a gratuitous lease for use to over 100 students, so that, at the end of the year, these books can be given to new incoming students, except in cases where it is necessary to adopt new editions. Over the years, Saras has supported the school with the supply of tablets, computers and printers.

In addition, in 2023, the school library of the Sarroch comprehensive school was updated with 200 new books.

The Group commitment, which began in the early years of Saras’ presence, has allowed the creation, over time, of a chemical laboratory and sports facilities, also equipped with defibrillators.

As regards the issues of sustainable development and alternative energies, several visits were organized for students of higher technical institutes in the area of Ulassai where the Sardeolica wind farm is located.

The construction and subsequent operation of the wind farm was designed by considering the needs of the inhabitants and the environment. In addition to the creation of direct and indirect local jobs and the payment of municipal taxes, Sardeolica has forged important links with the Professional Institute of Industry and Crafts of Perdasdefogu, which provides most of the wind farm's maintenance technicians.

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 2023, through the exchange of know-how with the University.

To complete the training of future engineers, three seminars were organized, aimed at the development of scientific and technological innovation: one with the Department of Mechanical, Chemical and Materials Engineering, one with the Italian Association of Industrial Plants Teachers, one with the Department of Electricity and Electronics.

In addition, to promote orientation at university, two projects were organized in collaboration with High Schools, one carried out in the lecture hall of the Faculty of Engineering in Cagliari, the other in the lecture hall of the Giua Institute of Higher Education of Cagliari.

During the meetings, Saras Group managers and engineers presented the company as an industrial site, fully integrated between refining, energy production and petrochemicals, geared towards sustainable transition that represents a value for the area in terms of economic and social growth.

An important aspect is represented by the presentation of the innovations in progress on the themes of energy saving and environmental sustainability, according to the guidelines of the European Green Deal and the national PNIEC (Integrated National Plan for Energy and Climate).

Finally, also in 2023, Saras signed up to the initiatives organized by the Italian Association of Chemical Engineering (AIDIC) and the Italian Thermotechnical Association (ATI), and contributed, together with AIDIC and other Sardinian companies, to offering scholarships to the best Chemical Engineering graduates.

Saras for the community and sport

Saras is a solid and strategic partner for the entire region, the Group is recognized for its constant commitment and contribution to local communities, and the partnership between Saras and the Municipality of Sarroch is extremely profitable.

Also in 2023, the Group supported several initiatives dedicated to sports, culture, social commitment and traditions.

Sports initiatives

In 2023, as highlighted below, several sports associations supported over the years by the Group achieved important successes, reward for the work carried out with perseverance and dedication:

- the Sarroch boxing academy, whose athletes this year won the title of Italian junior champion and numerous medals, were awarded by Coni with an impressive bronze medal, testament to the exceptional sporting season;
- Sarlux Sarroch Volley won the men's Serie B championship and made its debut for the first time in its history in the national Serie A3 championship;
- the Veloclub Sarroch association, which involves over 50 athletes, won the first cyclocross sprint trophy organized in Sardinia;
- the Amatori Rugby Capoterra competes in the national men's Serie B championships and promotes the female sector, with roughly 250 members in the territory;
- the ASD Gioventù Sarroch, made up of young people from Sarroch, is enrolled in the third category football championship and is affiliated with the Cagliari Academy where some young athletes have found an outlet to support excellent sports growth;
- the ASD Kayak Sarroch, especially in the summer season, involved minors from 5 to 14 years old in various activities related to the sea and dedicated to socializing, rediscovering the territory and practicing sports;
- the ASD Podismo Sarroch and the Sarroch Tennis Club are highly attentive to the youth sectors and have implemented summer projects that involved children aged 5 to 14 in various activities dedicated to socializing, having fun and above all sports, creating real training centers for young athletes.

Initiatives in the field of culture and social gathering

There was no lack of opportunity for social gatherings, including:

- Shark Max Days, which combine leisure and training, with sporting events, musical concerts and entertainment for children, the aim being to teach and enhance the culture of sea protection to over 60 primary and secondary school students;
- the Diapason Association, which teaches various musical genres to its members and at the end of the course organizes the Sa*Rock festival, an important musical event in Sardinia, now in its second edition;
- "L'Officina delle idee" prepares concerts in the most beautiful natural environments and landscapes of the Sarroch area also for the 2023 edition of Muìdas;
- the non-profit organization "S'Arrocca" with experts in ancient history organizes the Filarchaios archaeological campus, which has given over 50 children the opportunity to rediscover the archaeological heritage of the area, rich in nuraghic finds;
- the Santa Vittoria Association, which organizes activities for the traditional feast of Sant'Efisio;
- the sponsorship of the 2023 edition of the Cagliari SoloWomenRun women's marathon was significant for the social sector and at a regional level, with the participation of 12,000 athletes.

Saras' contribution to social well-being makes the Group a point of reference for the sector, for the community and for all the stakeholders with which it interacts.

Finally, in 2023 Saras supported the cultural initiative Sette Sere, Sette Piazze, Sette Libri, a literary festival of significant media and tourism appeal, now in its thirteenth edition and which takes place in the squares of Perdasdefogu.

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

Interest rate risk

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

Credit risk

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

Liquidity risk

The Group finances its activities both through the cash flows generated by its operations and using external sources of financing. It is therefore exposed to liquidity risk, consisting of the ability to find adequate lines of credit so as to meet the related contractual obligations, including compliance with covenants. Self-financing capacity, and consequently the level of debt, is determined by the generation of cash from operations and the performance of working capital; in particular, the latter is based on levels of demand and supply of crudes and oil products as well as the relative prices and their extreme volatility and sensitivity to external factors (such as economic, social and political factors). It should also be pointed out that the financial parameters on existing loans subject to review are complied with. Finally, it should be noted that the level of debt could also undergo positive and negative changes due to the trend in working capital and core business, both affected by the high volatility of the prices of oil and energy commodities.

The fulfillment of the conditions precedent to the purchase agreement signed on 11th February 2024 between the companies Massimo Moratti SApA of Massimo Moratti, Angel Capital Management SpA and Stella Holding SpA and the company Vitol B.V. and the consequent transfer to Vitol B.V. of the ownership of 35% of the shares of Saras SpA will result in a "change of control" event in the loan agreements, as a result of which the lending banks have the option of requesting the early repayment of the loans disbursed. The Company, as set forth in the contracts, will ask the lending banks for their formal approval to the change of control and the maintenance of the credit lines granted. At the moment, there are no signs that this consent may be denied by one or more institutions, and in any case the company is in a position to repay the existing loans.

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 by applying appropriate risk management policies. In order to address the risks arising from price changes and more specifically to mitigate the precise price fluctuations on the quantities bought and sold compared to the monthly averages, the Group also enters into hedging contracts on commodities. Also subject to change are the prices of electricity sales by the subsidiaries Sarlux and Sardeolica, as well as the prices of Energy Efficiency Certificates and CO_2 emission quotas.

In particular, the outbreak of the Russian-Ukrainian conflict radically changed the global energy scenario, triggering from the end of February 2022 an immediate rise in energy commodity prices (oil and derivatives, gas, and electricity) and high volatility, with major impacts on the reported results of Oil & Gas and Refining companies. This phenomenon has more directly involved Europe, which is more dependent on Russia in terms of energy. In particular, the Western sanctions imposed on oil imports from Russia have led to an increase in the prices and margins of refined products, which in 2022 translated into a significant improvement in the Group economic and financial results. This development, as described in the chapter relating to the Reference Market, progressively decreased in 2023 in the case of middle distillates: refining margins, while remaining above the historical averages, recorded a reduction, mainly due to a partial slowdown in industrial consumption and a simultaneous increase in imports of refined products, especially from Asia (India, China, the Middle East and Turkey). In this regard, it should be noted that also in 2024, the Group expected income results and cash flows are exposed to the risks of a global economic slowdown or, in the most severe case, a possible recession, with the consequent reduction of growth expectations in demand for hydrocarbons. The next decisions of the European and US central banks in relation to monetary policies and the adjustment of interest rates to contain the high levels of inflation could in fact put the brakes on economic growth, with negative consequences on oil demand. The international geopolitical tensions caused by the Russian invasion of Ukraine and the recent conflicts in the Middle East, increase the systemic risks, including that of the continuation of the war, of its extension to other countries, the supply chain and consumer, business and investor confidence resulting in delays or halts in spending and investment decisions. The occurrence of such events could trigger a slowdown in growth or, in the worst case, a global recession. These conditions could lead to a reduction in the demand for energy raw materials and a consequent reduction in prices, with negative repercussions on the economic results, cash flow and the implementation of the Group business plans.

Risk related to the procurement of crude oil

A significant portion of the crude oil refined by Saras originates from countries exposed to high political, social and macroeconomic uncertainties; changes in legislation, politics, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potentially negative effects on the Group economic and financial position. In particular, as described in the chapter "Outlook", the recent geopolitical tensions in the Middle East and the recent attacks on ships in transit in the Red Sea have forced the lengthening of routes along the coasts of Africa, with a significant increase in chartering costs which involved imports of crude oil and products.

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shutdowns. Saras believes that the complexity and modularity of its plants make it possible to limit the negative effects of unscheduled shutdowns brought about by external factors and that the safety plans in place (which are continuously improved) make it possible to minimize any risks of accidents; it should be noted that the worsening of adverse weather events recently, combined with the current characteristics of the Sardinian electricity system, has increased the probability and potential impact of the risk of an interruption of production. Saras also has a major program of insurance cover in place in relation to these 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 risks, health and safety at work
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 Group has an Environmental Management System compliant with the ISO 14001/2015 standards and the Community Eco-Management and Audit System EMAS and an EN ISO 45001 certified Occupational Health and Safety Management System. 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 business are affected by the continuously evolving legislative and regulatory context of the countries in which it operates. With regard to this, Saras is committed to continuously monitoring and maintaining a constructive dialogue with national and local institutions aimed at seeking opportunities for discussions and prompt evaluation of any legal amendments, acting on minimizing the economic impact deriving from them. In this context, the most significant aspects of the main regulatory developments relate to:

- regulations relating to the reduction of national emissions of specific atmospheric pollutants and their effect on the limits indicated in the current AIA permit;
- the view of the European Commission and the ARERA (Italian Authority for Electricity, Gas and Water) implementing documents in relation to the recognition of the Sarlux subsidiary as an energy-intensive enterprise;
- regulatory provisions relating to energy efficiency certificates for the Power sector and incentives for the Wind sector and their consequences for the G.S.E.;
- regulations and implementation documents issued by Terna and ARERA regarding the Essentiality Regime agreement requirements of the IGCC plant of Sarlux, and the cost reimbursement regime;
- measures taken to contain electricity costs, such as for example the TER Support Decree and the 2023 Budget Law which impact, on the one hand, system charges and variable energy components for "energy-intensive" enterprises (Sarlux) and, on the other hand, the sale prices of electricity from renewable sources (Sardeolica, Energia Verde and Energia Alternativa);
- regulatory provisions on "Emission trading" allowances.

Third-party risk
The main raw materials used by the Group for its core business (refining and production of electricity) are supplied by third-party suppliers that may be inadequate in terms of skills, size, insurance and know-how. It follows that the Group is exposed to a risk of interruption of supply linked to an inadequate supplier, a risk mitigated for “oil” suppliers by a “know your customer” process and for “non-oil” suppliers by a centralized process of “Qualification” of suppliers for groups of critical goods.

Climate change risk
The Group 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). Any mitigation measures are represented by insurance cover, an HSE management system, and a weather event management system designed to make the plants safe.

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

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

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

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

Protection of Personal Data

Saras operates in compliance with the limits set forth in the provisions of European Regulation no. 679/2016 (GDPR) and the Privacy Code (Italian Legislative Decree 196/2003 as amended by Italian Legislative Decree 101/2018), regarding the protection of personal data concerning its customers, employees, suppliers and all parties with whom it comes into contact on a daily basis.

Information technology and cybersecurity

The Group is equipped with complex information systems to support the various activities and business processes, in particular the operation and management of the Sarroch refinery. Risk aspects concern the adequacy of such systems and the availability, integrity and confidentiality of data and information and Cyber Attacks. For some time now, the Group has been developing projects and applying solutions that aim to significantly reduce this type of risk, through centralized cyber security management with the aim of addressing cyber security threats, supporting the business in choosing the most appropriate protection mechanisms. During the 2023 financial year, the Group continued to increase the level of protection from cyber attacks through an Uptime security monitoring service and the delivery of awareness courses to the company population.

Provisions for risks and charges

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

Involvement in legal proceedings

Saras is a party in civil and administrative proceedings and in legal actions related to the normal course of its business. In addition to the provision for 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 litigations for which a loss is currently assessed as not probable or the estimate of the related liability as 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 Consolidated Financial Statements.

OTHER INFORMATION

Treasury shares
In 2023, Saras SpA has not bought or sold any treasury shares.

The number of ordinary shares outstanding as of 31st December 2023 was 951,000,000.

Performance Cash Plan
The Shareholders' Meeting of Saras has approved, on 12th May 2021, the long-term incentive plan for the Saras Group 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 management figures.

The beneficiaries of the Plan were identified among:

- managers with strategic responsibilities 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.

In 2023, this Plan was concluded, while the final reporting of the Performance Objectives will take place following the approval of the financial statements for 2023, with the relevant disbursement in 2024.

Transactions with related parties
At the end of 2023, 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 chapter 7.4.

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 2023.

Information by segment and geographical area

Information on the breakdown of purchases and sales by business segment and geographical area is provided in chapter 4.2 "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 2023 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 in paragraph 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 measurement criteria adopted" in the Notes to the Consolidated Financial Statements, under point Y "Taxes".

Reconciliation between Group Net Result and Shareholders' Equity and that of the Parent Company

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

EUR thousand	Net result	Shareholders' equity
As per the Financial Statements of Saras SpA as of 31st December 2023	**248,000**	**1,115,553**
Differences between book value and Shareholders' equity as of 31st December 2023 of equity investments valued at cost in the Financial Statements of Saras SpA	68,499	204,879
Corrections made during consolidation	(2,563)	24,115
As per the Group Consolidated Financial Statements as of 31st December 2023	**313,937**	**1,344,549**

MAIN EVENTS AFTER THE END OF 2023

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

CONSOLIDATED FINANCIAL STATEMENTS OF THE SARAS GROUP AS OF 31ST DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

Thousands of EUR	(1)	(2)	31/12/2023	31/12/2022
ASSETS				
Current assets	**5.1**		**2,450,542**	**3,010,759**
Cash and cash equivalents	5.1.1	A	542,651	707,115
Other financial assets	5.1.2	B	114,535	187,555
Trade receivables	5.1.3	C	488,778	728,881
of which with related parties:			*0*	*97*
Inventories	5.1.4	D	1,247,087	1,287,312
Current tax assets	5.1.5	E	27,242	74,929
Other assets	5.1.6	F	30,249	24,967
Non-current assets	**5.2**		**1,314,084**	**1,253,568**
Property, plant and equipment	5.2.1	H	1,172,659	1,147,135
Intangible assets	5.2.2	K	38,922	40,802
Right-of-use of leased assets	5.2.3	J	38,480	45,384
Other equity investments	5.2.4	M	745	745
Deferred tax assets	5.2.5	Y	20,812	15,398
Other financial assets	5.2.6	N	3,812	4,104
Other assets	5.2.7	F	38,654	0
Non-current assets held for sale	**5.2.8**	I	**333**	**333**
Total assets			**3,764,959**	**4,264,660**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**1,766,039**	**2,327,702**
Short-term financial liabilities	5.3.1	S	148,993	224,376
Trade and other payables	5.3.2	S	1,417,706	1,444,441
Current tax liabilities	5.3.3	Y	118,216	356,952
Other liabilities	5.3.4	S	81,124	301,933
Non-current liabilities	**5.4**		**654,371**	**724,584**
Long-term financial liabilities	5.4.1	S	345,245	446,909
Provisions for risks and charges	5.4.2	Q, AB	276,522	267,800
Provisions for employee benefits	5.4.3	R	5,967	6,002
Deferred tax liabilities	5.4.4	Y	3,730	3,730
Other liabilities	5.4.5	S	22,907	143
Total liabilities			**2,420,410**	**3,052,286**
SHAREHOLDERS' EQUITY	**5.5**	**O, P, X**		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			965,056	729,902
Net result			313,937	416,916
Total parent Company shareholders' equity			**1,344,549**	**1,212,374**
Third-party minority interests			-	-
Total shareholders' equity			**1,344,549**	**1,212,374**
Total liabilities and shareholders' equity			**3,764,959**	**4,264,660**

(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 INCOME FOR 2023

Thousands of EUR	(1)	(2)	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Revenues from ordinary operations	6.1.1	T	11,373,826	15,777,146
Other income	6.1.2	T	69,611	58,638
of which with related parties:			*101*	*117*
Total revenues			**11,443,437**	**15,835,784**
Purchases of raw materials and consumables	6.2.1	U	(9,439,390)	(12,869,707)
Cost of services and sundry costs	6.2.2	U, AB	(1,177,393)	(1,621,185)
of which with related parties:			*(1,210)*	*(954)*
Personnel costs	6.2.3	R, U	(164,252)	(174,542)
Depreciation/amortization and write-downs	6.2.4	H, K, J	(209,540)	(204,715)
Total costs			**(10,990,575)**	**(14,870,149)**
Operating result			**452,862**	**965,635**
Financial income	6.3	V, Z	199,955	240,087
Financial charges	6.3	V, Z	(231,908)	(316,552)
Result before taxes			**420,909**	**889,170**
Income taxes	6.4	Y	(106,972)	(472,254)
Net result			**313,937**	**416,916**
Net result attributable to:				
Shareholders of the parent Company			313,937	416,916
Third-party minority interests			0	0
Net earnings per share – base (EUR cents)		AA	**33.01**	**43.84**
Net earnings per share – diluted (EUR cents)		AA	**33.01**	**43.84**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023

Thousands of EUR		01/01/2023 31/12/2023	01/01/2022 31/12/2022
Net result (A)		**313,937**	**416,916**
Items of comprehensive income that may subsequently be restated to profit (loss) for the year			
Effect of translation of the financial statements of foreign operations	W	(614)	565
Cash Flow Hedging reserve	Z	(137)	137
Items of comprehensive income that will not be restated to profit (loss) for the year			
Actuarial effect of IAS 19 on post-employment benefits	R, U	(321)	1,038
Other profit/(loss), net of the fiscal effect (B)		**(1,072)**	**1,740**
Total consolidated net result (A + B)		**312,865**	**418,656**
Total consolidated net result attributable to:			
Shareholders of the parent Company		312,865	418,656
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 2023

Thousands of EUR	Share capital	Reserve Legal	Other Reserves	Profit (Loss) for the year	Total shareholders' net of competence of the parent company	Interests pertaining to interests	Total shareholders' equity
Balance as of 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 as of 31/12/2022	**54,630**	**10,926**	**729,902**	**416,916**	**1,212,374**	**0**	**1,212,374**
Period 1/1/2023 - 31/12/2023							
Allocation of previous year result			416,916	(416,916)	0		0
Dividends distributed			(180,690)		(180,690)		(180,690)
Conversion effect of financial statements in foreign currency			(614)		(614)		(614)
Actuarial effect IAS 19			(321)		(321)		(321)
Cash Flow Hedging reserve			(137)		(137)		(137)
Net result				313,937	313,937		313,937
Total net result			*(1,072)*	*313,937*	*312,865*		*312,865*
Balance as of 31/12/2023	**54,630**	**10,926**	**965,056**	**313,937**	**1,344,549**	**0**	**1,344,549**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2023

Thousands of EUR	(1)	(2)	01/01/2023 31/12/2023	01/01/2022 31/12/2022
A - Initial cash and cash equivalents			**707,115**	**366,680**
B - Cash flow from (for) operating activities				
Net result	5.5		313,937	416,916
Unrealized exchange rate differences on bank current accounts			20,228	37,238
Depreciation/amortization and write-downs of fixed assets	6.2.4	H, K, J	209,540	204,715
Net change in provisions for risks	5.4.2	Q, AB	8,722	108,082
Net change in provisions for employee benefits	5.4.3	R	(35)	(881)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	Y	(5,414)	81,153
Net interest		V	37,737	29,832
Income taxes	6.4	Y	112,386	391,101
Change in the fair value of derivatives	5.1.2 - 5.3.1		(53,563)	(6,633)
Other non-monetary components	5.5		(1,072)	1,740
Profit (loss) of operating activities before changes in working capital			**642,466**	**1,263,264**
(Increase)/Decrease in trade receivables	5.1.3	C	240,103	(182,370)
(Increase)/Decrease in inventories	5.1.4	D	40,225	(118,140)
(Increase)/Decrease in trade and other payables	5.3.2	S	(26,735)	(136,123)
Change in other current assets	5.1.5 - 5.1.6	F	42,405	(12,623)
Change in other current liabilities	5.3.3 - 5.3.4	S	(187,536)	208,329
Interest received		V	7,539	1,286
Interest paid		V	(45,276)	(31,118)
Taxes paid	5.3.3	Y	(384,396)	(114,804)
Change in other non-current liabilities	5.4.5	S	(15,889)	(48)
Total (B)			**312,906**	**877,652**
C - Cash flow from (for) investment activities				
Net investments in property, plant and equipment and intangible assets	5.2.1-5.2.2	H, K	(224,091)	(113,583)
Net investments in Right-of-use of leased assets		J	(2,189)	(10,963)
(Increase)/Decrease in other financial assets and other equity investments	5.1.2	B, M	139,879	5,498
Change in non-current assets held for sale	5.2.1 - 5.2.2	I	0	(333)
Total (C)			**(86,401)**	**(119,381)**
D - Cash flow from (for) financing activities				
Increase/(decrease) medium/long-term financial payables	5.4.1	S	(101,664)	395,064
Increase/(decrease) in short-term financial payables	5.3.1	S	(88,387)	(775,662)
Dividends paid	5.5	X	(180,690)	0
Total (D)			**(370,741)**	**(380,598)**
E - Cash flows for the year (B+C+D)			**(144,236)**	**377,673**
Unrealized exchange rate differences on bank current accounts			(20,227)	(37,237)
F - Final cash and cash equivalents			**542,651**	**707,115**

(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 and Chief Executive Officer
Massimo Moratti

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31ST DECEMBER 2023

TABLE OF CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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 SApA (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.

It should be noted that on 11th February 2024 a purchase agreement was signed between the companies Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA and Stella Holding SpA and the company Vitol B.V. concerning the transfer to Vitol B.V. of the ownership of 35% of Saras SpA shares. For further information, please refer to the information provided below.

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 of electricity 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, Energia Verde Srl and the sale of energy through the new subsidiary Saras Energy Management Srl, established in 2023 whose business started in 2024.

These Consolidated Financial Statements for the year ended 31st December 2023 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.

The year 2023 was characterized by a volatile oil market context still affected - albeit to a lesser extent than in 2022 - by the consequences of the Russian-Ukrainian conflict and the start of the Israeli-Palestinian conflict. In fact, the margins of the main distilled products remained on average high and above historical values, highlighting the permanent pressure on prices caused by the absence of imports from Russia, the main supplier of middle distillates to Europe until the outbreak of the conflict, in a context characterized by low unused refining capacity, both in Europe and in the USA.

For more details on the above impacts, see the chapters on the Reference Market and Risk Analysis, paragraph "Price fluctuation risk".

The diesel crack spread in the Mediterranean area in 2023[1] recorded an average of 26.4 $/bl, showing a partial normalization compared to the record levels in 2022 (37.7 $/bl on average in 2022). This effect was determined, in the first place, by a gradual increase in supply and imports to Europe from the Asian countries that have not joined the sanctions, particularly China, India and Turkey, and secondly, by a slowdown in demand from the industrial sector in the main OECD member countries, checked by the restrictive policies adopted by the central banks to limit the rising levels of inflation.

During the year, the Group continued with the cost efficiency plan, finalizing the merger of the subsidiary Sartec Srl into Sarlux from 1st July 2023.

Moreover, in 2023, resolution 628/2023 of 28th December 2023 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, through the subsidiary Sardeolica Srl, the Group is continuing to implement the plan to expand the Renewables segment. In fact, it should be noted that, following the completion of the authorization process for the Helianto project in 2022, the construction of the 80 MW photovoltaic park in Macchiareddu (CA) got underway and is expected to be completed during the 1st half of 2024.

1. Fob Med vs Brent Dated

As regards the Renewables segment, the first half year of 2023 was also impacted by the provisions of the 2023 Budget Law, which imposed a "cap" of 180 €/MWh, from 1st December 2022, on electricity prices from incentivized renewable sources. The application of these restrictions reduced the Group EBITDA of 2023 by approximately EUR 4.9 million, of which the subsidiary Sardeolica was mainly affected by roughly EUR 4.3 million.

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 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 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 external 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 policies of these Notes.

On 11th February 2024, Saras issued a press release upon request and on behalf of Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA, Stella Holding SpA and Vitol B.V., concerning the following (for the full content, please refer to the Company's website, at the link https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-azionisti-e-vitol---ita.pdf):

Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA ("ACM"), and Stella Holding SpA (collectively the "Moratti family") and Vitol B.V., a Company based in the Netherlands (or a wholly-controlled entity designated by Vitol), ("Vitol") have entered into a sale and purchase agreement (the "SPA") pursuant to which the Moratti family has undertaken to sell to Vitol, shares of Saras SpA ("Saras") representing approximately 35% of Saras' corporate capital (the "Transaction"), at a price per share equal to EUR 1.75/share (the "Price per Share"). Under the SPA and subject to fulfillment of certain circumstances set forth therein, ACM has undertaken to sell to Vitol the shares of Saras (if any) that ACM may be entitled to receive under the existing funded collar derivative contract, covering roughly 5% of Saras' corporate capital. If a dividend distribution is resolved and paid by Saras before the closing date of the Transaction, the Price per Share will be reduced accordingly. Completion of the Transaction is exclusively subject to obtaining the required regulatory approvals (i.e., clearances under the EU foreign subsidies regulation, the EU antitrust regulation and the Italian Golden Power framework). Upon closing, the entire stake owned by the Moratti family in Saras will be transferred to Vitol. This will trigger a mandatory tender offer for the outstanding share capital of Saras, which will be launched by Vitol at the same Price per Share (i.e., EUR 1.75/share), suitably adjusted in case of a dividend distribution before closing of the Transaction. The goal of the MTO is to achieve delisting from the Milan Stock Exchange, which may also be achieved through a delisting merger should the required conditions be met. The price of EUR 1.75/share values the equity of Saras at approximately EUR 1.7 billion and represents a premium of:

- approximately 10% to the unaffected share price (*);
- roughly 7% to the unaffected one-month volume-weighted average share price;
- approximately 12% to the unaffected three-month volume-weighted average share price;
- around 21% to the unaffected six-month volume-weighted average share price;
- approximately 30% to the unaffected twelve-month volume-weighted average share price.

(*) Unaffected price refers to the closing market price as of 6th February 2024 (i.e., the date before the Bloomberg press notice referring to a potential sale by the Moratti family).

With reference to the authorization process, pursuant to Decree-Law 21/2012 and subsequent amendments and additions ("Golden Power Regulation"), it should be noted that the related notice to the Presidency of the Council of Ministers was submitted on 23rd February 2024.

As of today, Vitol B.V. holds a 10.387% stake in Saras SpA

2. General preparation criteria for the Consolidated Financial Statements

The consolidated financial statements of the Group for the year ending 31st December 2023 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 of the 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 as of 31st December 2023 are consistent with those used to prepare the consolidated financial statements as of 31st December 2022, 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 as of 1st January 2023, and with no impact on the Group Consolidated Financial Statements is shown below:

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.

These amendments have had no impact on the consolidated financial statements of the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide information on the most useful accounting policies by replacing the requirement for entities to disclose their "significant" accounting policies with the requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions regarding accounting policy disclosures.

The amendments had an impact on the disclosure of the Group accounting policies, but not on the measurement, recognition and presentation of the elements of the Group consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Taxes restrict the scope of application of the exception to opening recognition, so that it no longer applies to transactions that give rise to equal amounts of temporary taxable and deductible differences such as leases and liabilities for dismantling. These amendments have had no impact on the consolidated financial statements of the Group.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12
The amendments to IAS 12 were introduced to comply with the BEPS Pillar Two rules of the OECD and include:

- a mandatory temporary exemption from recognition and reporting requirements for deferred taxes resulting from the implementation in the jurisdictions of the Pillar Two rules; and
- the reporting requirements for the entities involved to help users of the financial statements to better understand the impacts on income taxes that derive from this legislation, in particular before the effective date of entry into force.

The mandatory temporary exemption - whose use is required to disclose it - is immediately applicable. The remaining reporting requirements apply for financial years starting on or after 1st January 2023, but not for interim periods prior to 31st December 2023.

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 reporting date, had been issued but were not yet in force. The Group intends to adopt these standards and interpretations, if applicable, once they come into force.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liabilities that arise from a sale & lease back transaction, to ensure that the selling lessor does not recognize profits or losses with reference to the right of use maintained by the same.

The amendments are effective for financial years starting on or after 1st January 2024 and must be applied retrospectively to all sale & lease back transactions signed after the date of first-time adoption of IFRS 16. Early application is permitted and reporting of said fact is required.

These amendments are not expected to have a material impact on the Group financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement was introduced that requires reporting when a liability deriving from a loan agreement is classified as non-current and the right of deferment of the entity is subject to compliance with covenants within twelve months.

The amendments will be effective for financial years beginning on or after 1st January 2024 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.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued the amendments to IAS 7 Statement of cash flows and IFRS 7 Financial Instruments: Disclosures, to clarify the characteristics of reverse factoring contracts and request further disclosure of these agreements. The disclosure requirements included in the amendments aim to assist users of financial statements in understanding the effects of reverse factoring agreements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for financial years beginning on or after 1st January 2024. Early application is permitted and reporting of said fact is required.

These amendments are not expected to have a material impact on the Group financial statements.

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 as of 31st December and are generally those specifically prepared and approved by the Boards of Directors of the individual companies, appropriately adjusted, where necessary, to align them with the accounting standards of the Parent Company.

On 15th March 2024, 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%
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%
Saras Energy Management Srl	100%

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

It should be noted that as part of the process of reorganization of the Group operations, on 1st July 2023, Sartec Srl was merged into Sarlux Srl, effective for accounting purposes from 1st January 2023.

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

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 income 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 and any equity instruments issued 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 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 carrying amount of an 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 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/losses 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 carrying amount 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 accruals 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 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 fulfill 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 IGCC 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	

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. 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 publication, 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 reimbursed 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.

[I] 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 qualified 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 obligations. The present value of the Group 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 costs 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 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 costs), 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 the income statement 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 Recognition of revenues
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 revenues 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 crudes 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 the intention to settle on a net basis.

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 Revenue Agency 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 and oil 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.

AAEarnings per share

[I] **Basic**
Basic EPS is calculated by dividing the Group 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 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 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;
- 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 and Israeli-Palestinian conflicts

The preparation of the financial statements requires directors to apply accounting standards and methodologies that, in certain situations, are based on 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. It should also be noted that the most recent recommendations of the control bodies have been incorporated in the respective sections of this document.

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 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 products 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. Where 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: 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 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 is also recalled 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 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 activities in a consistent manner, the information of the individual companies is allocated to the business segments, which are as follows:

- Industrial & Marketing;
- Renewables.

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 as of 31st December 2023	INDUSTRIAL & MARKETING	RENEWABLES	TOTAL
Revenues from ordinary operations	11,343,160	30,666	11,373,826
Other income	65,914	3,697	69,611
Depreciation/amortization and write-downs	(200,797)	(8,743)	(209,540)
Operating result	**438,152**	**14,710**	**452,862**
Financial income (a)	263,025	2,099	265,124
Financial charges (a)	(295,839)	(1,238)	(297,077)
Income taxes	(103,031)	(3,941)	(106,972)
Net income	**302,306**	**11,631**	**313,937**
Total directly attributable assets (b)	**3,566,646**	**198,313**	**3,764,959**
Total directly attributable liabilities (b)	**2,373,919**	**46,491**	**2,420,410**
Investments in property, plant and equipment	**178,326**	**45,990**	**224,316**
Investments in intangible assets	**54**	**0**	**54**

Income Statement as of 31st December 2022	INDUSTRIAL & MARKETING	RENEWABLES	TOTAL
Revenues from ordinary operations	15,733,334	43,812	15,777,146
Other income	54,560	4,078	58,638
Depreciation/amortization and write-downs	(196,825)	(7,890)	(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 income	**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**

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	31/12/2023	31/12/2022	Change
Italy	3,571,401	4,013,587	(442,186)
Other EEC countries	122,353	185,596	(63,243)
Non-EEC	71,205	65,477	5,728
Total	**3,764,959**	**4,264,660**	**(499,701)**

Investments in property, plant and equipment and intangible assets	31/12/2023	31/12/2022	Change
Italy	224,370	105,674	118,696
Total	**224,370**	**105,674**	**118,696**

Total revenues by geographical area:

Total revenues	31/12/2023	31/12/2022	Change
Italy	4,543,988	4,198,978	345,009
Spain	1,198,115	1,716,590	(518,475)
Other EEC countries	968,080	2,617,123	(1,649,043)
Non-EEC	4,584,964	7,085,787	(2,500,823)
USA	148,290	217,306	(69,016)
Total	**11,443,437**	**15,835,784**	**(4,392,348)**

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	31/12/2023	31/12/2022	Change
Italy	331,304	437,894	(106,588)
Spain	57,732	110,474	(52,742)
Other EEC countries	20,528	34,237	(13,709)
Non-EEC	101,251	168,746	(67,495)
USA	287	609	(322)
Bad debt provision	(22,325)	(23,078)	753
Total	**488,778**	**728,881**	**(240,103)**

The most significant changes to the statement of financial position and statement of comprehensive 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	31/12/2023	31/12/2022	Change
Bank and postal deposits	542,624	707,077	(164,453)
Cash	27	38	(11)
Total	**542,651**	**707,115**	**(164,464)**

Bank deposits are mainly attributable to Saras SpA for EUR 474,415 thousand, Saras Energia SAU for EUR 28,207 thousand and Saras Trading SA for EUR 22,423 thousand.

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

For further details on the net financial position, 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	31/12/2023	31/12/2022	Change
Current financial derivatives	66,567	77,988	(11,421)
Derivative guarantee deposits	47,968	108,034	(60,066)
Other assets	0	1,533	(1,533)
Total	**114,535**	**187,555**	**(73,020)**

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 5.4.1.

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 decrease compared to the previous year, equal to EUR 60,066 thousand, is due to the change in oil prices.

5.1.3 Trade receivables

Trade receivables amounted to EUR 488,778 thousand, a decrease of EUR 240,103 thousand from the previous year. The trend of receivables follows the decrease in market prices at the end of the period and the trend of sales.

The item also includes the receivable due to the subsidiary Sarlux from Arera for the balance of the essentiality regime for the year 2023. As of 31st December 2022, the position with respect to Arera was a debt and, therefore, classified under the item "Other liabilities".

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 22,325 thousand (EUR 23,078 thousand as of 31st December 2022). 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	31/12/2023	31/12/2022	Change
Raw materials and consumables	432,708	339,550	93,158
Unfinished products and semi-finished products	93,465	113,237	(19,772)
Finished products and goods	615,906	736,189	(120,283)
Spare parts and raw materials, consumables	105,008	98,336	6,672
Total	**1,247,087**	**1,287,312**	**(40,225)**

The decrease in the value of oil inventories (semi-finished crudes and finished products) was essentially due to the effect of the decreasing trend in prices, partially offset by the increase in quantities of inventory at the end of the year.

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 17 million.

No inventories are used as collateral for liabilities.

The item "Inventories" includes around 1,146 thousand tons of oil products (valued at around EUR 643 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 1,667 thousand tons valued at around EUR 1,026 million).

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/12/2023	31/12/2022	Change
VAT credit	1,447	2,121	(674)
IRES credits	1,141	1,355	(214)
IRAP credits	22,163	190	21,973
Other amounts due from the tax authorities	2,491	71,263	(68,772)
Total	**27,242**	**74,929**	**(47,687)**

IRAP receivables are mainly attributable to payments on account during the year and resulting in excess of the payable accrued at the end of this year.

Other Tax Receivables include taxes for which reimbursement has been requested, or which have been paid on a provisional basis. The decrease in the year refers mainly to the recognition in the previous year of the tax credit of energy-intensive companies (mainly in favor of the subsidiary Sarlux Srl), according to the provisions of the "TER Support Decree", fully offset in 2023.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/12/2023	31/12/2022	Change
Accrued income	1,605	356	1,249
Prepaid expenses	9,183	10,980	(1,797)
Other short-term receivables	19,461	13,631	5,830
Total	**30,249**	**24,967**	**5,282**

Prepayments refer primarily to the early payment fees and charges pertaining to the following year by the Parent Company.

Other short-term receivables as of 31st December 2023 refer mainly to Energy Efficiency Certificates (TEE) claimed by the subsidiary Sarlux Srl and shown net of the provision for depreciation, and the recognition by the subsidiary Sarlux Srl of the receivable for the granting of State aid under the “Fund for energy transition in the industrial sector” for an amount of EUR 6,446 thousand and already collected in January 2024.

5.2 Non-current assets

The year 2023 was characterized by a volatile oil market context still affected - albeit to a lesser extent than in 2022 - by the consequences of the Russian-Ukrainian conflict and the outbreak of the Israeli-Palestinian conflict. In fact, the margins of the main distilled products remained on average high and above historical values, highlighting the permanent pressure on prices caused by the absence of imports from Russia, the main supplier of middle distillates to Europe until the outbreak of the first conflict mentioned earlier, in a context characterized by low unused refining capacity, both in Europe and in the USA.

The diesel crack spread in the Mediterranean area in 2023 recorded an average of 26.4 $/bl, showing a partial normalization compared to the record levels in 2022 (37.7 $/bl on average in 2022). This effect was determined, in the first place, by a gradual increase in supply and imports to Europe from the Asian countries that have not joined the sanctions, particularly China, India and Turkey, and secondly, by a slowdown in demand from the industrial sector in the main OECD member countries, checked by the restrictive policies adopted by the central banks to limit the rising levels of inflation.

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 with 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 going concern, any certain or predictable effects of the geopolitical crisis on the amounts of the financial statements and the Group 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 to identify a better forecast that considers 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 fair value and the value in use obtainable on the basis of the discounting of the cash flows derived from the economic and financial projections updated by the management.

The impairment test, approved by the Board of Directors of 15th March 2024, was conducted in accordance with the General Criteria and the cash flows of the Budget approved by the Board of Directors on 6th February 2024 and the medium-long term economic and financial forecasts drawn up on the basis of the indications of the main independent international sources. 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 2022 Financial Statements. In relation to the macroeconomic and sector context, the impairment indicators that already emerged in 2022, related to the strong volatility of the oil and refining reference scenario (Brent price, price of commodities, crack spread, refining margins) remain, augmented by significant volatility also of the energy scenario (electricity and CO_2 price), only partially offset by the essentiality mechanism.

Saras therefore verified the property, plant and equipment and intangible fixed assets pertaining to the "Industrial & Marketing" CGU; the economic-financial forecasts underlying the Impairment Test were prepared on the basis of the most accredited external sources.

In determining the value in use, reference was made to the cash flows reflected in the 2024-2027 economic and financial projections, which provide a better forecast and do not reflect the particularly favorable conditions of the oil and energy market of the previous year, 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 economic-financial projections reflect the best estimates that can be made 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.

With reference to the Transaction relating to the purchase agreement signed in February 2024 between the Moratti Family and the Vitol Group, described in the Introduction, it can be inferred that for the purposes of the Impairment Test, the fair Value of the Transaction represents an Indication of value that further supports the set of values of the Saras CGUs recorded, and therefore confirms a recognition of the total value of Saras with respect to the Group book values. In fact, the offered price of EUR 1.75 per share implies a capitalization of Saras of approximately EUR 1.7 billion. The price offered, which includes a control premium, is a reference measure for determining the corporate equity value from which to derive the Enterprise Value, including the goodwill of the entire company Saras. The latter, for the purposes of the Impairment Test on the Group, could therefore represent the estimate of the Recoverable Value in terms of "Fair Value". The Assets subject to assessment for Impairment test purposes, on the other hand, constitute only the fixed assets of the Industrial and Marketing CGU. The estimate made actually represents the Recoverable Value of these fixed assets expressed as Value in Use taking into account the current conditions of the CGU without including developments, restructuring or non-organic growth, as required by international accounting standards, and therefore is not directly comparable with the corporate fair value.

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	31/12/2021	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**

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	31/12/2023
Land and buildings	193,229	192	(3)	0	(1,868)	191,550
Plant and machinery	4,015,979	105,515	(5,170)	0	37,096	4,153,420
Industrial and commercial equipment	40,388	0	0	0	429	40,817
Other assets	712,755	269	(1,859)	0	30,626	741,791
Property, plant and equipment under construction	114,156	118,339	(92)	(8,900)	(80,790)	142,713
Total	**5,076,507**	**224,315**	**(7,124)**	**(8,900)**	**(14,507)**	**5,270,291**

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	31/12/2023
Land and buildings provision	110,688	3,546	0	0	(1,939)	112,295
Plant and machinery provision	3,239,149	152,727	(5,113)	0	(4,428)	3,382,335
Industrial and commercial equipment provision	35,541	1,725	0	0	(1,090)	36,176
Other assets	543,994	26,474	(1,236)	0	(2,406)	566,826
Total	**3,929,372**	**184,472**	**(6,349)**	**0**	**(9,863)**	**4,097,632**

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2023
Land and buildings	82,541	192	(3)	(3,546)	0	71	79,255
Plant and machinery	776,830	105,515	(57)	(152,727)	0	41,524	771,085
Industrial and commercial equipment	4,847	0	0	(1,725)	0	1,519	4,641
Other assets	168,761	269	(623)	(26,474)	0	33,032	174,965
Property, plant and equipment under construction	114,156	118,339	(92)	0	(8,900)	(80,790)	142,713
Total	**1,147,135**	**224,315**	**(775)**	**(184,472)**	**(8,900)**	**(4,644)**	**1,172,659**

The item "Land and buildings" mainly includes industrial buildings, offices and warehouses with a net value of EUR 26,199 thousand, office buildings in Milan and Rome belonging to the Parent Company with a net value of EUR 1,666 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 value of EUR 51,390 thousand.

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

The item "Industrial and commercial equipment" includes equipment relative to the chemical laboratory and the control room connected with refining 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 crudes of the group companies (Sarlux Srl, Saras Energia SAU and Deposito di Arcola Srl).

The item "Assets under construction and payments on account" reflects the costs incurred mainly for investments to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes. During the year, the subsidiary Sarlux Srl wrote down some projects that will not be completed according to the new approved investment plan.

The increases for the period amounted to EUR 224,315 thousand and relate to technological works carried out on the refining plants and the construction, by the subsidiary Sardeolica Srl, of the photovoltaic plant in Macchiareddu.

The main depreciation rates used, unchanged comparing to the previous year, are as follows:

	IGCC plant	for other fixed assets (annual base)
Industrial buildings (land and buildings)	until 2031	5.50%
Generic plants (plant and machinery)	until 2031	8.38%
Highly corrosive plants (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 are located (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 factors that characterize the macroeconomic scenario, with significant impacts on the volatility of the commodities market, including prices, crude oil supply and demand for finished products, have repercussions on the uncertainty of the assumptions underlying the achievement of the Group economic and financial forecasts, which could be reflected in potential reductions in the value 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 subject to measurement is represented by the complex of property, plant and equipment and intangible assets of the "Industrial & Marketing" operating sectors, which include the Sarroch refinery, including the IGCC plant, the commercial purchase and sale of crudes/oil products of the Group, the production of electricity and the warehouses of Arcola and Cartagena, as shown in the document on the General Criteria for the preparation of the impairment test as of 31st December 2023, approved by the Board of Directors on 6th February 2024 and summarized previously.

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 operations under normal conditions, 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 2024-2027 cash flows (explicit period) were determined by taking into account the oil scenario (crude oil prices, oil 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 plants 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. Compared to 2022, the risk-free rate increased from 2% to 3% 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 8.8% rate, up compared to 8.0% in 2022;

- at the end of the explicit period horizon, a constant trend was assumed until the end of the EBITDA Essentiality Regime based on those for the last explicit period and an unchanged investment profile from the previous Impairment Test. As part of the Essentiality Regime, three different scenarios were considered based on the risk that, after 2028, essentiality may be recognized on the basis of a lower power of the IGCC until 2030. A growth rate of 2% was applied to all of them, a revised value with respect to the previous Impairment Test in light of the revision of expected long-term inflation.

With regard to the estimate of normalized cash flow when fully operational at the end of the Essentiality Regime (2030 vs. 2028), in the absence of a production plan extended to 2030 and similar to the previous Impairment Test, a normalized cash flow when fully operational, with a growth rate of 2% (revised as previously described), was projected based on 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.

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 2027);

iii) investments for the continuation of the business beyond 2027;

iv) percentage reduction of reinstatements for essentiality after 2028;

v) long-term EBITDA per unit of product based on different operating margin scenarios (at the end of the Essentiality Regime).

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 for long-term refining margins. The simulation was conducted for the three scenarios related to the continuation and the end of the Essentiality Regime, taking into account a probability of occurrence of one-third for each one (equally likely).

In line with ESMA's requests regarding the consideration of the main effects of climate change on company value, a sensitivity analysis was conducted on the impact of any changes in the greenhouse gas emission trading system ("Emission Trading") with regard to the assumptions of free allocations of CO_2, in a more restrictive sense than the current legislation.

Specifically, assuming that over the period in which reimbursements are granted to the Company as part of the Essentiality Regime for the IGCC plant, the costs related to CO_2 emissions continue to be included in the reimbursable variable costs, the spread impact in terms of lower cash flows following a possible further reduction in these allocations for the refinery plant alone was considered.

The estimate was carried out for all the Scenarios adopted, taking into consideration a parameter-based reduction in the free allocations estimated in the Plan from 2026 until 2030, with an impact also on the determination of the normalized cash flow for the calculation of the Terminal Value.

Other assumptions being the same, therefore considering the three equally likely scenarios, it is possible to state that the expected value of the Industrial & Marketing CGU remains no less than the Carrying Amount, with a further reduction in the free allocations of CO_2 compared to the plan forecasts.

The sensitivity analysis carried out shows recoverable values higher than the book value of the "Industrial&Marketing" CGU, thus not highlighting any impairment losses as defined by IAS 36.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

Historical Cost	31/12/2021	Increases	Decreases	Write-downs	Other changes	31/12/2022
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	Depreciation	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	0	0		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	Depreciation	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**

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	31/12/2023
Industrial patent and original work rights	63,522	54	0	0	5,730	69,306
Concessions, licenses, trademarks and similar rights	24,542	0	0	0	(31)	24,511
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible assets	528,038	0	0	0	(4,334)	523,704
Intangible assets under construction	1,965	0	(1,131)	0	(100)	734
Total	**639,086**	**54**	**(1,131)**	**0**	**1,265**	**639,274**

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	31/12/2023
Industrial patent and original work rights	57,536	6,080	0	0	(1,510)	62,106
Concessions, licenses, trademarks and similar rights	13,740	0	0	0	824	14,564
Other intangible assets	526,926	995	0	0	(4,321)	523,600
Total	**598,202**	**7,075**	**0**	**0**	**(5,007)**	**600,270**

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2023
Industrial patent and original work rights	5,986	54	0	(6,080)	0	7,240	7,200
Concessions, licenses, trademarks and similar rights	10,802	0	0	0	0	(855)	9,947
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	1,112	0	0	(995)	0	(13)	104
Intangible assets under construction	1,965	0	(1,131)	0	0	(100)	734
Total	**40,802**	**54**	**(1,131)**	**(7,075)**	**0**	**6,272**	**38,922**

Amortization of intangible assets totaled EUR 7,075 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 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 value 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.

The 2024-2027 economic and financial forecasts were prepared on the basis of the scenario indications of the main international independent sources, not including future developments, including those of the Helianto project.

The cash flow calculation was carried out in consideration of the scenario of energy sale prices until the end of the concession, applying it to the predicted windiness based on historical series, enhanced with the application of expected price curves derived from important independent companies specialized in the sector, and consistent with the economic and financial forecasts.

a) **The discount rate for cash flows** (weighted average cost of capital - WACC) has been estimated at 6.8%, 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 sale prices of electricity, the discount rate and the inflation rate) 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 EUR 104 thousand, down from the previous year by EUR 1,008 thousand.

Intangible 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

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	31/12/2021	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 leased 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**

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	31/12/2023
Leased land and buildings	49,492	540	0	0	144	50,176
Leased plant and equipment	11,887	0	0	0	0	11,887
Other leased assets	21,475	1,234	0	0	263	22,972
Total	**82,854**	**1,774**	**0**	**0**	**407**	**85,035**

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	31/12/2023
Leased land and buildings provision	20,120	5,967	0	0	(8)	26,079
Leased plant and machinery provision	6,074	1,453	0	0	(0)	7,527
Other leased assets	11,276	1,673	0	0	0	12,949
Total	**37,470**	**9,093**	**0**	**0**	**(8)**	**46,555**

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2023
Leased land and buildings	29,372	540	0	(5,967)	0	152	24,097
Leased plant and equipment	5,813	0	0	(1,453)	0	0	4,360
Other leased assets	10,199	1,234	0	(1,673)	0	263	10,023
Total	**45,384**	**1,774**	**0**	**(9,093)**	**0**	**415**	**38,480**

The balance as of 31st December 2023, of EUR 38,480 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

Below is a list of the equity investments held as of 31st December 2023, with an indication of the main information relating to investee companies:

Name	Registered office	Currency	Share capital	Amount held by the Group (%) as of 31-12-23	Amount held by the Group (%) as of 31-12-22	Percentage % of share capital	Shareholder	% voting rights	Relationship of investment
Deposito di Arcola Srl	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie Srl	Assemini (CA)	EUR	3,600,000	0.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sarint SA and subsidiaries:	Luxembourg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Saras Energia SAU and subsidiary:	Madrid (Spain)	EUR	5,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Indirect Subsidiary
Terminal Logistica de Cartagena SLU	Cartagena (Spain)	EUR	3,000	100.00%	100.00%	100.00%	Saras Energia SA	100.00%	Indirect Subsidiary
Reasar SA	Luxembourg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect Subsidiary
Sarlux Srl	Sarroch (CA)	EUR	100,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sardeolica Srl	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Energia Verde Srl	Cagliari	EUR	10,000	100.00%	100.00%	100.00%	Sardeolica Srl	100.00%	Indirect Subsidiary
Energia Alternativa Srl	Cagliari	EUR	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
Saras Energy Management Srl	Milan	EUR	100,000	100.00%	0.00%	100.00%	Saras SpA	100.00%	Subsidiary
SardHy Green Hydrogen Srl	Sarroch (CA)	EUR	10,000	50.00%	50.00%	50.00%	Saras SpA	50.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	EUR	122,143	5.00%	5.00%	5.00%	Deposito di Arcola Srl	5.00%	Other equity investments
Sarda Factoring	Cagliari	EUR	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	31/12/2023	31/12/2022	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
SardHy Green Hydrogen	243	243	0
Total	**745**	**745**	**0**

There are no changes compared to the previous year.

5.2.5 Deferred tax assets

The net deferred tax assets and liabilities of the Saras Group as of 31st December 2023 amounted to EUR 17,082 thousand (consisting of deferred tax assets of EUR 20,812 thousand recognized under non-current assets and deferred tax liabilities of EUR 3,730 thousand recognized under non-current liabilities).

At consolidated level, and also by virtue of the tax consolidation agreements in force between the Italian companies of the Group, the deferred tax assets and liabilities of the same companies are offset and stated net.

On the basis of medium and long-term economic financial forecasts and projections, the directors deemed the deferred tax assets to be recoverable.

With regard to the above, the total balance of the Group net position is almost entirely due to the taxes of the Italian companies and consists mostly of the following:

- deferred tax assets allocated on the valuation of fixed assets and receivables for EUR 18,056 thousand;
- deferred tax assets set aside on provisions for risks and charges for EUR 46,656 thousand;
- deferred tax liabilities for EUR 16,929 thousand relating to excess and accelerated depreciation;
- deferred taxes of EUR 16,591 thousand relating to remaining entries.

The following table shows the changes in the net position of prepaid and deferred taxes.

Figures in thousands of EUR	Amounts as of 31/12/2022	Provisions	Uses	Amounts as of 31/12/2023
Deferred tax assets				
Expenses deductible in future years	3,131	*2,670*	*2,984*	2,817
Write-downs of fixed assets and receivables and temporary differences in statutory-tax amortization	34,624	*2,838*	*19,406*	18,056
Provisions (taxed) for risks and charges	29,591	*64,732*	*47,668*	46,656
Tax assessment of inventories	21,395	*302*	*19,112*	2,586
Bad debt provision	2,435		*(870)*	3,306
Other residual items	6,054	*1,849*	*5,876*	2,027
IAS/Consolidated effect (other residual items of Group companies)	921	*1,693*		2,614
Total deferred tax assets	**98,151**	**74,084**	**94,174**	**78,060**
Deferred tax liabilities				
Non-accounting amortization/depreciation	19,050		*2,121*	16,929
Deferred taxable income	9,683			9,683
Land revaluation	7,995			7,995
Exchange rate differences	0	*2,399*		2,399
Other residual items	41,878	*2,335*	*27,622*	16,591
IAS/Consolidated effect (other residual items of Group companies)	3,730			3,730
IAS/Consolidated effect (Adjustment of the value of land to fair value - Sarlux)	1,150			1,150
IAS/Consolidated effect (Wind farm licenses valuation - Sardeolica)	2,729		*494*	2,235
IAS/Consolidated effect (homogenization of inventory valuation criteria - Saras)	267			267
Total deferred tax liabilities	**86,482**	**4,734**	**30,237**	**60,979**
Total net	**11,669**	**69,350**	**63,937**	**17,082**

5.2.6 Other financial assets

As of 31st December 2023, this item amounts to EUR 3,812 thousand (EUR 4,104 thousand in the previous year) and mainly relates to medium/long-term receivables for deposits due from third parties.

5.2.7 Other assets

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

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

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

Short-term financial liabilities	31/12/2023	31/12/2022	Change
Current bank loans	88,435	118,569	(30,134)
Bank current accounts	2,834	12,134	(9,300)
Financial derivatives	13,004	71,355	(58,351)
Other short-term financial liabilities	44,720	22,318	22,402
Total	**148,993**	**224,376**	**(75,383)**

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 the financial parameters on existing loans subject to review as of 31st December 2023 are complied with.

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

The item "Financial derivatives" includes the negative fair value of derivative financial instruments held at the end of the reporting period.

Financial derivatives	31/12/2023 Assets	31/12/2023 Liabilities	31/12/2022 Assets	31/12/2022 Liabilities
Interest rate swaps	1,578	6,522	7,274	586
Fair value derivatives on commodities	30,662	5,741	70,714	58,498
Fair value forward purchases and sales on exchange rates	0	741	0	770
Fair value forward purchases and sales on CO_2 allowances	34,327	0	0	11,501
Total	**66,567**	**13,004**	**77,988**	**71,355**

The following tables show the notional values and corresponding fair values of the derivatives outstanding as of 31st December 2023 and as of 31st December 2022:

Type of Operation	31/12/2023				31/12/2022			
	Notional value		Fair value		Notional value		Fair value	
	Purchases	Sales	Pos.	Trad.	Purchases	Sales	Pos.	Trad.
Oil and crude products	(380,623)	392,289	30,662	(5,741)	(300,019)	572,327	70,714	(58,498)
Exchange rates	(141,176)			(741)	(91,746)			(770)
Interest rates	(87,500)		1,578	(6,522)	(350,000)		7,274	(586)
CO_2 allowances			34,327					(11,501)
Total	**(609,300)**	**392,289**	**66,567**	**(13,004)**	**(741,765)**	**572,327**	**77,988**	**(71,355)**

"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, in addition to the financial payable relating to contracts recorded in compliance with the provisions of IFRS 16.

For further details, see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

Trade and other payables	31/12/2023	31/12/2022	Change
Advances from customers	26,261	21,039	5,222
Current payables to suppliers	1,391,445	1,423,402	(31,957)
Total	**1,417,706**	**1,444,441**	**(26,735)**

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

The balance of "Trade payables" essentially includes payables for crude oil supplies. The change compared to the previous year is essentially due to the decrease in oil prices.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/12/2023	31/12/2022	Change
Payables for VAT	40,652	20,743	19,909
IRES payables (and income tax of foreign firms)	9,104	239,802	(230,698)
IRAP payables	2,966	23,744	(20,778)
Other tax payables	65,494	72,663	(7,169)
Total	**118,216**	**356,952**	**(238,736)**

The change in "IRES payables" is due to the fact that the balance of the previous year included the payable for the "Extraordinary contribution on the extra-profits" of companies operating in the energy sector, as already described in the financial statements as of 31st December 2022, and for which the Group took the necessary legal action to protect itself. For more information, see paragraph 7.1.

The item "Other tax payables" mainly includes payables for excise duties on products released for consumption by the Parent Company Saras SpA (EUR 48,144 thousand) and the short-term portion of the payable to the Revenue Agency regarding the settlement agreement already described in paragraphs 5.2.7 and 7.1, amounting to EUR 9,113 thousand.

5.3.4 Other liabilities

The breakdown of Other liabilities is shown in the following table:

Other liabilities	31/12/2023	31/12/2022	Change
Payables employee benefit and social security	15,690	20,724	(5,034)
Payables due to employees	40,059	49,307	(9,248)
Payables to others	21,360	226,202	(204,842)
Accrued liabilities	521	618	(97)
Deferred income	3,494	5,082	(1,588)
Total	**81,124**	**301,933**	**(220,809)**

The item "Payables due to employees" includes salaries not yet paid for December, the portion of additional monthly payments accrued and performance bonuses for the achievement of business targets. The decrease compared to the previous year is mainly due to the recognition in 2022 of the provision relating to the consensual termination agreement in favor of some top managers.

The change compared to the previous year in the item "Payables to others", amounting to EUR 204,842 thousand, is essentially due to the fact that the balance as of 31st December 2022 included the amount to be returned to ARERA (Italian Regulatory Authority for Energy, Networks and Environment) as settlement of the Essentiality Regime for 2022 related to the trend in electricity market prices. As of 31st December 2023, the subsidiary Sarlux held a credit position with respect to ARERA, and therefore the balance relating to the year 2023 was recorded under the item "trade receivables".

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/12/2023	31/12/2022	Change
Non-current bank loans	313,609	401,415	(87,806)
Other long-term financial liabilities	31,636	45,494	(13,858)
Total	**345,245**	**446,909**	**(101,664)**

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	Amount of the original debt	Rate basic	Expiry contractual	Balance as of 31/12/2022	Balance as of 31/12/2023	Maturities 1 year	1 > 5 years
Saras SpA								
Sace loan	December 2020	350	0.95%	Sept-24	203.6	**86.7**	86.7	
Sace loan	May 2022	312.5	1.70%	Mar-28	312.2	**313.0**	-	313.0
Energia Alternativa Srl	January 2017	16	2.5% + 6M Euribor	Jun-26	**4.2**	**2.3**	**1.8**	**0.6**
Total liabilities to banks for loans					**520.0**	**402.0**	**88.4**	**313.6**

During the month of December 2020, Saras signed a EUR 350 million loan contract with 70% of the amount backed by SACE guarantees issued under the Italy Guarantee program and intended to strengthen the capital structure of the Company.

The expiry of the loan in question is scheduled for September 2024.

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

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

The fulfillment of the conditions precedent to the purchase agreement signed on 11th February 2024 between the companies Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA and Stella Holding SpA and the company Vitol B.V. and the consequent transfer to Vitol B.V. of the ownership of 35% of the shares of Saras SpA will result in a "change of control" event in the loan agreements, as a result of which the lending banks have the option of requesting the early reimbursement of the loans disbursed. The Company, as required in the contracts, will ask the lending banks for their formal approval to the change of control and the maintenance of the credit lines granted.

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	31/12/2021	Provisions	Use	Other changes	31/12/2022
Provision for decommissioning plants	19,038	10,677	0	0	29,715
Provision for remediation costs		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**

Provisions for risks and charges	31/12/2022	Provisions	Use	Other changes	31/12/2023
Provision for decommissioning plants	29,715	240	0	0	29,955
Provision for remediation costs	11,290	0	0	0	11,290
Provision for CO_2 allowances	220,631	231,211	(220,631)	0	231,211
Other provisions for risks and charges	6,164	2,167	(4,265)	0	4,066
Total	**267,800**	**233,618**	**(224,896)**	**0**	**276,522**

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. Said item recorded no changes compared to the previous year.

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

The provision for CO_2 allowances (EUR 231,211 thousand) originates from the application of quantitative limits on CO_2 emissions from plants defined by Legislative Decree no. 216 of 4th April 2006. 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 as of 31st December 2023, 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	31/12/2023	31/12/2022	Change
Post-employment benefits	5,967	6,002	(35)
Total	**5,967**	**6,002**	**(35)**

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 as of 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":

31/12/2021	**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**
Provision of part of the defined contribution plan	7,713
Interest	208
actuarial (income)/charges	321
Utilizations/Contributions to supplementary funds or INPS Treasury	(8,277)
31/12/2023	**5,967**

Pursuant to IAS 19, the post-employment benefits fund was valued using the projected unit credit cost method and the following assumptions:

ECONOMIC ASSUMPTIONS	31/12/2023	31/12/2022
Increase in the cost of living:	3.00%	3.00%
Discount rate:	3.49%	4.14%
Pay increase:	2.50%	2.50%
Annual rate of CPAS increase:	na	na

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

As of 31st December 2023, the discount rate used was the IBOXX Eurozone Corporates AA- (3.49%).

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), as of 31st December 2023 actuarial cost is recorded in the financial statements.

As required by IAS 19 (revised), a sensitivity analysis of the main actuarial assumptions as of 31st December 2023 and 2022 for post-employment benefits is indicated:

2023	Reference parameter change	
	-0.5%	0.5%
ANNUAL DISCOUNT RATE	6,224	5,699
	Reference parameter change	
	-0.5%	0.5%
ANNUAL INFLATION RATE	5,790	6,122
	Reference parameter change	
	-0.5%	0.5%
ANNUAL TURNOVER RATE	5,914	5,986

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

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 liabilities

Other liabilities amounted to EUR 22,907 thousand and almost entirely include the long-term portion of the payable to the Revenue Agency in relation to the settlement agreement already described in paragraphs 5.2.7 and 7.1.

5.5 Shareholders' equity

Shareholders' equity is comprised of by the following:

Total shareholders' equity	31/12/2023	31/12/2022	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	965,056	729,902	235,154
Net income (loss) for the year	313,937	416,916	(102,979)
Total	**1,344,549**	**1,212,374**	**132,175**

Share capital
As of 31st December 2023, the fully subscribed and paid-up share capital of EUR 54,630 thousand was represented by 951,000,000 ordinary shares with no par value.

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

Other reserves
This item totals EUR 965,056 thousand, up by EUR 235,154 thousand compared with the previous year. The change is essentially due to:

- allocation of the result of the previous year (profit of EUR 416,916 thousand);
- a decrease due to the payment of dividends, approved by the shareholders' meeting on 28th April 2023, in the amount of EUR 180,690 thousand;
- negative effect of the translation of foreign currency financial statements of foreign subsidiaries for EUR 614 thousand;

- decrease of EUR 321 thousand, due to the discounting of the employee severance indemnity in accordance with IAS 19.

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

Net income
The consolidated profit for the year amounted to EUR 313,937 thousand.

Dividends
On 15th March 2024, the Board of Directors proposed that the Shareholders' Meeting of Saras SpA, called for 29th April 2024 to approve the financial statements for the year ended as of 31st December 2023, allocate EUR 0.15 for each of the 951,000,000 ordinary shares outstanding, for a total of EUR 142,650,000, drawing this amount from the profit for the year.

The average number of outstanding shares was 951,000,000 in 2023, unchanged from the previous year.

Saras SpA held no treasury shares as of 31st December 2023.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

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

Revenues from ordinary operations	31/12/2023	31/12/2022	Change
Revenues from sales and services	10,538,298	14,540,825	(4,002,527)
Sale of electricity	830,620	1,231,319	(400,699)
Other remuneration	4,908	5,002	(94)
Total	**11,373,826**	**15,777,146**	**(4,403,320)**

The decrease in the item "Revenues from sales and services" is due to both the reduction in the prices of oil products recorded during the year and the decline in sales volumes.

For a more in-depth analysis, please refer to the Report on Operations.

Revenues from the sale of electricity mainly include those related to the gasification plant (EUR 747,079 thousand), the sale of energy within the Internal User Networks - RIU (EUR 52,875 thousand) and those related to the wind farms of the subsidiaries Sardeolica, Energia Verde and Energia Alternativa (EUR 30,666 thousand). 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. 740/2022/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 reimbursement of costs submitted by SARLUX Srl, for the year 2023, for its IGCC (Integrated Gasification Combined Cycle) power plant.

The revenues of the subsidiaries Sardeolica and Energia Verde take into account the Decree-Law no. 4 of 27th January 2022, the "TER Support Decree", and the 2023 Budget Law no. 197-2022, which establish, inter alia, a "compensation" mechanism for non-incentivized renewable sources under which producers must repay, for the first half of 2023, 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.

Other remuneration essentially includes the revenues earned by the subsidiaries Deposito di Arcola Srl and Reasar SA in their respective business segments.

Revenues from ordinary operations 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	31/12/2023	31/12/2022	Change
Compensation for storage of mandatory stocks	10,988	2,236	8,752
Sale of various materials	434	464	(30)
Contributions	15,524	2,200	13,324
Chartering	4,908	2,832	2,076
Recovery for claims and compensation	1,047	272	775
Other revenues	36,710	50,634	(13,924)
Total	**69,611**	**58,638**	**10,973**

The change in remuneration for storage and mandatory stocks is due to the increase in tariffs.

The increase in the item "grants" essentially refers to the granting of State aid obtained by the subsidiary Sarlux under the "Fund for energy transition in the industrial sector" with reference to the years 2021 and 2022.

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	31/12/2023	31/12/2022	Change
Purchase of raw materials	7,035,556	7,965,026	(929,470)
Purchase of semi-finished products	62,387	105,504	(43,117)
Purchase of consumables	112,663	75,937	36,726
Increase in property, plant and equipment	(22,736)	(9,100)	(13,636)
Purchase of finished products	2,211,737	4,848,710	(2,636,973)
Change in inventories	39,783	(116,370)	156,153
Total	**9,439,390**	**12,869,707**	**(3,430,317)**

The item mainly consists of the purchase costs of raw materials and finished products. The reduction compared to the previous year is mainly attributable, for an amount of EUR 929,470 thousand, to the decrease in the prices of raw materials recorded during the year and, for an amount of EUR 2,636,973 thousand, to the lower quantities of purchased finished products.

For more details, please refer to the contents of the Report on Operations.

In accordance with the accounting standards, the Group valued inventories at the lower of purchase or production cost and recoverable market value: this comparison showed the need to write down inventories for EUR 17 million.

6.2.2 Cost of services and sundry costs

Cost of services and sundry costs	31/12/2023	31/12/2022	Change
Costs for services	939,535	1,412,580	(473,045)
Capitalizations	(75,578)	(36,502)	(39,076)
Derivatives on crude oil and petroleum products and CO_2	43,813	88,445	(44,632)
Costs for use of third-party assets	9,590	5,671	3,919
Provisions for risks	232,982	98,911	134,071
Bad debt provision trade receivables	65	5,530	(5,465)
Other operating costs	26,986	46,550	(19,564)
Total	**1,177,393**	**1,621,185**	**(443,792)**

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

The decrease in the item is mainly attributable to the reduction in the prices of utilities during the year. These costs are shown net of the tax credit granted to the Group energy-intensive companies on the purchase of electricity of EUR 31.7 million.

Also included in the item "Costs for services" are the purchases of CO_2 allowances, equal to EUR 228,734 thousand, made in 2023 to fulfill the obligations of Directive 2003/87/EC (Emission Trading); for more details, please refer to the Report on Operations.

The item "Capitalizations" mainly refers to turn-around maintenance costs capitalized during the period. The increase compared to the previous year is essentially due to the significant maintenance cycle carried out, including the ten-year shutdown of the IGCC plant of the subsidiary Sarlux.

The item "Provisions for risks" mainly includes the provision for charges related to the implementation of Directive 2003/87/EC (Emissions Trading). The increase compared to the previous year is essentially due to the higher number of units to be purchased as of 31st December 2023 compared to 31st December 2022. For more details, please refer to paragraph 5.4.2. Provisions for risks and charges.

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

6.2.3 Personnel costs

The breakdown of "Personnel costs" is as follows:

Personnel costs	**31/12/2023**	**31/12/2022**	**Change**
Salaries and wages	115,878	114,421	1,456
Increases in fixed assets for internal work	(7,668)	(4,218)	(3,450)
Social security contributions	34,155	34,762	(607)
Post-employment benefits	7,713	7,648	65
Other long-term costs and incentives	10,627	19,869	(9,241)
Remuneration to the Board of Directors	3,547	2,060	1,487
Total	**164,252**	**174,542**	**(10,290)**

The decrease compared to the previous year is essentially due to the fact that the balance as of 31st December 2022 included the provision relating to the consensual termination agreement in favor of some top managers.

6.2.4 Depreciation/amortization and write-downs

"Depreciation/amortization and write-downs" are shown below:

Depreciation/amortization and write-downs	**31/12/2023**	**31/12/2022**	**Change**
Amortization of intangible assets	7,075	6,600	475
Impairment (Reversal of impairment) of property, plant and equipment	8,900	13,269	(4,369)
Depreciation of property, plant and equipment	184,472	174,682	9,790
Total	**200,447**	**194,551**	**5,896**

The write-down, amounting to EUR 8.9 million, refers to some projects recorded under tangible fixed assets in progress that will not be completed according to the new approved investment plan.

"Depreciation of leased items" breaks down as follows:

Depreciation of leased items	**31/12/2023**	**31/12/2022**	**Change**
Depreciation of leased property, plant and equipment	9,093	10,164	(1,071)
Total	**9,093**	**10,164**	**(1,071)**

6.3 Financial income and charges

A breakdown of financial income and charges is shown below:

Financial income	31/12/2023	31/12/2022	Change
Bank interest income	7,539	1,286	6,253
Unrealized differences on derivatives	0	7,274	(7,274)
Realized differences on derivatives	5,901	19,859	(13,958)
Other income	0	497	(497)
Profit on exchange rates	186,515	211,171	(24,656)
Total	**199,955**	**240,087**	**(40,132)**

Financial charges	31/12/2023	31/12/2022	Change
Unrealized differences on derivatives	(5,154)	31	(5,185)
Realized differences on derivatives	(9,954)	(4,186)	(5,768)
Interest expenses on loans and other financial charges	(45,276)	(31,118)	(14,157)
Interest on rights of use on leases	(576)	(668)	91
Exchange rate losses	(170,948)	(280,611)	109,663
Total	**(231,908)**	**(316,552)**	**84,644**

The table below shows net income/charges by type:

Net financial income (charges)	31/12/2023	31/12/2022	Change
Net interest	(38,313)	(30,500)	(7,813)
Result of derivative instruments, of which:	(9,207)	22,978	(32,185)
Realized	*(4,053)*	*15,673*	*(19,726)*
Fair value of open positions	*(5,154)*	*7,305*	*(12,459)*
Net exchange rate differences	15,567	(69,440)	85,007
Other	0	497	(497)
Total	**(31,953)**	**(76,465)**	**44,512**

The increase in net interest was affected by the sharp rise in interest rates recorded during the year.

Note that the item other financial charges includes interest on factors.

The entire fair value of the derivatives in place as of 31st December 2023 refers to the exchange rate and interest rate hedges. Please note that the derivative financial instruments being considered relate to hedging transactions for which hedge accounting has not been adopted.

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.

The change in net exchange differences is essentially due to the trend in exchange rates.

6.4 Income taxes

Income taxes are summarized below:

Income taxes	31/12/2023	31/12/2022	Change
Current taxes	113,305	498,192	(384,887)
Net deferred tax liabilities (assets)	(6,333)	(25,938)	19,605
Total	**106,972**	**472,254**	**(365,282)**

The change compared to the previous year is due both to the reduction in taxable income and to the fact that the balance as of 31st December 2022 included the "extra- profit contribution" of EUR 266 million.

IRES	2023	2022
PRE-TAX RESULT [A]	**420.9**	**889.2**
IRES THEORETICAL TAX [A*24%] [B]	**101.0**	**213.4**
THEORETICAL TAX RATE [B/A*100] %	24.0%	24.0%
EFFECTIVE INCOME TAX [C]	**89.9**	**170.5**
EFFECTIVE TAX RATE [C/A*100] %	21.3%	19.2%

	2023		2022	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	**101.0**	**24.0%**	**213.4**	**24.0%**
Effect of A.C.E. concession (Article 1 Decree-Law no. 201/11)	(3.0)	-0.7%	(2.1)	-0.2%
Super amortization facilitation	(7.7)	-1.8%	(8.5)	-1.0%
Tax receivables	(7.5)	-1.8%	(29.6)	-3%
Other permanent differences	7.0	1.7%	(2.7)	-0.3%
Effective tax	**89.9**	**21.3%**	**170.5**	**19.2%**

IRAP	2023	2022
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS [A]	**452.9**	**986.3**
IRAP THEORETICAL TAX [2.93%] [B]	**13.3**	**28.9**
THEORETICAL TAX RATE [B/A*100] %	2.93%	2.93%
EFFECTIVE INCOME TAX [C]	**17.1**	**36.2**
EFFECTIVE TAX RATE [C/A*100] %	3.8%	3.7%

	2023		2022	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	**13.3**	**2.93%**	**28.9**	**2.93%**
IRAP effect on foreign companies with positive production value	(1.2)	-0.3%	(0.5)	-0.1%
Effect of "tax wedge" refund on IRAP	(4.8)	-1%	0.0	0.00%
Effect of different regional rates on production value	2.6	0.6%	(6.7)	-0.7%
Other permanent differences	7.3	1.6%	12.9	1.3%
Effective tax	**17.1**	**3.8%**	**36.2**	**3.7%**

The theoretical tax rate for 2023 was calculated by 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).

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.

1) 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 Italian 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 2022, the Preliminary Hearing Judge of the Court of Cagliari filed judgment no. 1162/22, declaring "case dismissed" 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 held on 5th March 2024. The Public Prosecutor briefly presented their indictment. The Court adjourned, for the discussion of the defense, to the hearing of 21st May 2024.

   The judgment was not appealed with regard to the Company's acquittal of the offense under Legislative Decree no. 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 Revenue Agency - Regional Directorate of Sardinia issued two invitations to cross-examination (for IRES and IRAP) challenging the non-deductibility of the alleged criminal costs pertaining to 2016.

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

   During the cross-examination, the Company and the Revenue Agency agreed to a tax 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 Revenue Agency, the right to a refund of the amount paid in the event of an acquittal in a criminal trial.

   Moreover, as a result of the settlement, the Company significantly reduces the overall dispute and also avoids the risk of provisional collection while the case is pending. On 23rd March 2023, the Company concluded a tax settlement which amounts for the year 2016 to approximately EUR 35 million (in terms of tax, penalties and interest), and according to the same agreed criteria, a possible tax settlement will amount for 2015 to roughly EUR 40 million (in terms of tax, penalties and interest).

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

As of 31st December 2023, the Company paid three installments for a total of EUR 6.7 million.

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 potential for the tax risk described here - in the amount of approximately EUR 75 million - leading to a final disbursement is considered remote, based on the opinion of independent tax and criminal experts.

2) During 2023, the Company Saras SpA (together with the consolidated companies Sarlux, Sardeolica and Energia Alternativa) submitted several requests for reimbursement relating to:

- Extraordinary extra-profit contribution established by Article 37 of Italian Law Decree 21/2022 and, in the alternative, IRES attributable to the non-deductibility of the Contribution from the tax base;
- Solidarity contribution pursuant to Article 1, paragraphs 115 to 119, Law no. 197/2022 and, in the alternative, IRES attributable to the non-deductibility of the Contribution from the tax base;
- IRES relating to the partial non-deductibility of the IMU (municipal property tax) on operating properties for the period 2018.

With regard to the requests relating to extraordinary and solidarity contributions, the Company had various complaints, i.e. that the rules establishing the contributions were incompatible with various constitutional provisions deemed relevant (Articles 3, 23, 53, 41, 42 and 117 of the Constitution), and complained from other perspectives, regarding Regulation 2022/1854/EU which, as is known, envisaged a European solidarity contribution that the various States could have adopted if they had not already provided “equivalent measures”.

As a mere alternative to the declaration of unconstitutionality of the Contributions, the Company asked for their deductibility for income taxes purposes to be recognized, complaining, also in this case, about the unreasonableness of a provision (the one that establishes non-deductibility) that is in violation of Articles 3 and 53 of the Constitution in relation to the choice of the legislator to tax the business income net of the costs necessary and inherent to its production (including any taxes for which no compensation is possible).

The request for the reimbursement of IRES calculated on the portion of IMU considered non-deductible (80%) from the business income in the 2018 tax period is also based on the same reason just indicated.

For the sake of completeness, note that the Extraordinary extra-profit contribution paid by Saras amounts to EUR 76.9 million, that of Sarlux to EUR 9.4 million and that of Sardeolica to EUR 9.8 million. The request for reimbursement was notified to the competent Office on 7th November 2023 and, on 19th December 2023, the DRE served a deed of refusal currently under appeal.

With regard to the Solidarity Contribution, Saras paid EUR 162.2 million, Sardeolica EUR 6.9 million and Energia Alternativa EUR 738 thousand. The related request for reimbursement was submitted on 11th December 2023 and, on 17th January the DRE served the relevant express deeds of refusal, currently under appeal.

The IRES on the IMU relating to operating properties paid by Saras in relation to the position of Sarlux (consolidated) and today requested as a reimbursement amounts, for 2018, to EUR 1.2 million, while that for the years 2019, 2020 and 2021 totals approximately EUR 1.9 million. The application for 2018 was submitted by the Company in June 2023. The Sardinia DRE served an express deed of refusal and Saras lodged the associated judgment before the Tax Justice Court of Cagliari.

The application for the years 2019, 2020 and 2021 was instead notified to the Regional Revenues Department on 7th February 2024.

At present, the situation relating to the aforementioned requests for reimbursement is fluid, as several Tax Justice Courts are starting to refer issues of constitutionality before the Constitutional Court.

3) On 11th July 2023, the Italian Competition Authority (the "Authority") initiated proceedings I/864 ("Proceedings") against the companies ENI SpA, Esso Italiana Srl, Saras SpA, Kuwait Petroleum Italia SpA, Tamoil Italia SpA, Repsol Italia SpA, Italiana Petroli SpA and Iplom SpA (jointly, also the “Parties”), aimed at ascertaining the existence of possible violations of Article 101 of the Treaty on the Functioning of the European Union (“TFEU”).

In the start-up measure ("Measure"), notified to the Company on 19th July 2023, the Authority assumes, as of at least 1st January 2020, a possible "coordination between the Parties in order to limit the mutual competition and to set, in a coordinated manner, an important component of the price of automotive fuel represented by the cost of the organic component connected to legal obligations which, to date, provide for a minimum quantity of 10% of the total fuel released for consumption".

In the same Measure, the Authority notes that "considering that the subject matter of the assumed agreement is the cost of the organic component deriving from the obligations introduced into national law, the conduct of the parties could have involved the entire network distribution market and the wholesale market of automotive fuels on the Italian market."

To date, only partial access has been granted to the documents of the proceedings, and the Parties have not been notified of the preliminary disclosures ("CRI"), i.e. the communication with which the Authority formalizes the charges against the Parties following its investigation.

On 19th October 2023, the Company submitted a set of commitments to the Authority pursuant to Article 14-*ter* of Law no. 287/90. By means of a decision of 21st November 2023, the Authority ordered its rejection, indicating an interest in reaching a decision regarding the possible restrictions on competition of the disputed conduct.

The Proceedings will therefore follow the ordinary course that provides for the sending of the CRI if, at the end of its investigation, the Authority deems its allegations to be well founded.

The company reiterates its non-involvement in the violations alleged by the Authority and confirms that it has not received any notice of sanctions. The company therefore confirms that the risk is remote and at present it is not possible to predict the outcome of the Proceedings, nor to provide a reasonable estimate of the sanctions that the AGCM could apply in the event a violation of Article 101 TFEU is actually verified.

The Proceedings must be concluded, unless extended, by 31st December 2024.

4) 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 Italian 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 revenues with reference to these regulations.

5) 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 452-*bis* of the Italian Criminal Code (Environmental Pollution). On 25th July, following the meeting with the Company, the Corpo Forestale (Forestry Corps) made an additional data request, which was notified to Sarlux on 1st August 2023, which the Company replied to with technical reports.

This request was met by Sarlux with the new response report sent to the Corpo Forestale (Forestry Corps) on 6th September.

6) In June 2022, the Corpo Forestale e di Vigilanza Ambientale ("C.F.V.A.") - Forest and Environmental Surveillance Corps - notified some managers of Sarlux Srl of the application of a decree ordering the inspection of places and property, 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 due to the presence of traces of hydrocarbons in the soil, and of one of the rainwater collection tanks owing to 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 +33.01 cents per share for the 2023 financial year and EUR +43.84 cents per share for the 2022 financial year. Diluted earnings per share do not vary significantly from basic earnings per share.

The average number of shares outstanding was 951,000,000 in 2023.

Saras SpA held no treasury shares as of 31st December 2023.

7.3 Related-party transactions

The transactions carried out by Saras with related parties mainly concern the exchange of goods and the provision of services.

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 (EUR/000) and % on balance sheet item as of 31/12/2023		Absolute value (EUR/000) and % on balance sheet item as of 31/12/2022	
Related-party transactions involving Saras Group's majority shareholders				
Trade receivables	0	0.00%	97	0.01%
Other income	101	0.15%	117	0.20%
Cost of services and sundry costs	1,210	0.10%	954	0.06%

With regard to the above-mentioned transactions, contracts are governed under market conditions.

7.4 Information pursuant to IFRS 7 and 13 – Financial instruments: Disclosures

The disclosure on financial instruments to be provided in financial statements and interim reports is set out in IFRS 7 and IFRS 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. 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 as of 31st December 2023, broken down by fair value hierarchy:

Type of Operation	31/12/2023 Assets	Fair value level 1	Fair value level 2	Fair value level 3	31/12/2023 Liabilities	Fair value level 1	Fair value level 2	Fair value level 3
Interest rate swaps	1,578		1,578		6,522		6,522	
Derivatives on commodities	30,662	30,662			5,741	5,741		
Exchange rate derivatives	0				741		741	
Derivatives on CO_2 allowances	34,327		34,327		0			
Total	**66,567**	**30,662**	**35,905**	**0**	**13,004**	**5,741**	**7,263**	**0**

The Group 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 to hedge the currency and interest rate risks and the fluctuating price of crudes and oil products, and by the subsidiary Sarlux Srl, to reduce the value of CO_2 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 crudes 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) and insurance contracts (IFRS 4).

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. Therefore, below is the statement of financial position of the Saras Group as of 31st December 2023 and 31st December 2022, with a breakdown of the financial instruments:

31/12/2023	Book value of financial derivatives categories, defined according to IFRS 9				
ASSETS	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 31/12/2023
Current assets	**1,161,507**	**(0)**	**0**	**1,289,036**	**2,450,542**
Cash and cash equivalents	542,651				542,651
Other financial assets	114,535	(0)			114,535
Securities held for trading purposes					
Derivative instruments	*114,535*				
Other current financial assets		*(0)*			
Trade receivables	488,778				488,778
Inventories				1,247,087	1,247,087
Current tax assets				27,242	27,242
Other assets	15,543			14,706	30,249
TEE credits	*5,678*				
Other	*9,865*				
Non-current assets	**3,813**	**0**	**0**	**1,271,618**	**1,314,084**
Property, plant and equipment				1,172,659	1,172,659
Intangible assets				38,922	38,922
Right-of-use of leased assets				38,480	38,480
Equity investments valued using the equity method					0
Other equity investments				745	745
Deferred tax assets				20,812	20,812
Other financial assets	3,813				3,813
Other assets				38,654	38,654
Loans	*632*				
Other receivables	*3,180*				
Non-current assets held for sale			**0**		**333**
Property, plant and equipment				333	333
Intangible assets				0	0
Total assets	**0**	**0**	**0**	**0**	**3,764,959**
LIABILITIES					
Current liabilities	**13,004**	**1,553,695**	**0**	**199,340**	**1,766,039**
Short-term financial liabilities	13,004	135,989			148,993
Bond loans					
Bank loans (secured)		*88,435*			
C/a advances		*2,834*			
Financial payable IFRS 16		*7,751*			
Financial payables to non-consolidated companies and other payables		*36,969*			
Derivative instruments	*13,004*				
Trade and other payables		1,417,706			1,417,706
Current tax liabilities				118,216	118,216
Other liabilities				81,124	81,124
Other payables				*81,124*	
Non-current liabilities	**0**	**345,317**	**0**	**309,055**	**654,371**
Long-term financial liabilities		345,245			345,245
Bank loans (secured)		*313,609*			
Bond loans		*0*			
Financial payable IFRS 16		*28,161*			
Other payables		*3,476*			
Provisions for risks				276,522	276,522
Provisions for employee benefits				5,967	5,967
Deferred tax liabilities				3,730	3,730
Other liabilities		72		22,835	22,907
Other payables		*72*			
Total liabilities	**13,004**	**1,899,012**	**0**	**508,395**	**2,420,410**

31/12/2022	Book value of financial derivatives categories, defined according to IFRS 9				
ASSETS	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 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 purposes					
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**

The financial instruments measured at fair value through profit or loss consist of derivative financial instruments put in place by the Parent Company and the subsidiary Sarlux Srl, described in paragraph 5.4.1 above. These are derivatives on commodities, interest rates, exchange rates and CO_2 allowances.

All trade receivables and most other current and non-current receivables are classed as "Fair value to Profit & Loss" 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 financial liabilities and trade payables arising from the Group 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 reimbursement 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:

31/12/2023	Net income and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 31/12/2023
Revenues from ordinary operations				11,373,826	11,373,826
Other income				69,611	69,611
Total revenues				**11,443,437**	**11,443,437**
Purchases of raw materials and consumables				(9,439,390)	(9,439,390)
Cost of services and sundry costs	(43,813)			(1,133,581)	(1,177,393)
Personnel costs				(164,252)	(164,252)
Depreciation/amortization and write-downs				(209,540)	(209,540)
Total costs				**(10,946,763)**	**(10,990,575)**
Operating result					**452,862**
Net income (charges) from equity investments					
Other net financial income (charges)	(9,207)	(22,747)			(31,953)
from securities held for trading purposes					
- of which:					
Realized differentials					
FV change					
from Interest on current accounts		*7,539*			7,539
from Loans granted to Group companies					
from Derivative instruments	*(9,207)*				(9,207)
- of which:					
Realized differentials	*(4,053)*				(4,053)
FV change	*(5,154)*				(5,154)
from Other financial assets					
from Interest on bank loans		*(45,276)*			(45,276)
from Interest on factoring		*(14,667)*			(14,667)
from Other receivables/payables		*29,656*			29,656
Result before taxes					**420,909**
Income taxes					(106,972)
Net income					**313,937**

31/12/2022	Net income and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 31/12/2022
Revenues from ordinary operations				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 costs				(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 purposes					
- 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 income					**416,916**

The entire fair value of the derivatives in place as of 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. 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 45,276 thousand (EUR 31,118 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 Group 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 allowances, on the €/$ exchange rate, in order to mitigate the risks relating to its currency positions and on interest rates, to mitigate interest rate risk on its loans.

As of 31st December 2023, outstanding derivative contracts included derivatives on all three types of underlying assets, classified as financial instruments held for trading.

The aforementioned instruments are recognized at fair value. In particular:

- changes in fair value, as well as realized spreads, of instruments hedging oil products and CO_2 allowances are recognized under core business in the income statement;
- changes in fair value, as well as realized spreads of interest rate and exchange rate hedging instruments, are recognized 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 2024, 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, long-term financial assets and liabilities that reflect an interest rate in line with current market values. The amortized cost does not differ significantly from the fair value as of 31st December 2023.

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 financial 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 fluctuation risk of crudes 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 as of 31/12/2023		Credit risk		Analysis of maturities by financial assets, pursuant to paragraph 37 b) IFRS 7						Impairment	
	Total	of which financial instru-ments	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	**2,450,542**	**1,168,288**	**1,168,288**	**93,428**	**1,108,658**	**15,294**	**2,057**	**4,835**	**37,445**	**1,145,964**		
Cash and cash equivalents	542,651	542,651	542,651		542,651					542,651		
Other financial assets held for trading	114,535	114,535	114,535		114,535					114,535		
Trade receivables	511,102	511,102	511,102	93,428	451,472	15,294	2,057	4,835	37,445	488,778		
Bad debt provision	(22,325)									0	0	(22,325)
Inventories	1,247,086											
Current tax assets	27,242											
Other assets	30,249											
Non-current assets	**1,314,084**	**745**	**3,926**	**0**	**3,180**	**0**	**0**	**0**	**0**	**3,180**		
Property, plant and equipment	1,172,659											
Intangible assets	38,922											
Right-of-use of leased assets	38,480											
Equity investments valued using the equity method												
Other equity investments	745	745	745									
Deferred tax assets	20,812											
Other financial assets	3,812		3,180		3,180					3,180		
Other assets	38,654											
Non-current assets held for sale	**333**	**0**										
Intangible assets	333											
Total assets	**3,764,959**	**1,169,034**	**1,172,214**	**93,428**	**1,111,838**	**15,294**	**2,057**	**4,835**	**37,445**	**1,149,144**		

	Book value as of 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 exposure to credit risk without consideration of guarantees or other similar instruments	Guarantees	Current	Expired				Total	Determined in the finan-cial year	Progressive
						0-30 days	31-60 days	61-90 days	beyond 90 days			
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**		

Guarantees on trade receivables are represented by sureties requested from wholesale customers by Saras SpA and Saras Energia SAU, credit insurance policies taken out by the aforementioned companies 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 reimbursement 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 as of 31/12/2023		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Face value of the financial liability	Guarantee	2023	2024	2025	2026	2027	beyond 5 years
LIABILITIES										
Current liabilities	**1,766,039**	**1,766,040**	**1,647,823**	**0**	**1,643,063**	**88,630**	**0**	**0**	**0**	**0**
Short-term financial liabilities	148,993	148,993	148,993	0	144,233	88,630				
Bond loans					*0*					
Interest on bond loan										
Financial payable IFRS 16		*7,751*	*7,751*							
Bank loans (secured)		*88,435*	*88,435*		*88,435*	*86,672*				
Interest rates (final average rate = 4.52%)					*2,991*	*1,959*				
C/a advances		*2,834*	*2,834*		*2,834*					
Interest (final average rate = 1.00%)										
Financial payables to non-consolidated companies and other payables		*36,969*	*36,969*		*36,969*					
Derivative instruments		*13,004*	*13,004*		*13,004*					
Trade and other payables	1,417,706	1,417,706	1,417,706		1,417,706					
Current tax liabilities	118,216	118,216								
Other liabilities	81,124	81,124	81,124		81,124					
Non-current liabilities	**654,371**	**368,153**	**54,544**	**0**	**14,149**	**36,985**	**25,912**	**17,574**	**9,391**	**322,418**
Long-term financial liabilities	*345,246*	*345,246*	31,637	0	14,149	14,149	12,522	12,522	9,391	322,418
Bank loans (secured)		*313,609*					*0*			*313,028*
Bond loans		*0*								
Financial payable IFRS 16		*31,636*	*31,636*		*0.6*	*0.6*	*0.5*	*0.5*	*0.4*	
Other		*0*	*0*							
Interest on medium-long term loans (final average rate = 4.52%)					*14,149*	*14,149*	*12,521*	*12,521*	*9,391*	*9,391*
Interest on bond loan										
Provisions for risks	276,522									
Provisions for employee benefits	5,967									
Deferred tax liabilities	3,730									
Other liabilities	22,908	22,908	22,908			22,835	13,391	5,052		
Total liabilities	**2,420,410**	**2,134,193**	**1,702,368**	**0**	**1,657,213**	**125,615**	**25,912**	**17,574**	**9,391**	**322,418**

	Book value as of 31/12/2022		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Face 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**

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 €/$ 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 reporting date;
- prices of crudes 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.

€/$ exchange rate

With reference to the €/$ exchange rate, at the reporting date, 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 income and shareholders' equity, assuming a change of +/-10% in the €/$ exchange rate at the end of the year, which was used to translate currency positions in the preparation of the statement of financial position.

2023					
€/$ exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	€/$ exchange rate	Amount in thousands of EUR	-10%	+10%
Currency net position	284,542	1.105	271,203		
Effect on result before tax				30,134	(24,655)
Effect on net income (and shareholders' equity)				20,672	(16,913)

2022					
€/$ exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	€/$ 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 income (and shareholders' equity)				7,396	(6,051)

To mitigate the effects of the sensitivity to the €/$ exchange rate, the Parent Company also enters into forward exchange contracts whose fair value is recognized in the financial statements at the reporting date. Said fair value is inevitably impacted by the underlying exchange rate and, therefore, a simulation of the impact on net income and, as a result, on Group shareholders' equity was carried out, assuming a change of +/-10% in the reference parameters.

The details and results of the simulation are shown in the tables below:

2023		Reference parameter change	
Derivatives on:	**Fair Value as of 31/12/2023**	**-10%**	**+10%**
Exchange rates	741	15,574	(12,919)
	741	**15,574**	**(12,919)**
Effect on result before tax		**15,574**	**(12,919)**
Effect on net income (and shareholders' equity)		**11,291**	**(9,366)**

2022		Reference parameter change	
Derivatives on:	**Fair Value as of 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 income (and shareholders' equity)		**47,527**	**(38,885)**

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 income 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 2023.

The details and results of the simulation are shown in the table below:

2023				
VARIABLE INTEREST RATES			**Reference parameter change**	
	Average annual interest rate 2023	**Annual interest expenses**	**-50 bps**	**+50 bps**
Short and medium-long term financial liabilities	4.52%	(45,276)		
Effect on result before tax			**5,008**	**(5,008)**
Effect on net income (and shareholders' equity)			**3,631**	**(3,631)**

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 income (and shareholders' equity)			**6,391**	**(6,391)**

In addition, the fair value of the Interest Rate Swaps (IRS) and the Interest Rate Options at the reporting date held by the Parent Company is influenced by the performance of the Euribor rate. A simulation of the impact of this variable on net income and consequently on Group shareholders' equity was carried out, assuming a change of +/-25 basis points in the reference parameter, deemed consistent considering the likely fluctuation in interest rates.

The details and results of the simulation are shown in the tables below:

2023		**Reference parameter change**	
Derivatives on:	**Fair Value as of 31/12/2023**	**-25 bps**	**+25 bps**
Fair value of Interest rate swaps	(4,944)	(484)	518
	(4,944)	**(484)**	**518**
Effect on result before tax		**(484)**	**518**
Effect on net income (and shareholders' equity)		**(351)**	**376**

2022		Reference parameter change	
Derivatives on:	**Fair Value as of 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 income (and shareholders' equity)		**(4,849)**	**4,849**

Prices of crudes and oil products

With regard to oil prices, they affect the fair value of the derivative financial instruments in place at the reporting date and the consequent spreads recognized in the income statement. In this case, as of 31st December 2023, these are futures, swaps and options on oil products and the fair value recorded in the financial statements derives from the market prices of the underlyings themselves at the same date.

The Group therefore carried out a simulation of the impact of this variable on net income and consequentially, on shareholders' equity, assuming a change of +/- 20%.

The details and results of the simulation (comparative) are shown in the tables below:

2023		Reference parameter change	
Derivatives on:	**Fair Value as of 31/12/2023**	**-20%**	**+20%**
Crudes and oil products	24,921	24,140	(68,642)
	24,921	**24,140**	**(68,642)**
Effect on result before tax		**24,140**	**(68,642)**
Effect on net income (and shareholders' equity)		**17,502**	**(49,765)**

2022		Reference parameter change	
Derivatives on:	**Fair Value as of 31/12/2022**	**-20%**	**+20%**
Crudes 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 income (and shareholders' equity)		**52,380**	**(40,877)**

The above analysis of the Group 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	2023	2022
Top management	97	60
White collars	1,088	1,151
Blue collars	487	362
Total	**1,642**	**1,573**

The Group headcount went from 1,576 at the end of 2022 to 1,591 as of 31st December 2023.

7.6 Fees and remuneration of key management personnel

In 2023, key management personnel received remuneration totaling EUR 5,399 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 Italian 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 Italian Legislative Decree no. 58 of 24th February 1998.

7.7 Commitments

As of 31st December 2022 and 2023 there were no irrevocable commitments in place 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 227,518 thousand as of 31st December 2023, mainly in favor of:

- Axpo SpA (EUR 75,000 thousand);
- Enel SpA (EUR 35,000 thousand);
- Enti Governativi (EUR 71,116 thousand).

7.8 Disclosure of Independent Auditors' fees

Pursuant to Art. 149-*duodecies* of the Consob Issuers' Regulation, the table below provides details of the fees relating to 2023 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	Paying party of the service	Recipient	Fee for the year of FY 2023
Audit	EY SpA	Saras SpA	624
	EY SpA	Subsidiaries Italy	220
	Network EY	Subsidiaries abroad	135
Total			**980**
Certification services	EY SpA	Saras SpA "Non financial reporting"	35
	EY SpA	Subsidiaries Italy	0
	Network EY	Subsidiaries abroad "AUP Saras Energia"	11
Total			**46**
Other services	Network EY	Subsidiaries Italy	120
Total			**120**
TOTAL			**1,146**

7.9 Other

For information on atypical and/or unusual transactions, please refer to the relevant section of the Report on Operations.

Italian Legislative Decree no. 209 of 27th December 2023 made a series of changes to the tax legislation in implementation of the enabling law for the reform of the Italian tax law system. The measures introduced by the Decree also include the provisions transposing Directive (EU) 2022/2523, on the “Global Minimum Tax”, which aims to adopt in the European Union, starting from 1st January 2024, the “Pillar 2 regulation”, in order to guarantee a minimum level of taxation of multinational or national groups of companies.

In particular, the new rules concern companies located in Italy, which are part of a multinational or national group characterized by annual revenues equal to or greater than EUR 750 million in at least two of the four years immediately prior to the one considered.

The Decree provides that the minimum level of taxation is Insured through:

1. the minimum national tax (QMDTT), due in relation to companies of a multinational or national group located in Italy and subject to generally lower taxation than the minimum tax level;

2. the minimum supplementary tax (IIR), payable by parent companies located in Italy of multinational or national groups in relation to companies within the group subject to generally lower taxation than the minimum tax level;

3. the additional minimum tax (UTPR), payable by one or more companies of a multinational group located in Italy in relation to foreign companies that are part of the group subject to generally lower taxation than the minimum tax level, in the event that the minimum supplementary tax equivalent in other countries has not been applied, in whole or in part.

Similar measures should be adopted in other European Union countries and in many countries around the world.

In light of the above, starting from 1st January 2024, the Saras Group will be subject to the Pillar 2 regulation, as implemented by the Decree.

In this regard, it should be noted that in these financial statements:

1. no current tax payables deriving from the “Pillar 2 regulation” were recognized, as it is effective from 1st January 2024;

2. there are no deferred tax assets or liabilities deriving from the “Pillar 2 regulation”, pursuant to paragraph 4.A of IAS 12.

Nonetheless, in 2023 the Saras group took steps to assess the possible impacts of the Pillar 2 regulation in the jurisdictions in which it operates (i.e., Italy, Spain, Luxembourg and Switzerland), so as to ensure progressive and correct compliance of the relevant obligations in force starting from the 2024 financial year.

In particular, the Saras Group exposure to the "Pillar 2 regulation" is a direct consequence of the level of actual taxation in each individual jurisdiction in which the Group operates, which may be impacted by different factors (e.g., the amount of income subject to taxation, the level of the nominal rate, or the enjoyment of tax incentives or benefits). In this regard, the Pillar 2 regulation envisages - for the first periods of effectiveness of the regulations - the possibility of benefiting from some simplifications with regard to the calculation of the effective taxation and/or the obligations linked to Pillar 2, including the "Transitional CbCR Safe Harbor". In particular, the passing of at least one of the three tests envisaged by the Transitional CbCR Safe Harbor entails the elimination of any additional taxation due in a given jurisdiction and, at the same time, the reduction of the compliance costs borne by the Group.

Given the above, taking into account the information available and reasonably estimated at the end of the year, the exposure of the Saras Group to supplementary taxation deriving from the application of the Pillar 2 regulation appears to be limited.

7.10 Subsequent events

On 17th January 2024, the Ordinary Shareholders' Meeting of Sardeolica Srl approved the plan to demerge the Helianto business unit into the newly incorporated company SarHelianto Srl, a corporate vehicle through which the new photovoltaic park with a capacity of 79 MW in the municipality of Macchiareddu (CA) will be built and managed.

In January 2024, Saras Energy Management Srl, a wholly-owned subsidiary of Saras SpA, began operating as a dispatching user of the Sarlux Srl IGCC plant on regulated markets for the purchase and sale of electricity.

On 11th February 2024, Saras issued a press release upon request and on behalf of Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA, Stella Holding SpA and Vitol B.V., concerning the following (for the full content, please refer to the Company's website, at the link https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-azionisti-e-vitol---ita.pdf):

Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA ("ACM"), and Stella Holding SpA (collectively the "Moratti family") and Vitol B.V., a Company based in the Netherlands (or a wholly-controlled entity designated by Vitol), ("Vitol") have entered into a sale and purchase agreement (the "SPA") pursuant to which the Moratti family has undertaken to sell to Vitol, shares of Saras SpA ("Saras") representing approximately 35% of Saras' corporate capital (the "Transaction"), at a price per share equal to EUR 1.75/share (the "Price per Share"). Under the SPA and subject to fulfillment of certain circumstances set forth therein, ACM has undertaken to sell to Vitol the shares of Saras (if any) that ACM may be entitled to receive under the existing funded collar derivative contract, covering roughly 5% of Saras' corporate capital. If a dividend distribution is resolved and paid by Saras before the closing date of the Transaction, the Price per Share will be reduced accordingly. Completion of the Transaction is exclusively subject to obtaining the required regulatory approvals (i.e., clearances under the EU foreign subsidies regulation, the EU antitrust regulation and the Italian Golden Power framework). Upon closing, the entire stake owned by the Moratti family in Saras will be transferred to Vitol. This will trigger a mandatory tender offer for the outstanding share capital of Saras, which will be launched by Vitol at the same Price per Share (i.e., EUR 1.75/share), suitably adjusted in case of a dividend distribution before closing of the Transaction. The goal of the MTO is to achieve delisting from the Milan Stock Exchange, which may also be achieved through a delisting merger should the required conditions be met. The price of EUR 1.75/share values the equity of Saras at approximately EUR 1.7 billion and represents a premium of:

- approximately 10% to the unaffected share price (*);
- roughly 7% to the unaffected one-month volume-weighted average share price;
- approximately 12% to the unaffected three-month volume-weighted average share price;
- around 21% to the unaffected six-month volume-weighted average share price;
- approximately 30% to the unaffected twelve-month volume-weighted average share price.

(*) Unaffected price refers to the closing market price as of 6th February 2024 (i.e., the date before the Bloomberg press notice referring to a potential sale by the Moratti family).

With reference to the authorization process, pursuant to Decree-Law 21/2012 and subsequent amendments and additions (“Golden Power Regulation”), it should be noted that the related notice to the Presidency of the Council of Ministers was submitted on 23rd February 2024.

As of today, Vitol B.V. holds a 10.387% stake in Saras SpA.

On 15th March 2024, the subsidiary Sarlux Srl received a communication from the GSE (Gestore Servizi Energetici) concerning the redetermination of the Avoided Fuel Cost (CEC) component for the period 2010-2012 pursuant to Measure CIP6/92, in compliance with judgment no. 10089/22 of the Council of State. This ruling had ordered the cancellation of the Decree of the Minister of Economic Development of 20th November 2012 in the part in which it provided for the reduction of the “K” factor relating to the CEC. On the basis of the aforementioned restatement, the aforementioned Company was paid an adjustment of the CEC component of EUR 44.1 million.

8. Publication of the Consolidated Financial Statements

In its meeting of 15th March 2024, Saras’ Board of Directors authorized the publication of the Financial Statements. At the same meeting, the Board vested the Chairman and the CEO with 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 and Chief Executive Officer
Massimo Moratti

REPORT ON OPERATIONS OF SARAS SPA

TABLE OF CONTENTS - REPORT ON OPERATIONS OF SARAS SPA

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 2023 financial year, the revenues of Saras SpA amounted to EUR 10,269 million, a decrease of EUR 3,738 million compared to the previous financial year, essentially due to the trend in the prices of oil products recorded during the financial year, as well as to a slight decline in the quantities sold.

KEY PROFIT AND LOSS FIGURES

EUR million	2023	2022	CHANGE
Revenues	10,269	14,007	(3,738)
EBITDA	354	970	(616)
EBIT	349	964	(615)
NET INCOME	248	399	(151)

EBITDA amounted to EUR 354 million, a decrease 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.

The net income for the year of EUR 248 million is affected by the above.

The Net Financial Position of Saras SpA as of 31st December 2023 was positive for EUR 452 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, parent companies 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.

RISK ANALYSIS

Saras bases its risk management policy on the identification, assessment and possible mitigation with reference to the strategic, operational and financial areas. The main risks are reported to and discussed by the Group 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 Saras to the risk of changes in results and cash flows due to interest. Loans at fixed interest rates expose Saras 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. 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 repeatedly revised upwards the marginal lending rate and the deposit rate, which is confirmed for 2023, with a reversal trend only taking hold from the middle of 2024. This level of interest rates leads to an increase in financial charges and in the cost of derivative transactions for Saras.

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 carried out are generally settled in a very short time and are often guaranteed by leading credit institutions. Sales on the wholesale market are for individual contained amounts and are also often guaranteed or insured, with a very low risk of non-recoverability; furthermore, the Group resorts to the assignment of receivables without recourse with leading factoring companies. It should be remembered that the Group is not directly or indirectly exposed to Russian counterparties.

Liquidity risk

The 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 crudes and oil products as well as the relative prices and their extreme volatility and sensitivity to external factors (such as economic, social and political factors).

It should also be pointed out that the financial parameters on existing loans subject to review are complied with. Finally, it should be noted that the level of debt could also undergo positive and negative changes due to the trend in working capital and core business, both affected by the high volatility of the prices of oil and energy commodities.

The fulfillment of the conditions precedent to the purchase agreement signed on 11th February 2024 between the companies Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA and Stella Holding SpA and the company Vitol B.V. and the consequent transfer to Vitol B.V. of the ownership of 35% of the shares of Saras SpA will result in a "change of control" event in the loan agreements, as a result of which the lending banks have the option of requesting the early reimbursement of the loans disbursed. The Company, as set forth in the contracts, will ask the lending banks for their formal approval to the change of control and the maintenance of the credit lines granted. At the moment, there are no signs that this consent may be denied by one or more institutions, and in any case the company is in a position to reimburse the existing loans.

OTHER RISKS

Price fluctuation risk
Saras' 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.

In particular, the outbreak of the Russian-Ukrainian conflict radically changed the global energy scenario, triggering from the end of February 2022 an immediate rise in energy commodity prices (oil and derivatives, gas, and electricity) and high volatility, with major impacts on the reported results of Oil & Gas and Refining companies. This phenomenon has more directly involved Europe, which is more dependent on Russia in terms of energy. In particular, the Western sanctions imposed on oil imports from Russia have led to an increase in the prices and margins of refined products, which in 2022 translated into a significant improvement in the Company's economic and financial results. This phenomenon, as described in the chapter relating to the Reference market, progressively decreased in 2023 in the case of middle distillates: refining margins, while remaining above the historical averages, recorded a reduction, mainly due to a partial slowdown in industrial consumption and a simultaneous increase in imports of refined products, especially from Asia (India, China, the Middle East and Turkey). In this regard, it should be noted that also in 2024, the Company's expected income results and cash flows are exposed to the risks of a global economic slowdown or, in the most severe case, a possible recession, with the consequent reduction in expectations of growth in demand for hydrocarbons. The next decisions of the European and US central banks in relation to monetary policies and the adjustment of interest rates to contain the high levels of inflation could in fact put the brakes on economic growth, with negative consequences on oil demand. The international geopolitical tensions caused by the Russian invasion of Ukraine and the recent conflicts in the Middle East, increase the systemic risks, including that of the continuation of the war, of its extension to other countries, the supply chain and consumer, business and investor confidence resulting in delays or halts in spending and investment decisions. The occurrence of such events could trigger a slowdown in growth or, in the worst case, a global recession. These conditions could lead to a reduction in the demand for energy raw materials and a consequent reduction in prices, with negative repercussions on economic results, cash flow and the implementation of the Company's business plans.

Risk related to the procurement of crude oil
A significant portion of the crude oil refined by Saras originates from countries exposed to high political, social and macroeconomic uncertainties; changes in legislation, politics, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potentially negative effects on the Group economic and financial position. In particular, as described in the chapter "Outlook", the recent geopolitical tensions in the Middle East and the recent attacks on ships in transit in the Red Sea have forced the lengthening of routes along the coasts of Africa, with a significant increase in chartering costs which involved imports of crude oil and products.

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

Environmental risks, health and safety at work
Saras' activities are regulated by many European, national, regional and local laws regarding the environment. Saras' absolute priority is to conduct its activity with the utmost respect for the requirements of environmental legislation. In particular, the Company has an Environmental Management System compliant with the ISO 14001/2015 standards and the Community Eco-Management and Audit System EMAS and an EN ISO 45001 certified Occupational Health and Safety Management System. 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 Company's business are affected by the continuously evolving legislative and regulatory context of the countries in which it operates. With regard to this, Saras is committed to continuously monitoring and maintaining a constructive dialogue with national and local institutions aimed at seeking opportunities for discussions and prompt evaluation of any legal amendments, acting on minimizing the economic impact deriving from them. In this context,

the most significant aspects of the main regulatory developments relate to:

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

- regulatory provisions on "Emission trading" allowances.

Third-party risk
The main raw materials used by the Company are provided by third-party suppliers that may be inadequate in terms of skills, size, insurance and know-how. The result being that Saras is exposed to a risk of interruption of supply linked to an inadequate supplier, a risk mitigated for "oil" suppliers by a "know your customer" process and "non-oil" suppliers by a centralized process of "Qualification" of suppliers for groups of critical goods.

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). Any mitigation measures are represented by insurance cover, an HSE management system, and a weather event management system designed to make the plants safe.

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

Through its subsidiaries, Saras has launched a process of decarbonization and energy transition that envisages the development of capacity for the production of electricity from renewable sources (wind and photovoltaic) and further projects in various stages of development, including: those in the field of green hydrogen, in partnership with Enel Green Power, those in the Carbon Capture & Storage area, in partnership with Air Liquide and the assessment of the expansion of biofuel production capacity.

Protection of Personal Data
Saras operates in compliance with the limits set forth in the provisions of European Regulation no. 679/2016 (GDPR) and the Privacy Code (Italian Legislative Decree 196/2003 as amended by Italian Legislative Decree 101/2018), regarding the protection of personal data concerning its customers, employees, suppliers and all parties with whom it comes into contact on a daily basis.

Information technology and cybersecurity
Saras is equipped with complex information systems to support the various activities and business processes, in particular the operation and management of the Sarroch refinery. Risk aspects concern the adequacy of such systems and the availability, integrity and confidentiality of data and information and Cyber Attacks. For some time now, the Company has been developing projects and applying solutions that aim to significantly reduce this type of risk, through centralized cyber security management with the aim of addressing cyber security threats, supporting the business in choosing the most appropriate protections. In 2024, the Company is continuing to enhance the level of protection against cyber attacks through a service (Uptime security monitoring service) and the activation of awareness courses for the Company's population.

Provisions for risks and charges
In addition to what has been described above in relation to risk management and mitigation, in view of the current obligations, resulting from past events, which may be of a legal, contractual or regulatory nature, the 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 as of 31st December 2023 closed with a net income of EUR 248,000 thousand. 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 examined the separate financial statements of the Company as of 31st December 2023;

- having seen the Board of Statutory Auditors' report to the Shareholders' Meeting pursuant to Article 153 of Italian Legislative Decree no. 58/1998 (the Consolidated Law on Finance, TUF);

- having viewed the Independent Auditors' report on the separate financial statements as of 31st December 2023;

resolves

to approve the separate financial statements of the Company for the year ended 31st December 2023 as a whole and in the individual items, to carry forward the profit for the year and to allocate EUR 0.15 as a dividend for each of the 951,000,000 ordinary shares outstanding for a total of EUR 142,650,000 by taking this amount from the profit for the year.

For the Board of Directors
The Chairman and Chief Executive Officer
Massimo Moratti

SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2023

SARAS SPA – STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

Thousands of EUR	(1)	(2)	31/12/2023	31/12/2022
ASSETS				
Current assets	**5.1**		**2,563,633**	**3,344,083**
Cash and cash equivalents	5.1.1	A	474,419	599,349
Other financial assets	5.1.2	B	461,580	867,916
of which with related parties:			*401,456*	*742,695*
Trade receivables	5.1.3	C	485,578	708,465
of which with related parties:			*265,780*	*504,113*
Inventories	5.1.4	D	1,101,571	1,153,882
Current tax assets	5.1.5	E	21,753	2,924
Other assets	5.1.6	F	18,732	11,547
of which with related parties:			*8,869*	*1,810*
Non-current assets	**5.2**		**538,654**	**503,093**
Property, plant and equipment	5.2.1	H	6,788	7,358
Intangible assets	5.2.2	J	2,455	3,014
Right-of-use of leased assets	5.2.3	I	4,104	5,868
Equity investments measured at cost	5.2.4.1	L	483,471	483,371
Other equity investments	5.2.4.2	L	738	738
Other financial assets	5.2.6	M	2,444	2,744
Other assets	5.2.7	F	38,654	0
Total assets			**3,102,287**	**3,847,176**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**1,626,675**	**2,367,416**
Short-term financial liabilities	5.3.1	R	167,340	251,309
of which with related parties:			*25,565*	*55,310*
Trade and other payables	5.3.2	R	1,327,346	1,647,517
of which with related parties:			*391,172*	*653,489*
Current tax liabilities	5.3.3	X	101,504	311,406
Other liabilities	5.3.4	R	30,485	157,184
of which with related parties:			*3,546*	*124,311*
Non-current liabilities	**5.4**		**360,059**	**431,304**
Long-term financial liabilities	5.4.1	R	318,497	409,543
Provisions for risks and charges	5.4.2	P	1,504	5,420
Provisions for employee benefits	5.4.3	Q	1,616	1,524
Deferred tax liabilities	5.4.4		15,607	14,817
Other liabilities	5.4.5	R	22,835	0
Total liabilities			**1,986,734**	**2,798,720**
SHAREHOLDERS' EQUITY	**5.5**	**N, O, W**		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			801,997	583,739
Net result			248,000	399,161
Total shareholders' equity			**1,115,553**	**1,048,456**
Total liabilities and shareholders' equity			**3,102,287**	**3,847,176**

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

(2) Please refer to the Notes, section 3.3 "Summary of accounting standards and measurement bases"

SARAS SPA – STATEMENT OF INCOME FOR 2023

Thousands of EUR	(1)	(2)	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Revenues from ordinary operations	6.1.1	S	10,189,488	13,904,945
of which with related parties:			*712,395*	*4,182,762*
Other income	6.1.2	S	79,386	101,750
of which with related parties:			*47,011*	*87,151*
Total revenues			**10,268,874**	**14,006,695**
Purchases of raw materials and consumables	6.2.1	T	(8,723,411)	(11,724,870)
of which with related parties:			*(1,682,823)*	*(1,955,838)*
Cost of services and sundry costs	6.2.2	T	(1,147,872)	(1,259,315)
of which with related parties:			*(716,976)*	*(665,620)*
Personnel costs	6.2.3	Q, T	(43,421)	(52,829)
Depreciation/amortization and write-downs	6.2.4	H, I, J	(5,087)	(5,242)
Total costs			**(9,919,791)**	**(13,042,256)**
Operating result			**349,083**	**964,439**
Net income (charges) from equity investments	6.3	L, W	600	(13,041)
of which with related parties:			*600*	*(13,041)*
Financial income	6.4	U, Y	229,830	251,071
of which with related parties:			*33,593*	*20,413*
Financial charges	6.4	U, Y	(228,594)	(310,540)
of which with related parties:			*(1,654)*	*(5,219)*
Result before taxes			**350,919**	**891,929**
Income taxes	6.5	X	(102,919)	(492,768)
Net result			**248,000**	**399,161**

SARAS SPA – STATEMENT OF COMPREHENSIVE INCOME FOR 2023

Thousands of EUR		01/01/2023 31/12/2023	01/01/2022 31/12/2022
Net result (A)		**248,000**	**399,161**
Items of comprehensive income that may subsequently be restated to profit (loss) for the year			
Cash Flow Hedging reserve	Y	(137)	137
Items of comprehensive income will not be restated to profit (loss) for the year			
Actuarial effect of IAS 19 on post-employment benefits	Q, T	(76)	219
Other profit/(loss), net of the fiscal effect (B)		**(213)**	**357**
Consolidated net result (A + B)		**247,787**	**399,518**

(1) Please refer to the Notes section 6 "Notes to the Statement of Comprehensive Income"

(2) Please refer to the Notes, section 3.3 "Summary of accounting standards and measurement bases"

SARAS SPA – STATEMENT OF CHANGES IN EQUITY FOR 2023

Thousands of EUR	Share capital	Reserve Legal	Other Reserves	Profit (Loss) for the year	Total shareholders' equity
Balance as of 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 as of 31/12/2022	**54,630**	**10,926**	**583,739**	**399,161**	**1,048,456**
Period 1/1/2023 - 31/12/2023					
Allocation of previous year result			399,161	(399,161)	0
Dividends distributed			(180,690)		(180,690)
Actuarial effect IAS 19			(76)		(76)
Cash Flow Hedging reserve			(137)		(137)
Net result				248,000	248,000
Total net result			*(213)*	*248,000*	*247,787*
Balance as of 31/12/2023	**54,630**	**10,926**	**801,997**	**248,000**	**1,115,553**

SARAS SPA - STATEMENT OF CASH FLOW FOR 2023

Thousands of EUR	(1)	(2)	01/01/2023 31/12/2023	01/01/2022 31/12/2022
A - Initial cash and cash equivalents	**5.1.1**	**A**	**599,349**	**301,172**
B - Cash flow from (for) operating activities				
Net result	5.5		248,000	399,161
Unrealized exchange rate differences on bank current accounts			20,737	(6,653)
Depreciation/amortization and write-downs of fixed assets	6.2.4	H, I, J	5,087	5,242
Net income (charges) from equity investments	6.3	L, W	(600)	13,041
of which with related parties:			*(600)*	*13,041*
Net change in provisions for risks	5.4.2	P	(3,916)	(494)
Net change in provisions for employee benefits	5.4.3	Q	92	(152)
Net change in deferred tax liabilities and deferred tax assets	5.2.4	X	790	34,394
Net interest		U, Y	5,339	10,412
Income taxes	6.5	X	102,129	458,374
Change in the fair value of derivatives			(19,195)	(21,480)
Other non-monetary components	5.5		(213)	357
Profit (loss) of operative activities before changes in working capital			**358,249**	**892,202**
(Increase) Decrease in trade receivables	5.1.3	C	222,887	(122,618)
of which with related parties:			*238,333*	*(94,673)*
(Increase) Decrease in inventories	5.1.4	D	52,311	(163,534)
(Increase) Decrease in trade and other payables	5.3.2	R	(320,171)	242,530
of which with related parties:			*(262,317)*	*232,291*
Change in other current assets	5.1.5 - 5.1.6	E, F	(26,014)	29,909
of which with related parties:			*(7,058)*	*2,429*
Change in other current liabilities	5.3.3 - 5.3.4	X, R	(63,497)	(99,813)
of which with related parties:			*(120,765)*	*(534,163)*
Interest received		U, Y	39,973	17,978
of which with related parties:			*33,593*	*20,413*
Interest paid		U, Y	(45,312)	(28,390)
of which with related parties:			*(1,654)*	*(5,219)*
Taxes paid		E, X	(375,233)	(94,651)
Change in other non-current liabilities	5.4.4	R	(15,248)	0
Total (B)			**(172,055)**	**673,614**
C - Cash flow from (for) investment activities				
Net investments in property, plant and equipment and intangible assets	5.2.1 - 5.2.2	H, J	(2,764)	(7,035)
Change in equity investments	5.2.3.1	L	500	(238)
(Increase) / decrease in other financial assets	5.1.2 - 5.2.5	B, M	438,756	(114,271)
of which with related parties:			*341,239*	*0*
Total (C)			**436,492**	**(121,544)**
D - Cash flow from (for) financing activities				
Increase/(decrease) medium/long-term financial payables	5.4.1	R	(91,046)	398,736
Increase/(decrease) in short-term financial payables	5.3.1	R	(96,894)	(659,280)
of which with related parties:			*(29,744)*	*(361,442)*
Dividends paid	5.5	W	(180,690)	0
Total (D)			**(368,630)**	**(260,544)**
E - Cash flows for the year (B+C+D)			**(104,193)**	**291,525**
Unrealized exchange rate differences on bank current accounts			(20,737)	6,653
F - Final cash and cash equivalents			**474,419**	**599,349**

For the Board of Directors
The Chairman and Chief Executive Officer
Massimo Moratti

(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 3.3 "Summary of accounting standards and measurement bases"

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2023

TABLE OF CONTENTS OF THE NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2023

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA AT 31ST DECEMBER 2023

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 SApA (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.

It should be noted that on 11th February 2024 a purchase agreement was signed between the companies Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA and Stella Holding SpA and the company Vitol B.V. concerning the transfer to Vitol B.V. of the ownership of 35% of Saras SpA shares. For further information, please refer to the paragraph "Subsequent events".

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;
- in reinsurance activities (Reasar SA);
- in the construction of a green hydrogen plant, SardHy Green, in joint venture with Enel Green Power;
- in the purchase and sale of electricity of Saras Energy Management Srl.

These Financial Statements for the year ended as of 31st December 2023 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 external 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 policies of these Notes.

2. Basis of preparation of the Separate Financial Statements

The Separate Financial Statements of Saras SpA for the year ending as of 31st December 2023 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 Italian 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 policies 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 as of 31st December 2023 are consistent with those used to prepare the financial statements as of 31st December 2022, 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 Group, effective as of 1st January 2023, and with no impact on the Group Consolidated Financial Statements is shown below:

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.

These amendments have had no impact on the consolidated financial statements of the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide information on the most useful accounting policies by replacing the requirement for entities to disclose their "significant" accounting policies with the requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions regarding accounting policy disclosures.

The amendments had an impact on the disclosure of the Group accounting policies, but not on the measurement, recognition and presentation of the elements of the Group consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Taxes restrict the scope of application of the exception to opening recognition, so that it no longer applies to transactions that give rise to equal amounts of temporary taxable and deductible differences such as leases and liabilities for dismantling. These amendments have had no impact on the consolidated financial statements of the Group.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12
The amendments to IAS 12 were introduced to comply with the BEPS Pillar Two rules of the OECD and include:

- a mandatory temporary exemption from recognition and reporting requirements for deferred taxes resulting from the implementation in the jurisdictions of the Pillar Two rules; and

- the reporting requirements for the entities involved to help users of the financial statements to better understand the impacts on income taxes that derive from this legislation, in particular before the effective date of entry into force.

The mandatory temporary exemption - whose use is required to disclose it - is immediately applicable. The remaining reporting requirements apply for financial years starting on or after 1st January 2023, but not for interim periods prior to 31st December 2023.

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 IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liabilities that arise from a sale & lease back transaction, to ensure that the selling lessor does not recognize profits or losses with reference to the right of use maintained by the same.

The amendments are effective for financial years starting on or after 1st January 2024 and must be applied retrospectively to all sale & lease back transactions signed after the date of first-time adoption of IFRS 16. Early application is permitted and reporting of said fact is required.

These amendments are not expected to have a material impact on the Group financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by the right to defer settlement;

- that the right to defer must exist at the end of the financial year;

- classification is not affected by the likelihood that the entity will exercise its right to defer;

- only if an embedded derivative in a convertible liability is itself a capital instrument does the liability's maturity have no impact on its classification.

In addition, a requirement was introduced that requires reporting when a liability deriving from a loan agreement is classified as non-current and the right of deferment of the entity is subject to compliance with covenants within twelve months.

The amendments will be effective for financial years beginning on or after 1st January 2024 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.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued the amendments to IAS 7 Statement of cash flows and IFRS 7 Financial Instruments: Disclosures, to clarify the characteristics of reverse factoring contracts and request further disclosure of these agreements. The disclosure requirements included in the amendments aim to assist users of financial statements in understanding the effects of reverse factoring agreements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for financial years beginning on or after 1st January 2024. Early application is permitted and reporting of said fact is required.

These amendments are not expected to have a material impact on the Group financial statements.

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 valuation criteria 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/losses 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 carrying amount 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 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 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 advisers 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 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 fulfill 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 reimbursed 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 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 qualified 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, 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 expenses 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 costs), 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 the income statement 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 offset when income taxes are applied by the same tax authority, when there is a legal right of offset 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 Revenue Agency 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 and oil 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 and Israeli-Palestinian conflicts

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. 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. 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	31/12/2023	31/12/2022	Change
Italy	3,991,362	6,757,103	(2,765,741)
Spain	401,652	205,976	195,675
Other EEC countries	1,119,495	2,479,728	(1,360,233)
Non-EEC	4,608,076	4,346,582	261,494
USA	148,290	217,306	(69,017)
Total	**10,268,874**	**14,006,695**	**(3,737,821)**

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

Trade receivables	31/12/2023	31/12/2022	Change
Italy	341,266	281,047	60,219
Spain	59,432	71,712	(12,280)
Other EEC countries	7,344	33,970	(26,626)
Non-EEC	87,278	331,175	(243,897)
USA	229	549	(319)
Bad debt provision	(9,972)	(9,989)	17
Total	**485,578**	**708,465**	**(222,887)**

The most significant changes to the statement of financial position and income statement 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	31/12/2023	31/12/2022	Change
Bank and postal deposits	474,415	599,343	(124,928)
Cash	4	6	(2)
Total	**474,419**	**599,349**	**(124,930)**

For further details on the Company's net financial position, reference is made to both 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	31/12/2023	31/12/2022	Change
Current financial derivatives	32,120	71,013	(38,893)
Derivative guarantee deposits	28,004	53,917	(25,913)
Other assets	401,456	742,986	(341,530)
Total	**461,580**	**867,916**	**(406,336)**

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 384,100 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	31/12/2023	31/12/2022	Change
Receivables from customers	219,757	400,514	(180,757)
Group current trade receivables	265,821	307,951	(42,130)
Total	**485,578**	**708,465**	**(222,887)**

Trade receivables amounted to EUR 219,757 thousand, with a decrease of EUR 180,757 thousand. The trend of receivables follows the decrease in market prices at the end of the period 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 a bad debt provision, which amounted to EUR 9,972 thousand (EUR 9,989 thousand as of 31st December 2022).

The balance of receivables from Group companies mainly refers to the subsidiaries Saras Energia SAU (EUR 50,179 thousand) and Saras Trading SA (EUR 17,245 thousand) for the supply of oil products, and the subsidiary Sarlux Srl (EUR 197,410 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 2023:

Inventories	31/12/2023	31/12/2022	Change
Raw materials and consumables	431,618	338,259	93,359
Unfinished products and semi-finished products	91,428	110,680	(19,252)
Finished products and goods	578,525	704,943	(126,418)
Total	**1,101,571**	**1,153,882**	**(52,311)**

The decrease in the value of oil inventories (semi-finished crudes and finished products) was essentially due to the effect of the decreasing trend in prices, partially offset by the increase in quantities of inventory at the end of the year.

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 25 million.

No inventories are used as collateral for liabilities.

The item "Inventories" includes around 1,146 thousand tons of oil products (valued at around EUR 643 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 1,667 thousand tons valued at around EUR 1,026 million).

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/12/2023	31/12/2022	Change
VAT credit	0	346	(346)
IRAP credits	21,753	0	21,753
Other amounts due from the tax authorities	0	2,578	(2,578)
Total	**21,753**	**2,924**	**18,829**

IRAP receivables are mainly attributable to payments on account during the year and resulting in excess of the payable accrued at the end of this year.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/12/2023	31/12/2022	Change
Accrued income	1,545	209	1,336
Prepaid expenses	7,963	9,668	(1,705)
Receivables from subsidiaries for transfer of taxes	8,869	0	8,869
Other short-term receivables	355	1,670	(1,315)
Total	**18,732**	**11,547**	**7,185**

The item essentially includes receivables from subsidiaries for the transfer of taxes, in accordance with the tax consolidation, as well as prepayments deriving from the early payment of fees and charges pertaining to the following year.

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	31/12/2021	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**

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	31/12/2023
Land and buildings	3,809	0	0	0	0	3,809
Industrial and commercial equipment	150	0	0	0	0	150
Other assets	18,466	0	0	0	0	18,466
Property, plant and equipment under construction	108	2,880	0	0	(1,861)	1,127
Total	**22,533**	**2,880**	**0**	**0**	**(1,861)**	**23,552**

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	31/12/2023
Land and buildings provision	2,447	222	0	0	0	2,669
Industrial and commercial equipment provision	150	0	0	0	0	150
Other assets	12,578	1,367	0	0	0	13,945
Total	**15,175**	**1,589**	**0**	**0**	**0**	**16,764**

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2023
Land and buildings	1,362	0	0	(222)	0	0	1,140
Other assets	5,888	0	0	(1,368)	0	1	4,521
Property, plant and equipment under construction	108	2,880	0	0	0	(1,861)	1,127
Total	**7,358**	**2,880**	**0**	**(1,590)**	**0**	**(1,860)**	**6,788**

"Land and buildings" includes office buildings and improvements to the Milan and Rome offices.

"Other assets" mainly include furniture and electronic equipment.

“Assets under construction and payments on account” reflect the costs incurred for investments not yet deployed as of 31st December 2023.

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	31/12/2021	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	Depreciation	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	Depreciation	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**

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	31/12/2023
Industrial patent and original work rights	32,508	0	0	0	1,861	34,369
Intangible assets under construction	1,835	0	(1,131)	0	1	705
Total	**34,343**	**0**	**(1,131)**	**0**	**1,862**	**35,074**

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	31/12/2023
Industrial patent and original work rights	31,329	1,290	0	0	0	32,619
Total	**31,329**	**1,290**	**0**	**0**	**0**	**32,619**

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2023
Industrial patent and original work rights	1,179	0	0	(1,290)	0	1,861	1,750
Intangible assets under construction	1,835	0	(1,131)	0	0	1	705
Total	**3,014**	**0**	**(1,131)**	**(1,290)**	**0**	**1,862**	**2,455**

Amortization of intangible assets totaled EUR 1,290 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	31/12/2021	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 leased 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**

Historical Cost	31/12/2022	Increases	Decreases	Write-downs	Other changes	31/12/2023
Leased land and buildings	11,449	0	0	0	0	11,449
Other leased assets	2,654	443	0	0	0	3,096
Total	**14,103**	**443**	**0**	**0**	**0**	**14,545**

Accumulated depreciation	31/12/2022	Depreciation	Use	Write-downs	Other changes	31/12/2023
Leased land and buildings provision	5,929	1,914	0	0	0	7,843
Other leased assets	2,306	293	0	0	0	2,598
Total	**8,235**	**2,207**	**0**	**0**	**0**	**10,441**

Net Value	31/12/2022	Increases	Decreases	Depreciation	Write-downs	Other changes	31/12/2023
Leased land and buildings	5,520	0	0	(1,914)	0	0	3,606
Other leased assets	348	443	0	(293)	0	0	498
Total	**5,868**	**443**	**0**	**(2,207)**	**0**	**0**	**4,104**

The balance as of 31st December 2023, of EUR 4,104 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 as of 31st December 2023, indicating the main information related to subsidiaries at the same date:

List of fixed financial assets

Name	Registered office	Currency	Share capital	Amount owned	Relationship of investment	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	8,686	7,048	1,638	(1,426)	0
Sardeolica Srl	Assemini (CA)	EUR	57	100%	direct subsidiary	170,224	30,546	139,678	14,133	33,613
Sarint SA	Luxembourg	EUR	50,705	99.9% (*)	direct subsidiary	2,267	458	1,808	(49)	0
Saras Energy Management Srl	Milan (Mi)	EUR	100	100%	direct subsidiary	100	18	81	(18)	100
Saras Trading SA	Geneva (Switzerland)	EUR	881	100%	direct subsidiary	269,107	253,212	15,895	4,288	923
Sarlux Srl	Sarroch (CA)	EUR	100,000	100%	direct subsidiary	1,645,357	1,145,781	499,577	48,837	448,835
Total										483,471

(*) 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	31/12/2023	31/12/2022
Deposito di Arcola Srl	Arcola (SP)	100%	0	0
Sardeolica Srl	Assemini (CA)	100%	33,613	33,613
Sarint SA	Luxembourg	99.9%	0	0
Sartec Srl	Assemini (CA)	100%	0	11,782
Saras Energy Management Srl	Milan (Mi)	100%	100	0
Saras Trading SA	Geneva (Switzerland)	100%	923	923
Sarlux Srl	Sarroch (CA)	100%	448,835	437,053
Total			**483,471**	**483,371**

Changes in the book value are as follows:

	31/12/2022	Payments	Revaluations	Other changes	Impairment in value	31/12/2023
Deposito di Arcola Srl	0	2,500	-	-	(2,500)	-
Sardeolica Srl	33,613	-	-	-	-	33,613
Sarint SA	0	-	-	-	-	-
Saras Energy Management Srl	0	100	-	-	-	100
Sartec Srl	11,782	-	-	(11,782)	-	-
Saras Trading SA	923	-	-	-	-	923
Sarlux Srl	437,053	-	-	11,782	-	448,835
Total	**483,371**	**2,600**	**0**	**0**	**(2,500)**	**483,471**

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

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

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 as of 31st December 2023 are shown as a decrease in the item "Deferred tax liabilities", Section 5.4.4 to which reference is made.

5.2.6 Other financial assets

As of 31st December 2023, this item amounted to EUR 2,444 thousand (EUR 2,744 thousand in the previous year) and mainly relates to medium-/long-term receivables from third parties.

5.2.7 Other assets

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

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

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

Short-term financial liabilities	31/12/2023	31/12/2022	Change
Current bank loans	86,672	116,187	(29,515)
Financial payables to Group companies	25,565	55,306	(29,741)
Bank current accounts	2,834	7,969	(5,135)
Financial derivatives	12,925	49,533	(36,608)
Other short-term financial liabilities	39,344	22,314	17,030
Total	**167,340**	**251,309**	**(83,969)**

The item "Current bank loans" includes the short-term portion of bank loans granted to Saras, which are valued at amortized cost. The terms and conditions of the loans and bonds are described in the table in paragraph 6.4.1, long-term financial liabilities.

It should be noted that the financial parameters on existing loans subject to review as of 31st December 2023 are complied with.

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

The item "Financial payables to Group companies" includes the balances of loans to Group Companies for the centralized management of the treasury.

The item "Financial derivatives" includes the negative fair value of derivative financial instruments held at the end of the reporting period.

Financial derivatives	31/12/2023 Assets	31/12/2023 Liabilities	31/12/2022 Assets	31/12/2022 Liabilities
Interest rate swaps	1,504	6,522	7,274	586
Fair value derivatives on commodities	30,616	5,662	63,739	48,177
Fair value forward purchases and sales on exchange rates	0	741	0	770
Fair value liab., derivative instruments	0	0	0	0
Total	**32,120**	**12,925**	**71,013**	**49,533**

The following tables show the notional values and corresponding fair values of the derivatives outstanding as of 31st December 2023 and as of 31st December 2022:

Type of Operation	31/12/2023				31/12/2022			
	Notional value		Fair value		Notional value		Fair value	
	Purchases	Sales	Pos.	Trad.	Purchases	Sales	Pos.	Trad.
Oil and crude products	(380,623)	392,289	30,616	(6,522)	(300,019)	572,327	7,274	(586)
Exchange rates	(141,176)			(5,662)	(91,746)		63,739	(48,177)
Interest rates	(87,500)		1,504	(741)	(350,000)		0	(770)
Total	**(609,300)**	**392,289**	**32,120**	**(12,925)**	**(741,765)**	**572,327**	**71,013**	**(49,533)**

"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:

Trade and other payables	31/12/2023	31/12/2022	Change
Advances from customers	23,964	21,038	2,926
Current payables to suppliers	912,210	972,916	(60,706)
Trade payables to Group companies	391,172	653,563	(262,391)
Total	**1,327,346**	**1,647,517**	**(320,171)**

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

The balance of "Current trade payables" essentially includes payables for crude oil supplies; the decrease compared to the previous year is mainly due to lower oil prices.

"Trade payables to Group companies" essentially include payables to Sarlux Srl for EUR 191,579 thousand and to Saras Trading SA for EUR 197,933 thousand.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/12/2023	31/12/2022	Change
Payables for VAT	33,674	0	33,674
IRES payables (and income tax of foreign firms)	8,705	231,833	(223,128)
IRAP payables	0	22,855	(22,855)
Other tax payables	59,125	56,718	2,407
Total	**101,504**	**311,406**	**(209,902)**

The change in "IRES payables" is due to the fact that the balance of the previous year included the payable for the "Extraordinary contribution on the extra-profits" of companies operating in the energy sector, as already described in the financial statements as of 31st December 2022, and for which the Company took the necessary legal action to protect itself. For more information, see paragraph 7.1.

The item "Other tax payables" mainly includes payables for excise duties on products released for consumption (EUR 48,144 thousand) and the short-term portion of the payable to the Revenue Agency regarding the settlement agreement already described in paragraphs 5.2.7 and 7.1, amounting to EUR 9,113 thousand.

5.3.4 Other liabilities

The breakdown of other liabilities is shown below:

Other liabilities	31/12/2023	31/12/2022	Change
Payables employee benefit and social security	6,485	7,555	(1,070)
Payables due to employees	13,754	24,252	(10,498)
Payables to subsidiaries for transfer of taxes	3,546	124,311	(120,765)
Payables to others	6,700	1,066	5,634
Total	**30,485**	**157,184**	**(126,699)**

The item "Payables due to employees" includes salaries not yet paid for December, the portion of additional monthly payments accrued and performance bonuses for the achievement of business targets. The decrease compared to the previous year is mainly due to the recognition in 2022 of the provision relating to the consensual termination agreement 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 tax consolidation agreement.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/12/2023	31/12/2022	Change
Non-current bank loans	313,029	399,091	(86,062)
Other long-term financial liabilities	5,468	10,452	(4,984)
Total	**318,497**	**409,543**	**(91,046)**

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

Values expressed in millions of EUR	Loan acquisition/ renegotiation	Amount of the original debt	Rate basic	Expiry contractual	Balance as of 31/12/2022	Balance as of 31/12/2023	Maturities 1 year	1 > 5 years
Saras SpA								
Sace loan	December 2020	350	0.95%	Sept-24	203.6	**86.7**	86.7	
Sace loan	May 2022	312.5	1.70%	Mar-28	312.2	**313.0**	-	313.0
Total liabilities to banks for loans					**515.8**	**399.7**	**86.7**	**313.0**

During the month of December 2020, Saras signed a EUR 350 million loan contract with 70% of the amount backed by SACE guarantees issued under the Italy Guarantee program and intended to strengthen the capital structure of the Company.

The expiry of the loan in question is scheduled for September 2024.

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

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

The fulfillment of the conditions precedent to the purchase agreement signed on 11th February 2024 between the companies Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA and Stella Holding SpA and the company Vitol B.V. and the consequent transfer to Vitol B.V. of the ownership of 35% of the shares of Saras SpA will result in a "change of control" event in the loan agreements, as a result of which the lending banks have the option of requesting the early reimbursement of the loans disbursed. The Company, as required in the contracts, will ask the lending banks for their formal approval to the change of control and the maintenance of the credit lines granted.

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	31/12/2021	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**

Provisions for risks and charges	31/12/2022	Provisions	Use	Other changes	31/12/2023
Other provisions for risks and charges	5,420	553	(1,369)	(3,100)	1,504
Total	**5,420**	**553**	**(1,369)**	**(3,100)**	**1,504**

"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	31/12/2023	31/12/2022	Change
Post-employment benefits	1,616	1,524	92
Total	**1,616**	**1,524**	**92**

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 as of 31st December 2006 was determined using actuarial methods, in compliance with IAS 19. The impacts of actuarial evaluation are shown in the Comprehensive Income.

5.4.4 Deferred tax liabilities

The net position of the Company's deferred tax assets and liabilities as of 31st December 2023 amounted to EUR 15,607 thousand and is detailed as follows:

Figures in thousands of EUR	Balance as of 31/12/2022	Provisions	Uses	Balance as of 31/12/2023
Deferred tax assets				
Expenses deductible in future years	922	*766*	*785*	903
Tax assessment of inventories	2,044		*2,044*	0
Bad debt provision	2,265	*15*		2,280
Tax losses	0			0
Other	4,459		*4,281*	178
Total deferred tax assets	**9,690**	**781**	**7,110**	**3,361**
Deferred tax liabilities				
Other	24,506	*4,712*	*10,251*	18,968
Total deferred tax liabilities	**24,506**			**18,968**
TOTAL NET	**(14,817)**	**(3,931)**	**(3,141)**	**(15,607)**

5.4.5 Other liabilities

Other liabilities amount to EUR 22,835 thousand and almost entirely include the long-term portion of the payable to the Revenue Agency in relation to the settlement agreement already described in paragraphs 5.2.7 and 7.1.

5.5 Shareholders' equity

Shareholders' equity is comprised of by the following:

Total shareholders' equity	31/12/2023	31/12/2022	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	801,997	583,739	218,258
Net income (loss) for the year	248,000	399,161	(151,161)
Total	**1,115,553**	**1,048,456**	**67,097**

Share capital
As of 31st December 2023, the fully subscribed and paid-up share capital of EUR 54,630 thousand was represented by 951,000,000 ordinary shares with no par value.

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

Other reserves
This item totals EUR 801,997 thousand, a net increase of EUR 218,258 thousand compared with the previous year.

The change is essentially due to:

- allocation of the result of the previous year of EUR 399,161 thousand;
- a decrease due to the payment of dividends, approved by the shareholders' meeting on 28th April 2023, in the amount of EUR 180,690 thousand;
- a decrease of EUR 76 thousand, due to the discounting of the employee severance indemnity in accordance with IAS 19.

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

Net income
The profit for the financial year amounts to EUR 248,000 thousand.

On 15th March 2024, the Board of Directors proposed that the Shareholders' Meeting of Saras SpA, called for 29th April 2024 to approve the financial statements for the year ended as of 31st December 2023, allocate EUR 0.15 for each of the 951,000,000 ordinary shares outstanding, for a total of EUR 142,650,000, drawing this amount from the profit for the year.

The average number of outstanding shares was 951,000,000 in 2023, unchanged from the previous year.

Saras SpA held no treasury shares in portfolio as of 31st December 2023.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The “Revenues from ordinary operations” break down as follows:

Revenues from ordinary operations	31/12/2023	31/12/2022	Change
Revenues from sales and services	10,189,488	13,904,945	(3,715,457)
Total	**10,189,488**	**13,904,945**	**(3,715,457)**

Revenues from sales and services decreased by EUR 3,715,457 thousand. This change is essentially attributable to the performance of the oil product prices recorded during the year.

Revenues from ordinary operations 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	31/12/2023	31/12/2022	Change
Compensation for storage of mandatory stocks	11,677	2,080	9,597
Sale of various materials	65	60	5
Chartering	4,908	6,380	(1,472)
Recovery for claims and compensation	884	108	776
Other revenues	61,852	93,122	(31,270)
Total	**79,386**	**101,750**	**(22,364)**

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	31/12/2023	31/12/2022	Change
Purchase of raw materials	7,745,515	9,992,248	(2,246,733)
Purchase of semi-finished products	64,500	116,991	(52,491)
Purchase of consumables	360	360	0
Purchase of finished products	860,726	1,778,804	(918,078)
Change in inventories	52,310	(163,533)	215,843
Total	**8,723,411**	**11,724,870**	**(3,001,459)**

The item mainly consists of the purchase costs of raw materials and finished products. The reduction compared to the previous year is mainly attributable, for an amount of EUR 2,246,733 thousand, to the decrease in the prices of raw materials recorded during the year and, for an amount of EUR 918,078 thousand, to the lower quantities of purchased finished products.

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 write down inventories for EUR 25 million.

6.2.2 Cost of services and sundry costs

Cost of services and sundry costs	31/12/2023	31/12/2022	Change
Costs for services	1,120,802	1,095,443	25,359
Derivatives on crudes and oil products	10,643	142,111	(131,468)
Costs for use of third-party assets	7,029	5,667	1,362
Provisions for risks	368	140	228
Other operating costs	9,030	15,954	(6,924)
Total	**1,147,872**	**1,259,315**	**(111,443)**

The item “Costs for services” mainly includes the processing fee paid to the subsidiary Sarlux Srl, up compared to the previous year as a result of better refinery performances.

"Other operating costs" mainly comprise membership fees, taxes and contingencies.

6.2.3 Personnel costs

The breakdown of "Personnel costs" is as follows:

Personnel costs	31/12/2023	31/12/2022	Change
Salaries and wages	24,820	24,321	499
Social security contributions	7,767	9,316	(1,549)
Post-employment benefits	2,311	1,951	360
Other long-term costs and incentives	4,981	15,186	(10,205)
Remuneration to the Board of Directors	3,542	2,055	1,487
Total	**43,421**	**52,829**	**(9,408)**

The decrease compared to the previous year is essentially due to the fact that the balance as of 31st December 2022 included the provision relating to the consensual termination agreement in favor of some top managers.

6.2.4 Depreciation/amortization and write-downs

"Depreciation/amortization of fixed assets" break down as follows:

Depreciation/amortization and write-downs	31/12/2023	31/12/2022	Change
Amortization of intangible assets	1,290	1,602	(312)
Depreciation of property, plant and equipment	1,590	1,734	(144)
Total	**2,880**	**3,336**	**(456)**

"Depreciation of leased items" breaks down as follows:

Depreciation of leased items	31/12/2023	31/12/2022	Change
Depreciation of leased property, plant and equipment	2,207	1,906	301
Total	**2,207**	**1,906**	**301**

This item represents the effect post-IFRS 16.

6.3 Net income (charges) from equity investments

Net income (charges) from equity investments	31/12/2023	31/12/2022	Change
Value adjustments to assets	600	(13,041)	13,641
Total	**600**	**(13,041)**	**13,641**

Value adjustments refer to adjustments to the value of equity investments in order to adjust the 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	31/12/2023	31/12/2022	Change
Bank interest income	6,380	1,205	5,175
Unrealized differences on derivatives	0	7,274	(7,274)
Realized differences on derivatives	5,901	19,859	(13,958)
Interest from subsidiaries	33,593	16,773	16,820
Profit on exchange rates	183,956	205,960	(22,004)
Total	**229,830**	**251,071**	**(21,241)**

Financial charges	31/12/2023	31/12/2022	Change
Unrealized differences on derivatives	(5,154)	31	(5,185)
Realized differences on derivatives	(9,954)	(4,186)	(5,768)
Interest expenses on loans	(23,511)	(11,328)	(12,183)
Interest expenses on bonds	0	(3,648)	3,648
Interest from subsidiaries	(1,654)	(1,073)	(581)
Other (interest on mortgages, default interest, etc.)	(20,065)	(12,249)	(7,816)
Interest on rights of use on leases	(82)	(92)	10
Exchange rate losses	(168,174)	(277,995)	109,821
Total	**(228,594)**	**(310,540)**	**81,946**

The summary table below provides an analysis of the main changes during the year:

Net financial income (charges)	31/12/2023	31/12/2022	Change
Net interest	(5,339)	(10,412)	5,073
Result of derivative instruments, of which:	(9,207)	22,978	(32,185)
Realized	*(4,053)*	*15,673*	*(19,726)*
Fair value of open positions	*(5,154)*	*7,305*	*(12,459)*
Net exchange rate differences	15,782	(72,035)	87,817
Total	**1,236**	**(59,469)**	**28,520**

Net interest was affected by the sharp rally in interest rates recorded during the year.

Note that the item other financial charges includes interest on factors.

The entire fair value of the derivatives in place as of 31st December 2023 refers to the exchange rate and interest rate hedges. Please note that the derivative financial instruments being considered relate to hedging transactions for which hedge accounting has not been adopted.

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.

The change in net exchange differences is essentially due to the trend in exchange rates.

6.5 Income taxes

Income taxes are shown below:

Income taxes	31/12/2023	31/12/2022	Change
Current taxes	102,129	458,375	(356,246)
Net deferred tax liabilities (assets)	790	34,393	(33,603)
Total	**102,919**	**492,768**	**(389,849)**

The change compared to the previous year is due both to the reduction in taxable income and to the fact that the balance as of 31st December 2022 included the “extra- profit contribution” of EUR 239 million.

Differences between IRES and IRAP theoretical and effective tax rates for the two periods compared are shown below (figures in EUR million):

IRES	2023	2022
PRE-TAX RESULT [A]	350.9	891.9
IRES THEORETICAL TAX [A*24%] [B]	84.2	214.1
THEORETICAL TAX RATE [B/A*100] %	24.0%	24.0%
EFFECTIVE INCOME TAX [C]	87.7	220.0
EFFECTIVE TAX RATE [C/A*100] %	25.0%	24.7%

	2023		2022	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	84	24.0%	214.1	24.0%
Effect of A.C.E. concession (Article 1 Decree-Law no. 201/11)	(2.3)	-0.7%	(1.5)	-0.2%
Previous years' taxes	0	0%	0.0	0.0%
Other permanent differences	5.8	1.7%	7.5	1%
Effective tax	87.7	25.0%	220.0	24.7%

IRAP	2023	2022
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS	354	966
IRAP THEORETICAL TAX [2.93%]	10.4	28.3
THEORETICAL TAX RATE [B/A*100] %	2.93%	2.93%
EFFECTIVE INCOME TAX [C]	13.6	35.4
EFFECTIVE TAX RATE [C/A*100] %	3.84%	3.67%

	2023		2022	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical tax	10.4	2.93%	28.3	2.93%
Personnel costs	(0.07)	-0,02%	1.56	0.16%
Effect of different regional rates on production value	2.50	0.71%	6.7	0.69%
Other permanent differences	0.8	0.23%	(1.2)	-0.12%
Effective tax	13.6	3.84%	35.4	3.67%

7. Other information

7.1 Main legal actions pending

1) 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 Italian 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 2022, the Preliminary Hearing Judge of the Court of Cagliari filed judgment no. 1162/22, declaring "case dismissed" 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 held on 5th March 2024. The Public Prosecutor briefly presented their indictment. The Court adjourned, for the discussion of the defense, to the hearing of 21st May 2024.

   The judgment was not appealed with regard to the Company's acquittal of the offense under Legislative Decree no. 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 Revenue Agency - Regional Directorate of Sardinia issued two invitations to cross-examination (for IRES and IRAP) challenging the non-deductibility of the alleged criminal costs pertaining to 2016.

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

   During the cross-examination, the Company and the 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 Revenue Agency, the right to a refund of the amount paid in the event of an acquittal in a criminal trial.

   Moreover, as a result of the settlement, the Company significantly reduces the overall dispute and also avoids the risk of provisional collection while the case is pending. On 23rd March 2023, the Company concluded a tax settlement which amounts for the year 2016 to approximately EUR 35 million (in terms of tax, penalties and interest), and according to the same agreed criteria, a possible tax settlement will amount for 2015 to roughly EUR 40 million (in terms of tax, penalties and interest).

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

   As of 31st December 2023, the Company paid three installments for a total of EUR 6.7 million.

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 potential for the tax risk described here - in the amount of approximately EUR 75 million - leading to a final disbursement is considered remote, based on the opinion of independent tax and criminal experts.

2) During 2023, the Company Saras SpA submitted several requests for reimbursement relating to:

- Extraordinary extra-profit contribution established by Article 37 of Italian Law Decree 21/2022 and, in the alternative, IRES attributable to the non-deductibility of the Contribution from the tax base;
- Solidarity contribution pursuant to Article 1, paragraphs 115 to 119, Law no. 197/2022 and, in the alternative, IRES attributable to the non-deductibility of the Contribution from the tax base;

With regard to the requests relating to extraordinary and solidarity contributions, the Company had various complaints, i.e. that the rules establishing the contributions were incompatible with various constitutional provisions deemed relevant (Articles 3, 23, 53, 41, 42 and 117 of the Constitution), and complained from other perspectives, regarding Regulation 2022/1854/EU which, as is known, envisaged a European solidarity contribution that the various States could have adopted if they had not already provided "equivalent measures".

As a mere alternative to the declaration of unconstitutionality of the Contributions, the Company asked for their deductibility for income taxes purposes to be recognized, complaining, also in this case, about the unreasonableness of a provision (the one that establishes non-deductibility) that is in violation of Articles 3 and 53 of the Constitution in relation to the choice of the legislator to tax the business income net of the costs necessary and inherent to its production (including any taxes for which no compensation is possible).

For the sake of completeness, note that the Extraordinary extra-profit contribution paid by Saras amounts to EUR 76.9 million. The request for reimbursement was notified to the competent Office on 7th November 2023 and, on 19th December 2023, the DRE served a deed of refusal currently under appeal.

As regards the Solidarity Contribution, Saras paid EUR 162.2 million. The related request for reimbursement was submitted on 11th December 2023 and, on 17th January the DRE served the relevant express deeds of refusal, currently under appeal.

3) On 11th July 2023, the Italian Competition Authority (the "Authority") initiated proceedings I/864 ("Proceedings") against the companies ENI SpA, Esso Italiana Srl, Saras SpA, Kuwait Petroleum Italia SpA, Tamoil Italia SpA, Repsol Italia SpA, Italiana Petroli SpA and Iplom SpA (jointly, also the "Parties"), aimed at ascertaining the existence of possible violations of Article 101 of the Treaty on the Functioning of the European Union ("TFEU").

The Proceedings must be concluded, unless extended, by 31st December 2024.

In the initiation measure ("Measure"), notified to the Company on 19th July 2023, the Authority assumes, as of at least 1st January 2020, a possible "coordination between the Parties in order to limit the mutual competition and to set in a coordinated manner an important component of the price of automotive fuel represented by the cost of the organic component connected to legal obligations which, to date, provide for a minimum quantity par to 10% of the total fuel released for consumption ", and notes that "considering that the subject matter of the hypothesized agreement is the cost of the organic component deriving from the obligations introduced in the national law, the conduct of the parties could have involved the entire market of network and wholesale distribution of motor fuels on the Italian market."

To date, only partial access has been granted to the documents of the proceedings, and the Parties have not been notified of the preliminary disclosures ("CRI"), i.e. the communication with which the Authority formalizes the charges against the Parties following its investigation.

On 19th October 2023, the Company submitted a set of commitments to the Authority pursuant to Article 14-*ter* of Law no. 287/90. By means of a decision of 21st November 2023, the Authority ordered its rejection, indicating an interest in reaching a decision regarding the possible restrictions on competition of the disputed conduct.

The Proceedings will therefore follow the ordinary course that provides for the sending of the CRI if, at the end of its investigation, the Authority deems its allegations to be well founded.

The company reiterates its non-involvement in the violations alleged by the Authority and confirms that it has not received any notice of sanctions. The company therefore reiterates that the risk is remote and at present it is not possible to predict the outcome of the Proceedings, nor to provide a reasonable estimate of the sanctions that the AGCM could apply in the event a violation of Article 101 TFEU is actually verified.

The Proceedings must be concluded, unless extended, by 31st December 2024.

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 (EUR/000) and % on balance sheet item as of 31/12/2023			Absolute value (EUR/000) and % on balance sheet item as of 31/12/2022		
Related-party transactions involving Saras Group's majority shareholders						
Other financial assets	461,580	401,456	86.71%	867,916	742,695	85.57%
Trade receivables	485,578	265,780	54.73%	708,465	504,113	71.16%
Other assets	18,732	8,869	47.34%	11,547	1,810	15.68%
Short-term financial liabilities	167,340	25,565	15.28%	251,309	55,310	22.01%
Trade and other payables	1,327,346	391,172	29.47%	1,647,517	653,489	39.67%
Other liabilities	30,485	3,546	11.63%	157,184	124,311	79.09%
Revenues from ordinary operations	10,189,488	712,395	6.99%	13,904,945	4,182,762	30.08%
Other income	79,386	47,011	59.22%	101,750	87,151	85.65%
Purchases of raw materials and consumables	8,723,411	1,682,823	19.29%	11,724,870	1,955,838	16.68%
Cost of services and sundry costs	1,147,872	716,976	62.46%	1,259,315	665,620	52.86%
Net income (charges) from equity investments	600	600	100.00%	(13,041)	(13,041)	100.00%
Financial income	229,830	33,593	14.62%	251,071	20,413	8.13%
Financial charges	228,594	1,654	0.72%	310,540	5,219	1.68%

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:

	2023	2022
Net income (charges) from equity investments	600	(13,041)
(Increase) Decrease in trade receivables	238,333	(94,673)
Increase (Decrease) in trade and other payables	(262,317)	(365,889)
Change in other current assets	(7,058)	2,429
Change in other current liabilities	(120,765)	(4,985)
Interest received	33,593	20,413
Interest paid	(1,654)	(5,219)
Cash flow from (for) activities in the year	**(119,269)**	**(460,965)**
(Increase)/Decrease in net financial assets	312,737	(104,079)
Cash flow from (for) net financial assets	**312,737**	**(104,079)**
Total cash flows from/to related parties	**193,468**	**(565,044)**

The effects of cash flows with related parties are shown in the table below:

	Absolute value (EUR/000) and % on balance sheet item as of 31/12/2023			Absolute value (EUR/000) and % on balance sheet item as of 31/12/2022		
	Related parties	Total	Incidence	Related parties	Total	Incidence
Cash flow from (for) operating activities	(119,269)	(210,429)	56.67%	(460,965)	673,614	N/A
Cash flow from (for) financial assets	312,737	(368,630)	N/A	(515)	(260,544)	0.20%

7.3 Information pursuant to IFRS 7 and 13 – Financial instruments: Disclosures

The disclosure on financial instruments to be provided in financial statements and interim reports is set out in IFRS 7 and IFRS 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. 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).

Based on the above, the following table shows assets and liabilities measured at fair value by the Company as of 31st December 2023, broken down by fair value hierarchy:

Type of Operation	31/12/2023 Assets	Fair value level 1	Fair value level 2	Fair value level 3	31/12/2023 Liabilities	Fair value level 1	Fair value level 2	Fair value level 3
Interest rate swaps	1,504		1,504		6,522		6,522	
Fair value derivatives on commodities	30,616	30,616			5,662	5,662		
Fair value forward purchases and sales on exchange rates					741		741	
Total	**32,120**	**30,616**	**1,504**	**0**	**12,925**	**5,662**	**7,263**	**0**

The Company 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 crudes and oil 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 crudes 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.

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) and insurance contracts (IFRS 4).

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 IFRS9 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. Below is the statement of financial position of Saras SpA as of 31st December 2023 and 31st December 2022, with a breakdown of the financial instruments:

31/12/2023	Book value of financial derivatives categories, defined according to IFRS 9				
	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 31/12/2023
ASSETS					
Current assets	**1,020,462**	**401,456**	**0**	**1,141,715**	**2,563,633**
Cash and cash equivalents	474,419				474,419
Other financial assets	60,124	401,456			461,580
Derivative instruments (FV, realized and guarantee deposits)	*60,124*				
Loans to third parties		*0*			
Financial receivables from Group companies		*401,456*			
Trade receivables	485,578				485,578
Receivables from clients	*219,757*				
Trade receivables from Group companies	*265,821*				
Inventories				1,101,571	1,101,571
Current tax assets				21,753	21,753
Other assets	340			18,392	18,732
Other receivables	*340*			*18,392*	
Non-current assets	**2,444**	**0**	**0**	**536,209**	**538,654**
Property, plant and equipment				6,788	6,788
Intangible assets				2,455	2,455
Right-of-use of leased assets				4,104	4,104
Equity investments at cost				483,471	483,471
Other equity investments				738	738
Deferred tax assets				0	0
Other financial assets	2,444				2,444
Other assets				38,654	38,654
Loans to subsidiaries					
Other receivables	*2,444*				
Total assets	**1,022,905**	**401,456**	**0**	**1,677,924**	**3,102,287**
LIABILITIES					
Current liabilities	**12,926**	**1,481,760**	**0**	**131,989**	**1,626,675**
Short-term financial liabilities	12,926	154,414			167,340
Bond loans					
Bank loans		*86,671*			
C/a advances					
Financial payable IFRS 16		*2,375*			
Financial payables to Group companies		*25,565*			
Derivative instruments	*12,926*				
Other financial payables		*39,803*			
Trade and other payables		1,327,346			1,327,346
Current tax liabilities				101,504	101,504
Other liabilities				30,485	30,485
Other payables				*30,485*	
Non-current liabilities	**0**	**318,497**	**0**	**25,955**	**360,059**
Long-term financial liabilities		318,497			318,497
Bank loans (secured)		*313,029*			
Bond loans		*0*			
Financial payable IFRS 16		*1,993*			
Other		*3,476*			
Provisions for risks				1,504	1,504
Provisions for employee benefits				1,616	1,616
Deferred tax liabilities				15,607	15,607
Other liabilities				22,835	22,835
Total liabilities	**12,926**	**1,800,257**	**0**	**157,944**	**1,986,734**

31/12/2022	Book value of financial derivatives categories, defined according to IFRS 9				
	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 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**

Financial instruments measured at fair value through profit or loss are made up of derivative financial instruments put in place by the Company, described in paragraph 5.4.1 above. These are derivatives on commodities, interest rates and exchange rates.

All trade receivables and most other current and non-current receivables are classed as "Fair value to Profit & Loss" 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 Company's financial liabilities and trade payables arising from the Company'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 reimbursement of loans in place at the end of the period.

7.3.2 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 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:

31/12/2023	Net income and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 31/12/2023
Revenues from ordinary operations				10,189,488	10,189,488
Other income				79,386	79,386
Total revenues				**10,268,874**	**10,268,874**
Purchases of raw materials and consumables				(8,723,411)	(8,723,411)
Cost of services and sundry costs	10,643			(1,158,515)	(1,147,872)
Personnel costs				(43,421)	(43,421)
Depreciation/amortization and write-downs				(5,087)	(5,087)
Total costs	**10,643**			**(9,930,435)**	**(9,919,791)**
Operating result					**349,083**
Net income (charges) from equity investments				600	600
Other net financial income (charges)	6,575	(5,339)			1,236
from securities held for trading purposes					
- of which:					
Realized differentials					
FV change					
from Interest on current accounts		*6,380*			
from Loans granted to Group companies		*31,938*			
from Derivative instruments	*(9,207)*				
- of which:					
Realized differentials	*(4,053)*				
FV change	*(5,154)*				
from Other financial assets	*15,782*				
from Interest on bank loans		*(30,173)*			
from Interest on factoring		*(13,484)*			
from Other receivables/payables					
Result before taxes					**350,919**
Income taxes					(102,919)
Net income					**248,000**

31/12/2022	Net income and losses, interest income and expenses, fees and expenses generated from:				
	FVTPL	Cost amortized	FVOCI (debt securities)	Other	Financial statements as of 31/12/2022
Revenues from ordinary operations				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 costs				(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 purposes					
- 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 income					**399,161**

The entire fair value of the derivatives in place as of 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. 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 45,276 thousand (EUR 31,118 thousand in the previous year), mainly due to interest on loans.

7.3.3 Additional information

7.3.3.1 Accounting for transactions with derivative instruments

As stated earlier, the Company enters into derivative contracts on commodities to hedge the risks arising from changes in the price of crude oil and oil products, on the €/$ exchange rate to mitigate the risks relating to its currency positions and on interest rates, to mitigate interest rate risk on its loans.

As of 31st December 2023, outstanding derivative contracts included derivatives on all three types of underlying assets, classified as financial instruments held for trading.

The aforementioned instruments are recognized at fair value. In particular:

- changes in fair value, as well as realized spreads, of instruments hedging oil products are recognized under core business in the income statement;

- changes in fair value, as well as realized spreads of interest rate and exchange rate hedging instruments, are recognized 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 2024, 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, long-term financial assets and liabilities that reflect an interest rate in line with current market values. The amortized cost does not differ significantly from the fair value as of 31st December 2023.

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 financial 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 crudes 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 and quantitative information required by paragraph 6 - 38 of IFRS 9, is shown in the tables below:

Book value as of 31/12/2023			Credit risk		Analysis of maturities by financial assets, pursuant to paragraph 37 b) IFRS 7						Impairment	
	Total	of which financial instru-ments	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	**2,563,633**	**1,431,549**	**1,431,549**		**1,403,820**	**12,867**	**0**	**828**	**14,034**	**1,431,549**	**0**	**(9,972)**
Cash and cash equivalents	474,419	474,419	474,419		474,419					474,419		
Other financial assets held for trading	461,580	461,580	461,580		461,580					461,580		
Trade receivables	495,550	495,550	495,550	91,672	467,821	12,867	0	828	14,034	495,550		
Bad debt provision	(9,972)											(9,972)
Inventories	1,101,571											
Current tax assets	21,753											
Other assets	18,732											
Non-current assets	**538,654**	**3,181**	**3,181**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	6,788											
Intangible assets	2,455											
Right-of-use of leased assets	4,104											
Equity investments valued using the equity method	483,471											
Other equity investments	738	738	738									
Deferred tax assets	0											
Other financial assets	2,444	2,444	2,444									
Other assets	38,654											
Total assets	**3,102,287**	**1,434,730**	**1,434,730**		**1,403,820**	**12,867**	**0**	**828**	**14,034**	**1,431,549**		

Book value as of 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 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**		

Guarantees on trade receivables are represented by sureties requested from wholesale customers by Saras SpA, credit insurance policies covering most of the turnover, as well as letters of credit guaranteeing part of the Company's receivables.

7.3.4.2 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 reimbursement 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 as of 31/12/2023		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Face value of the financial liability	Guarantee	2023	2024	2025	2026	2027	beyond 5 years
LIABILITIES										
Current liabilities	**1,626,675**	**1,626,675**	**1,692,512**	**0**	**1,524,133**	**112,542**	**0**	**0**	**0**	**0**
Short-term financial liabilities	167,340	167,340	167,340		166,302	112,542				
Bank loans (secured)		*86,672*	*86,672*		*86,672*	*86,672*				
Financial payable IFRS 16		*2,375*	*2,375*							
Interest rates (final average rate = 4.52%)					*2,991*	*1,959*				
C/a advances		*2,834*	*2,834*		*2,834*					
Financial payables to Group companies		*25,565*	*25,565*		*25,565*	*25,565*				
Interest rates (final average rate = 4.52%)					*(1,654)*	*(1,654)*				
Derivative instruments		*12,925*	*12,925*		*12,925*					
Other financial payables		36,969	36,969		36,969					
Trade and other payables	1,327,346	1,327,346	1,327,346		1,327,346					
Current tax liabilities	101,504	101,504								
Other liabilities	30,485	30,485	30,485		30,485					
Non-current liabilities	**360,060**	**318,497**	**5,468**	**0**	**14,110**	**14,110**	**12,487**	**12,487**	**9,365**	**321,531**
Long-term financial liabilities	318,497	318,497	5,468							
Bank loans (secured)		*313,029*								*312,166*
Financial payable IFRS 16		*1,993*	*1,993*		*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	
Other		*3,476*	*3,476*							
Interest on medium-long term loans (final average rate = 4.52%)					*14,110*	*14,110*	*12,487*	*12,487*	*9,365*	*9,365*
Interest on bond loan										
Provisions for risks	1,504									
Provisions for employee benefits	1,616									
Deferred tax liabilities	15,607									
Other liabilities	22,835									
Total liabilities	**1,986,734**	**1,945,172**	**1,697,980**	**0**	**1,538,243**	**126,652**	**12,487**	**12,487**	**9,365**	**321,531**

	Book value as of 31/12/2022		Liquidity risk		Analysis of maturities for financial liabilities, pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Face 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**

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 €/$ 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 crudes 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.

€/$ exchange rate
With reference to the €/$ 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 income and shareholders' equity was carried out assuming a change of +/-10% in the €/$ exchange rate at the end of the year, which was used to translate currency positions in the preparation of the statement of financial position.

2023					
€/$ exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	€/$ exchange rate	Amount in thousands of EUR	-10%	+10%
Currency net position	902,717	1.105	821,741		
Effect on result before tax				91,305	(74,704)
Effect on net income (and shareholders' equity)				62,635	(51,247)

2022					
€/$ exchange rate				Reference parameter change	
Balance sheet item	Amount in currency	€/$ 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 income (and shareholders' equity)				127,153	(104,034)

To mitigate the effects of the sensitivity to the €/$ exchange rate, the Company also enters into forward exchange contracts whose fair value is recognized in the financial statements at the reporting date. Said fair value is inevitably impacted by the underlying exchange rate and, therefore, the Company carried out a simulation of the impact on net income and as a result, on shareholders' equity, assuming a change of +/-10% in the reference parameters.

The details and results of the simulation are shown in the tables below:

2023		Reference parameter change	
Derivatives on:	**Fair Value as of 31/12/2023**	**-10%**	**+10%**
Exchange rates	741	15,574	(12,919)
	741	**15,574**	**(12,919)**
Effect on result before tax		**15,574**	**(12,919)**
Effect on net income (and shareholders' equity)		**11,291**	**(9,366)**

2022		Reference parameter change	
Derivatives on:	**Fair Value as of 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 income (and shareholders' equity)		**47,527**	**(38,885)**

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 income 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 2023.

The details and results of the simulation are shown in the table below:

2023				
VARIABLE INTEREST RATES			**Reference parameter change**	
	Average annual interest rate 2023	**Annual interest expenses**	**-50 bps**	**+50 bps**
Short and medium-long term financial liabilities	4.52%	(45,276)		
Effect on result before tax			**5,008**	**(5,008)**
Effect on net income (and shareholders' equity)			**3,631**	**(3,631)**

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 income (and shareholders' equity)			**1,631**	**(1,631)**

In addition, the fair value of the Interest Rate Swaps (IRS) and the Interest Rate Options at the reporting date held by the Company is influenced by the performance of the Euribor rate. A simulation of the impact of this variable on net income and consequently on shareholders' equity was carried out, assuming a change of +/-25 basis points in the reference parameter, deemed consistent considering the likely fluctuation in interest rates.

The details and results of the simulation are shown in the tables below:

2023		**Reference parameter change**	
Derivatives on:	**Fair Value as of 31/12/2023**	**-25 bps**	**+25 bps**
Fair value of Interest rate swaps	(4,944)	(484)	518
	(4,944)	**(484)**	**518**
Effect on result before tax		**(484)**	**518**
Effect on net income (and shareholders' equity)		**(351)**	**376**

2022		**Reference parameter change**	
Derivatives on:	**Fair Value as of 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 income (and shareholders' equity)		**(4,849)**	**4,849**

Prices of crudes and oil products

With regard to oil prices, they affect the fair value of the derivative financial instruments in place at the reporting date and the consequent spreads recognized in the income statement. In this case, as of 31st December 2023, these are futures, swaps and options on oil products and the fair value recorded in the financial statements derives from the market prices of the underlyings themselves at the same date.

A simulation of the impact of this variable on net income 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:

2023		Reference parameter change	
Derivatives on:	**Fair Value as of 31/12/2023**	**-20%**	**+20%**
Crudes and oil products	15,562	(23,843)	68,414
	15,562	**(23,843)**	**68,414**
Effect on result before tax		**(23,843)**	**68,414**
Effect on net income (and shareholders' equity)		**(17,286)**	**49,600**

2022		Reference parameter change	
Derivatives on:	**Fair Value as of 31/12/2022**	**-20%**	**+20%**
Crudes 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 income (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:

Personnel	2023	2022
Top management	39	34
White collars	227	217
Total	**266**	**251**

The headcount increased from 251 at the end of 2022 to 271 as of 31st December 2023.

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)
Name and surname	Office held	Period for which office was held		Expiry of the office	Emoluments for the office held in the company	Bonuses and other incentives	Other remuneration
Board of Directors							
Massimo Moratti	Chairman and CEO (***)	01/01/23	31/12/23	approv. 2025 financial statements	1,545,000	1,365,000,00	
Pier Matteo Codazzi	CEO and General Manager	01/01/23	15/03/23	approv. 2022 financial statements	-	-	201,413,00
Franco Balsamo	Director and General Manager (****)	15/03/23	31/12/23	approv. 2025 financial statements	45,000	3,853,845	891,597,00
Angelo Moratti	Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		
Angelomario Moratti	Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		204,907
Gabriele Moratti	Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		90,723
Giovanni Emanuele Moratti	Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		80,538
Valentina Canalini	Independent Director	28/04/23	31/12/23	approv. 2025 financial statements	45,000		
Adriana Cerretelli	Independent Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		
Laura Fidanza	Independent Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		
Francesca Luchi	Independent Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		
Giovanni Mancini	Independent Director	01/01/23	31/12/23	approv. 2025 financial statements	45,000		
Silvia Pepino	Independent Director	28/04/23	31/12/23	approv. 2025 financial statements	45,000		
Isabelle Harvie-Watt	Independent Director	01/01/23	28/04/23	approv. 2022 financial statements	-		
Patrizia Radice	Director	01/01/23	28/04/23	approv. 2022 financial statements	-		
Board of Statutory							(*)
Giancarla Branda	Chair of the Board of Statutory	01/01/23	31/12/23	approv. 2023 financial statements	70,000		-
Paola Simonelli	Statutory Auditor	01/01/23	31/12/23	approv. 2023 financial statements	50,000		20,000
Fabrizio Colombo	Statutory Auditor	01/01/23	31/12/23	approv. 2023 financial statements	50,000		35,000
Monica Pilloni	Statutory Auditor	01/01/23	31/12/23	approv. 2023 financial statements			38,000
Pinuccia Mazza	Alternate Auditor	01/01/23	31/12/23	approv. 2023 financial statements			
Andrea Perrone	Alternate Auditor	01/01/23	31/12/23	approv. 2023 financial statements			
Supervisory Body							(**)
Renato Colavolpe	Chairman	01/01/23	31/12/23	approv. 2023 financial statements	35,000		
Paola Simonelli	Member	01/01/23	31/12/23	approv. 2023 financial statements	25,000		15,000
Fabrizio Colombo	Member	01/01/23	31/12/23	approv. 2023 financial statements			6,500
Monica Pilloni	Member	01/01/23	31/12/23	approv. 2023 financial statements			6,500
Marco Tonellotto	Member	01/01/23	31/12/23	approv. 2023 financial statements			35,000
Dirigenti della società	Members	01/01/23	31/12/23	approv. 2023 financial statements			
Control, Risk and Sustainability							
Adriana Cerretelli	Chairman	01/01/23	31/12/23	approv. 2023 financial statements	40,000		
Laura Fidanza	Member	01/01/23	31/12/23	approv. 2023 financial statements	35,000		
Valentina Canalini	Member	03/05/23	31/12/23	approv. 2023 financial statements	35,000		
Silvia Pepino	Member	03/05/23	31/12/23	approv. 2023 financial statements	35,000		
Giovanni Moratti	Member	03/05/23	31/12/23	approv. 2023 financial statements	-		
Isabelle Harvie-Watt	Member	01/01/23	28/04/23	approv. 2022 financial statements	-		
Remuneration Committee							
Francesca Luchi	Chairman	01/01/23	31/12/23	approv. 2023 financial statements	40,000		
Laura Fidanza	Member	01/01/23	31/12/23	approv. 2023 financial statements	35,000		
Adriana Cerretelli	Member	01/01/23	31/12/23	approv. 2023 financial statements	35,000		
Strategic guidance Comitee							
Giovanni Mancini	Chairman	01/01/23	31/12/23	approv. 2023 financial statements	80,000		
Massimo Moratti	Member	01/01/23	31/12/23	approv. 2023 financial statements			
Angelo Moratti	Member	01/01/23	31/12/23	approv. 2023 financial statements			
Franco Balsamo	Member	03/05/23	31/12/23	approv. 2023 financial statements			
Angelomario Moratti	Member	01/01/23	31/12/23	approv. 2023 financial statements			
Gabriele Moratti	Member	01/01/23	31/12/23	approv. 2023 financial statements			
Giovanni Emanuele Moratti	Member	01/01/23	31/12/23	approv. 2023 financial statements			
Matteo Codazzi	Member	01/01/23	15/03/23	approv. 2022 financial statements			
Related-party Comitee							
Adriana Cerretelli	Chairman	01/01/23	31/12/23	approv. bil. d'esercizio 2023	7,000		
Laura Fidanza	Member	01/01/23	31/12/23	approv. bil. d'esercizio 2023	7,000		
Francesca Luchi	Member	01/01/23	31/12/23	approv. bil. d'esercizio 2023	7,000		
Strategic guidance Comitee						**234,667**	**217,518**

(*) auditing remunerations from other Group's companies - (**) including the remuneration from other group companies
(***) Chief Executive Officer from 15th March 2023 - (****) Director from 28th April 2023

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 - Chief Executive Officer from 15/03/2023	Saras SpA	-	-	-	-
Pier Matteo Codazzi	Chief Executive Officer - General Manager until 15/03/2023	Saras SpA	-	-	-	-
Franco Balsamo	Director * - General Manager from 15/03/2023	Saras SpA	284,814	-	280,000	4,814
Angelo Moratti	Director	Saras SpA	-	-	-	-
Angelomario Moratti	Director	Saras SpA	-	-	-	-
Gabriele Moratti	Director	Saras SpA	-	-	-	-
Giovanni Emanuele Moratti	Director	Saras SpA	-	-	-	-
Valentina Canalini *	Director	Saras SpA	-	-	-	-
Adriana Cerretelli	Ind. Director	Saras SpA	-	-	-	-
Laura Fidanza	Ind. Director	Saras SpA	-	-	-	-
Isabelle Harvie-Watt	Ind. Director until 28/04/2023	Saras SpA	-	-	-	-
Francesca Stefania Luchi	Ind. Director	Saras SpA	-	-	-	-
Giovanni (also known as Gianfilippo) Mancini	Ind. Director	Saras SpA	-	-	-	-
Silvia Pepino *	Ind. Director	Saras SpA	-	-	-	-
Patrizia Radice	Ind. Director until 28/04/2023	Saras SpA	34,298			34,298
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	-	-	-	-
Key management personnel		Saras SpA	-	-	-	-

(*) In office from 28th April 2023 - (**) Acquired on the market

7.6 Commitments

As of 31st December 2022 and 2023 there were no irrevocable commitments in place 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 209,638 thousand as of 31st December 2023, mainly in favor of:

- Axpo SpA (EUR 75,000 thousand);
- Enel SpA (EUR 35,000 thousand);
- Enti Governativi (EUR 56,810 thousand).

7.7 Other

For information on atypical and/or unusual transactions, please refer to the relevant section of the Report on Operations.

Italian Legislative Decree no. 209 of 27th December 2023 made a series of changes to the tax legislation in implementation of the enabling law for the reform of the Italian tax law system. The measures introduced by the Decree also include the provisions transposing Directive (EU) 2022/2523, on the “Global Minimum Tax”, which aims to adopt in the European Union, starting from 1st January 2024, the “Pillar 2 regulation”, in order to guarantee a minimum level of taxation of multinational or national groups of companies.

In particular, the new rules concern companies located in Italy, which are part of a multinational or national group characterized by annual revenues equal to or greater than EUR 750 million in at least two of the four years immediately prior to the one considered.

The Decree provides that the minimum level of taxation is Insured through:

1. the minimum national tax (QMDTT), due in relation to companies of a multinational or national group located in Italy and subject to generally lower taxation than the minimum tax level;

2. the minimum supplementary tax (IIR), payable by parent companies located in Italy of multinational or national groups in relation to companies within the group subject to generally lower taxation than the minimum tax level;

3. the additional minimum tax (UTPR), payable by one or more companies of a multinational group located in Italy in relation to foreign companies that are part of the group subject to generally lower taxation than the minimum tax level, in the event that the minimum supplementary tax equivalent in other countries has not been applied, in whole or in part.

Similar measures should be adopted in other European Union countries and in many countries around the world.

In light of the above, starting from 1st January 2024, the Saras Group will be subject to the Pillar 2 regulation, as implemented by the Decree.

In this regard, it should be noted that in these financial statements:

1. no current tax payables deriving from the “Pillar 2 regulation” were recognized, as it is effective from 1st January 2024;

2. there are no deferred tax assets or liabilities deriving from the “Pillar 2 regulation”, pursuant to paragraph 4.A of IAS 12.

Nonetheless, in 2023 the Saras group took steps to assess the possible impacts of the Pillar 2 regulation in the jurisdictions in which it operates (i.e., Italy, Spain, Luxembourg and Switzerland), so as to ensure progressive and correct compliance of the relevant obligations in force starting from the 2024 financial year.

In particular, the Saras Group exposure to the “Pillar 2 regulation” is a direct consequence of the level of actual taxation in each individual jurisdiction in which the Group operates, which may be impacted by different factors (e.g., the amount of income subject to taxation, the level of the nominal rate, or the enjoyment of tax incentives or benefits). In this regard, the Pillar 2 regulation envisages - for the first periods of effectiveness of the regulations - the possibility of benefiting from some simplifications with regard to the calculation of the effective taxation and/or the obligations linked to Pillar 2, including the “Transitional CbCR Safe Harbor”. In particular, the passing of at least one of the three tests envisaged by the Transitional CbCR Safe Harbor entails the elimination of any additional taxation due in a given jurisdiction and, at the same time, the reduction of the compliance costs borne by the Group.

Given the above, taking into account the information available and reasonably estimated at the end of the year, the exposure of the Saras Group to supplementary taxation deriving from the application of the Pillar 2 regulation appears to be limited.

7.8 Subsequent events

On 11th February 2024, Saras issued a press release upon request and on behalf of Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA, Stella Holding SpA and Vitol B.V., concerning the following (for the full content, please refer to the Company's website, at the link https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-azionisti-e-vitol---ita.pdf):

Massimo Moratti SApA di Massimo Moratti, Angel Capital Management SpA (“ACM”), and Stella Holding SpA (collectively the “Moratti family”) and Vitol B.V., a Company based in the Netherlands (or a wholly-controlled entity designated by Vitol), (“Vitol”) have entered into a sale and purchase agreement (the “SPA”) pursuant to which the Moratti family has undertaken to sell to Vitol, shares of Saras SpA (“Saras”) representing approximately 35% of Saras’ corporate capital (the “Transaction”), at a price per share equal to EUR 1.75/share (the “Price per Share”). Under the SPA and subject to fulfillment of certain circumstances set forth therein, ACM has undertaken to sell to Vitol the shares of Saras (if any) that ACM may be entitled to receive under the existing funded collar derivative contract, covering roughly 5% of Saras’ corporate capital. If a dividend distribution is resolved and paid by Saras before the closing date of the Transaction, the Price per Share will be reduced accordingly. Completion of the Transaction is exclusively subject to obtaining the required regulatory approvals (i.e., clearances under the EU foreign subsidies regulation, the EU antitrust regulation and the Italian Golden Power framework). Upon closing, the entire stake owned by the Moratti family in Saras will be transferred to Vitol. This will trigger a mandatory tender offer for the outstanding share capital of Saras, which will be launched by Vitol at the same Price per Share (i.e., EUR 1.75/share), suitably adjusted in case of a dividend distribution before closing of the Transaction. The goal of the MTO is to achieve delisting from the Milan Stock Exchange, which may also be achieved through a delisting merger should the required conditions be met. The price of EUR 1.75/share values the equity of Saras at approximately EUR 1.7 billion and represents a premium of:

- approximately 10% to the unaffected share price (*);
- roughly 7% to the unaffected one-month volume-weighted average share price;
- approximately 12% to the unaffected three-month volume-weighted average share price;
- around 21% to the unaffected six-month volume-weighted average share price;
- approximately 30% to the unaffected twelve-month volume-weighted average share price.

(*) Unaffected price refers to the closing market price as of 6th February 2024 (i.e., the date before the Bloomberg press notice referring to a potential sale by the Moratti family).

With reference to the authorization process, pursuant to Decree-Law 21/2012 and subsequent amendments and additions ("Golden Power Regulation"), it should be noted that the related notice to the Presidency of the Council of Ministers was submitted on 23rd February 2024.

As of today, Vitol B.V. holds a 10.387% stake in Saras SpA

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 2023 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	Fee for the year of FY 2023
Audit	EY SpA	Saras SpA	624
Certification services	EY SpA	Saras SpA	35
Total			**659**

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 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 and Chief Executive Officer
Massimo Moratti

REPORTS ON THE 2023 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 and Chief Executive Officer, and Fabio Peretti, 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 2023.

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 2023 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 2023:

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

Saras SpA

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 2024

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Massimo Moratti)	(Fabio Peretti)

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

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, 2023, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, 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.

We identified the following key audit matter:

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.600.000,00 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

A member firm of Ernst & Young Global Limited

EY
Building a better working world

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. Finally, 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 with the support of 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.

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 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 as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 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, 2023, 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, 2023 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, 2023 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, 2024

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

SARAS

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 and Chief Executive Officer, and Fabio Peretti, 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 2023 to 31 December 2023.

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 2023 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 2023:

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

Saras SpA

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 report on operations 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 2024

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Massimo Moratti)	(Fabio Peretti)

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 OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

pursuant to Article 2429 of the Italian Civil Code and Article 153 of Italian 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 the role of *"internal control and audit committee"*, reports with regard to the supervisory activity carried out during the year ended 31st December 2023, pursuant to articles 2429 et seq. of the Italian Civil Code and in compliance with the provisions set forth in Italian Legislative Decree no. 58/1998 (Consolidated Finance Act or TUF) and with the recommendations made in the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the Italian accounting profession; taking into account the instructions provided by Consob with its communication dated 6th April 2001 - DEM/1025564, amended and supplemented with communication dated 4th April 2003 - DEM/3021582 and afterwards with communication dated 7th April 2006 - DEM/6031329; having considered the instructions provided in Consob Warning Notice no. 3/22 of 19th May 2022; also taking into account the instructions contained in the new Corporate Governance Code drawn up by the *Corporate Governance* Committee of Borsa Italiana S.p.A., which the Company joined on 30th March 2021.

In this Report, the Board also reports on the supervisory activity carried out on the Company's compliance with the provisions contained in Italian Legislative Decree no. 254/2016 on the subject of disclosing non-financial information and information on diversity.

The Board has acquired the information instrumental in carrying out its supervisory function - in addition to the routine control activities carried out during the eighteen meetings held during the year - also by participating in the Board of Directors' meetings and the meetings of the Board Committees, through regular discussions with the Company's *management* and with the competent company functions, and thanks to the continuous exchange of information with the Independent Auditors, with the Internal Audit Manager and with the other control bodies of the Company and its subsidiaries.

1

In this Report, the Board also acknowledges that it has learned, from the press release issued by the Company on 11th February 2024, of the signing of a sale agreement through which the companies Massimo Moratti S.a.p.A., Angel Capital Management S.p.A. and Stella Holding S.p.A. (collectively the "Moratti Family") have undertaken to sell to VITOL B.V. (VITOL) shares of Saras representing 35% of the share capital of the same. Completion of the transaction is subject exclusively to obtaining the necessary regulatory authorizations. Upon the verification of the aforementioned conditions, the entire equity investment held by the Moratti Family will be transferred to VITOL, which will trigger the obligation to launch a takeover bid on the share capital of Saras, with the aim of obtaining the revocation of the latter's ordinary shares.

Appointment and Independence of the Board of Statutory Auditors

This Board was appointed by the Shareholders' Meeting held on 12th May 2021 for the 2021-2023 three-year period, up until approval of the financial statements for the year ended as of 31st December 2023, in the persons of Giancarla Branda (Chair), Paola Simonelli (Auditor) and Fabrizio Colombo (Auditor).

The composition of the Board complies with the gender distribution criterion set forth in Article 148 of Italian Legislative Decree no. 58 of 1998.

At the time of preparation of this report, the Board of Statutory Auditors checked that the independence requirement of the individual members was met, within the scope of the broadest self-assessment process carried out while following the instructions provided by Rule 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 Italian accounting profession on 20th December 2023; the instructions provided by the rules Q.1.2., Q.1.3. and Q.1.4. of the same *"Rules of conduct of the board of statutory auditors of listed companies";* and the rules contained in Italian Legislative Decree no. 58 of 24th February 1998 (TUF) and those contained in the *Corporate Governance Code.*

The Board of Statutory Auditors also carried out the self-assessment process, with reference to 2023, on the composition and functioning of the board in order to ascertain the suitability of the members and the adequate composition of the board, with reference to the requirements of professionalism, expertise, availability of time and resources in connection with the complexity of the appointment. The results of the above-mentioned self-assessment process, conducted during the Board of Statutory Auditors meeting held on 11th March 2024, were communicated to the Board of Directors pursuant to Article *144-novies,* paragraph *1-ter* of the Issuers' Regulations, adopted by

Consob with its resolution no. 11971 of 1999, of the provisions contained in the Corporate Governance Code and of the aforementioned Rules contained in the document prepared by the CNDCEC during its meeting of 15th March 2024, and are shown in the Report on Corporate Governance to which reference should be made.

The members of the Board of Statutory Auditors also confirmed compliance with the limit on the accumulation of offices set out in Article 144-*terdecies* of the Issuers' Regulations and observance of the training obligations required by the relevant bodies.

Finally, considering that the approval of the financial statements that you are called to approve marks the expiry of the mandate granted to this Board of Statutory Auditors on 12th May 2021 and that the Shareholders' Meeting called for 29th April 2024 will be called to appoint a new control body, the Board, adhering to the recommendations expressed in the regulation Q.1.5., entitled "Remuneration", contained in the document containing the principles of conduct of the Board of Statutory Auditors of listed companies, formulated by the Italian accounting profession on 20th December 2023, prepared an end-of-mandate Report, communicated to the Board at the same meeting of 15th March 2024. In this Report, it summarized the activities carried out by the Board of Statutory Auditors, specifying the number of meetings and the relative average duration and made suggestions on the composition of the new body.

Supervisory and control activities of the Board of Statutory Auditors

As part of the performance of the functions assigned to it by the law in its role of control body and also as internal control and audit committee in bodies of public interest, pursuant to Article 19 of Italian Legislative Decree no. 39/2010, in 2023 the Board of Statutory Auditors performed the activities indicated below in detail.

With specific reference to the **supervision of compliance with the law and 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 set by Article 150 of Italian Legislative Decree no. 58/1998 and with the methods established by the Articles of Association under Article 22, information on the general performance of operations, their foreseeable evolution, and on the activity carried out and on the operations of major economic, financial and equity importance entered into by the Company and by its subsidiaries during the year, paying special attention to the circumstance that the resolutions adopted and the actions undertaken were compliant with the law and with the articles of association and were not manifestly imprudent, risky, in potential conflict of interest, in contrast with the resolutions of the shareholders' meetings or such as to jeopardize the integrity of the company's assets;

- acquired knowledge of and supervised, to the extent of its competence, the adequacy of the organizational set-up in terms of structure, procedures, skills and responsibilities, size of the Company, nature and methods of pursuing the company purpose, by collecting information from the managers of the company functions in charge and meetings with the Independent Auditors for a reciprocal exchange of data and information;

- supervised compliance with the principles of proper administration through regular participation at the meetings of the Board of Directors and of the Board Committees established in compliance with the Corporate Governance Code and through the acquisition of information from specific company functions, focusing attention on the fact that the management choices are based on the principle of proper administration and reasonableness and that the directors were aware of the risks and effects of the operations carried out;

- assessed and monitored the adequacy of the internal control system and the administrative-accounting system, and the reliability of the latter to properly represent the operational transactions through:

✓ an examination of the report of the designated manager in charge of internal control of the Company;

✓ an examination of the reports prepared by the *Internal Audit* function and of the information provided by it on the results of the monitoring activities regarding implementation of the corrective actions identified from time to time;

✓ the acquisition of information from the managers of the respective company functions;

✓ the review of the outcomes of the assessment and monitoring of the oversight of company risks carried out by the Company, conducting an in-depth analysis of the judgments made in this regard by the risk owners;

✓ an examination of the company documents;

- ✓ an analysis of the results of the work carried out by the Independent Auditors;
- ✓ the exchange of information with the control bodies of the subsidiaries pursuant to Article 151, paragraphs 1 and 2, of Italian Legislative Decree no. 58/1958;

- held eighteen meetings during the year, each lasting an average of two hours and participated in all meetings of the Board of Directors (seven) and of the Board Committee, to be precise seven meetings of the Control, Risk and Sustainability Committee, six meetings of the Remuneration and Nomination Committee and two meetings of the Related Parties Committee, whose functions were assigned to the Remuneration and Appointments Committee with Board of Directors resolution adopted on 19th May 2021;
- monitored the adequacy of the reciprocal flow of information between the Company and its subsidiaries pursuant to Article 114, paragraph 2, of Italian Legislative Decree no. 58/1998;
- supervised the obligations concerning *"Market abuse"* and "Internal Dealing", checking the adequacy of the rules and procedures adopted by the Company for the management of privileged information and its compliance with the applicable regulatory provisions and paying attention to the procedure to disseminate press releases and information to the public;
- supervised the observance of the procedures for transactions with related parties adopted by the Company in implementation of the new "Regulation concerning transactions with related parties" issued by Consob and that came into force on 1st July 2021;
- evaluated respect for the rules of the "Code of conduct of Group directors", approved by the Company, to provide the directors with homogeneous conduct criteria;
- held meetings with representatives of the Independent Auditors, pursuant to Article 150, paragraph 3 of Italian Legislative Decree no. 58/1998;
- exchanged information with the corresponding control bodies of the subsidiaries of Saras, pursuant to Article 151, paragraphs 1 and 2 of Italian Legislative Decree no. 58/1998;
- supervised, pursuant to Article 149, paragraph 1, letter *c-bis* of Italian 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;
- carefully monitored the events related to the resignation of the Chief Executive Officer and

General Manager and the assignment to the Chairman of the office of Chief Executive Officer, and to the CFO first the office of General Manager and then that of Deputy CEO, with the consequent appointment of a new CFO, noting the maintenance of the adequacy of the organizational structure of the Company;

- verified adoption of the procedure of self-assessment on the composition and functioning of the Board of Directors and its internal Committees, carried out in compliance with the recommendations of the *Corporate Governance Code*, and having ascertained that the assessment - carried out based on the processing of the results of a self-assessment questionnaire completed by all members of the Board of Directors - did not highlight any critical issues. With regard to the questionnaire, it should be noted that it was drawn up by an Advisor (Willis Towers Watson) with the support of the Company's General Counsel & Corporate Affairs Function;

- verified, in particular, again with regard to the aforementioned self-assessment procedure, the proper application of the criteria and of the assessment procedures adopted by the Board of Directors in compliance with the application criterion set out in Recommendation no. 6 of Article 2 of the Corporate Governance Code to assess the independence of its members;

- verified the adoption and practical application of the "Guidelines" approved by the Board of Directors in 2021 with regard to its qualitative and quantitative composition and favorably assessed the analysis carried out on this point by the Remuneration and Appointments Committee, which led to the suggestion of limited areas for improvement, which the Company has acknowledged;

- having acknowledged the audit, carried out by Internal Audit Function on the basis of the controls carried out by the Independent Auditors for the purpose of auditing the financial statements, the reliability of the information systems, including the accounting systems;

- verified that during 2023 the Company neither acquired nor sold treasury shares on the Italian electronic stock market.

The Board also acknowledges that it issued the following favorable opinions in 2023:

- ✓ on the assessment that the independent directors meet the independence requirements provided for by the *Corporate Governance Code* and by Italian Legislative Decree no. 58/1998;

- ✓ on the allocation of fees to directors holding special offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code;

- ✓ on the proposal to supplement the fees for the limited scope audit of the consolidated non-financial statement of the Saras Group, submitted by E&Y S.p.A., which makes provision for additional audit activities to comply with the updates of the Global Reporting Initiative Sustainability Reporting Standards;
- ✓ on the approval of the annual plan of activities prepared by the manager of the *Internal Audit* function, pursuant to Recommendation no. 33, letter c) contained in Article 6 of the *Corporate Governance Code*;
- ✓ on the appointment of the Designated manager in charge of preparing the corporate accounting documents, according to Article 154-bis, paragraph 1 of the Consolidated Finance Act;
- ✓ on the assessment of proper use of the accounting standards and their homogeneity for the purpose of drawing up the consolidated financial statements, carried out by the Control and Risk Committee, pursuant to Recommendation no. 35, letter a) provided under Article 6 of the *Corporate Governance Code*, in agreement with the Designated manager in charge of preparing the corporate accounting documents;
- ✓ on awarding two tasks regarding "non-auditing activities" performed by E&Y in favor of the Spanish investee Saras Energia S.A.;
- ✓ on the assignment of a non-audit engagement, concerning the in-depth analysis of the ESG aspects related to the transformation and innovation process (ESTI Program) undertaken by the Group, carried out by E&Y.

As regards the **supervisory activity regarding the adequacy of the administrative-accounting system and the auditing of the accounts**, the Board, called upon to supervise, pursuant to Article 19 of Italian Legislative Decree no. 39/2010, the financial disclosure process, the effectiveness of the internal control and risk management systems, the auditing of accounts and the independence of the Independent Auditors, especially as regards the provision of non-audit services, in detail:

- 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 designated manager in charge of preparing the corporate accounting documents with the support of Internal Audit. No elements impeding the issue of the certification of the Designated manager in charge of preparing the corporate accounting documents and of the Chief Executive Officer regarding the adequacy of the administrative and accounting procedures for preparing the separate financial statements and the consolidated financial statements of the Company for 2023 emerged from the monitoring of the internal control system on financial disclosure;

- assessed with the Designated manager in charge of preparing the corporate accounting documents and with the other competent Functions, during the various meetings, the potential economic and financial impacts attributable to certain risks to which the Group is exposed. And in particular to the following risks: liquidity, exchange rate, interest rate, credit, price change, legislative and regulatory and of involvement in legal proceedings:

  i) with regard to liquidity risks, the Group complies with the financial metrics on existing loans, subject to verification as of 31st December 2023, and confirms its historical capacity to generate cash from ordinary operations, recording a positive net financial position at the end of the year. However, the fulfillment of the conditions precedent to the purchase agreement entered into, on 11th February 2024, between the Moratti Family and the company VITOL, with the consequent transfer of 35% of the Saras shares to the latter - giving rise to a "change of control" - could involve a request for early reimbursement of the loans disbursed by the lending banks. In any case, even if this were to occur, the Company would be able to reimburse the existing loans;

  ii) with regard to exchange rate risk, which materializes as a result of the connection between the prices of the raw materials purchased and the products sold with the US dollar, the Company uses non-hedging derivative instruments to mitigate the effects, where appropriate;

  iii) with regard to interest rate risk - stemming from the fluctuation in rates for floating rate loans and, for fixed-rate loans, from changes in the fair value of exposures - Saras makes use of derivative instruments to reduce their impact in terms of the change in results and cash flows generated by interest;

iv) in relation to credit risk, this is moderated through the use of guarantees granted by leading credit institutions or through the assignment of receivables without recourse to leading factoring companies;

v) with regard to the risk of price change - strictly connected to the nature of the business and only partially mitigated through the use of appropriate risk management policies, for example through the stipulation of hedging derivatives on commodities - the new global energy scenario, heavily influenced by the Russian-Ukrainian conflict, which has led to significant volatility, and an exceptional increase in the prices of energy commodities (oil and derivatives, gas and electricity), has had a huge impact on the results reported by companies in the Oil & Gas and Refining sectors, extremely positive in 2022 and less so in 2023. However, also in 2023, refining margins were still higher than the historical averages;

vi) with regard to legislative and regulatory risk, considering that the typical nature of the business carried out by the Group is conditioned by the legislative and regulatory context of the countries in which it operates, attention was focused on the monitoring activities carried out by management in order to reduce the economic impact attributable to possible legislative and regulatory changes, such as those concerning the reduction of national emissions of certain atmospheric pollutants and the related impacts on the limits set out in the current AIA (Integrated Environmental Authorization) decree; those related to the recognition of the subsidiary Sarlux S.r.l. as an "energy-intensive company"; those relating to energy efficiency certificates for the Power sector and incentives for the Wind sector with an impact on the GSE; those relating to the "essentiality" requirements of the Sarlux IGCC plant, and the cost reimbursement regime; those adopted to contain electricity costs ("TER Support" and "2023 Budget Law") likely to influence system charges and variable energy components for "energy-intensive" companies (Sarlux) and, correspondingly, sales prices of electricity from renewable sources (Sardeolica, Green Energy and Alternative Energy);

vii) as regards the involvement in legal proceedings - in addition to the usual analyses of contingent liabilities relating to possible legal actions linked to the ordinary course of Group business - also during the year, the Board of Statutory Auditors constantly monitored the evolution of events related to the well-known criminal proceedings at the Public Prosecutor's office in Cagliari regarding the purchase of Kurdish crude oil in the years 2015-2016, in relation to which the Board, as previously pointed out in the previous Reports on the financial statements of 2020, 2021 and 2022 had requested - together with the Supervisory Body - a specific verification regarding compliance with the procedures and company actions, which ended with a positive result on the whole. In fact, the analysis carried out did not reveal any substantial anomalies in the operations carried out, firmly in line with industry normal practice. With regard to these proceedings, it should be noted that on 29th November 2022, the Preliminary Judge, fully accepting the requests of the Company and the parties under investigation, issued a ruling not to proceed against them because the fact did not exist. The Public Prosecutor filed an appeal against this deed on 13th January 2023, but limited to the natural persons under investigation, and the discussion before the Court of Appeal began at the hearing of 5th March 2024, with the Public Prosecutor's statement of the reasons for the appeal. A further hearing has been set for 21st May 2024 to discuss the defense. With regard to the proceedings in question, the Board continued to pay particular attention to the consequent proceedings initiated, with the notice to the Company, of a Report on Findings (hereinafter "PVC") by the Italian Tax Police - which took place on 8th August 2022 - containing the charge of non-deductibility of the purchase cost and the cost of refining the crude oil of Kurdish origin for the years 2015, 2016 and 2017. Following said Report on Findings, the Italian Revenue Agency - Regional Directorate of Sardinia issued two invitations to cross-examination (for IRES and IRAP purposes), challenging the non-deductibility of the alleged criminal costs pertaining to 2016. In relation to these invitations, the Company deemed it appropriate to conclude, on 23rd March 2023, a tax settlement agreement containing a definition of the terms and the payment methods. In this context, with specific reference to the tax liabilities deriving from the matter, it should be noted that the Company - on the basis of a careful assessment of the only ruling issued thus far in the criminal proceedings - considered the likelihood of the disbursement made in observance of the ruling translating into a final disbursement to be remote, and for this reason it has not recognized any specific allocation in the financial statements;

viii) with regard to the risk of involvement in legal proceedings and the potential application of sanctions against the Company, the Board paid particular attention to proceedings 1/864 initiated on 11th July 2023 by the Italian Competition Authority (AGCM) against Saras and other leading companies operating in the sector (ENI S.p.A., Esso Italiana S.r.l., Kuwait Petroleum Italia S.p.A., Tamoil Italia S.p.A., IP S.p.A., Iplom

S.p.A.), aimed at ascertaining the existence of possible violations of Article 101 of the Treaty on the Functioning of the European Union ("TFEU"). In the initiation measure (“Measure”), notified to the Company on 19th July 2023, the Authority assumes, as of at least 1st January 2020, a possible “coordination between the Parties in order to limit the mutual competition and to set, in a coordinated manner, an important component of the price of automotive fuel represented by the cost of the organic component connected to legal obligations which, to date, provide for a minimum quantity of 10% of the total fuel released for consumption”. *In the same Measure, the Authority notes that “considering that the subject matter of the assumed agreement is the cost of the organic component deriving from the obligations introduced into national law, the conduct of the parties could have involved the entire network distribution market and the wholesale market of automotive fuels on the Italian market.”* At the moment of drafting of this Report, only partial access has been granted to the documents of the proceedings, and the Parties have not been notified of the preliminary disclosures (“CRI”), in which the Authority formalizes the charges against the Parties. On 19th October 2023, the Company submitted a document to the Authority containing a series of commitments, pursuant to Article 14-ter of Law no. 287/90. By means of a decision of 21st November 2023, the Authority ordered its rejection, indicating an interest in reaching a decision regarding the possible restrictions on competition of the disputed conduct. The Proceedings will therefore follow the ordinary course that provides for the sending of the CRI if, at the end of its investigation, the Authority deems its allegations to be well founded. The company reiterates its non-involvement in the violations alleged by the Authority and confirms that it has not received any notice of sanctions. The company therefore confirms that the risk is remote and, at present, it is not possible to predict the outcome of the Proceedings, nor to provide a reasonable estimate of the sanctions that the AGCM could impose in the event a violation of Article 101 TFEU is actually verified. Consequently, it did not recognize any specific allocations in the financial statements, supported in this assessment by the opinion of leading legal and tax consulting firms. The Proceedings must be concluded, unless extended, by 31st December 2024. It should be noted, only for the relevance of topics, that the Board has acknowledged the fact that the Company - with the intention of further strengthening its Antitrust compliance - has adopted an "Antitrust compliance program", the adoption of which is resolved by the Board of Directors at the meeting of 17th January 2024;

- 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 has monitored - with particular attention - the process of assessment and monitoring of corporate, operational and compliance risks, which led to a judgment of the suitability of the control and mitigation activities carried out by the Company;

- supervised - considering the guidelines contained in Consob's Warning Notice no. 3/22 of 19th May 2022 - the Company's compliance with the restrictions imposed by the EU against Russia, with particular regard to the embargo and the price cap for oil of Russian origin and oil products of a similar origin. In this context, it acknowledged the request by the CEO of Saras for an assessment on the control environment in the supply & trading area in order to monitor and prevent the potential risk of violation of economic and financial sanctions against Russia. The analysis activity was entrusted to KPMG, which examined Saras' control framework by comparing it with the "Leading Practices" and "benchmarking" of the sector. The result of the analysis showed that the current control framework of Saras is substantially in line with the leading practices of the sector, as it is characterized by a correct segregation of duties between the risk taker functions and the risk control functions and by well-defined levels of accountability. However, areas for improvement were highlighted relating to the formalization of certain control tools (Sanction Monitor Report and Assessment Report) and the strengthening of the controls already in place, promptly acted on by company management;

- monitored the consistency of the behavior of the issuer with the recommendations formulated by ESMA, by Consob (reference is also made to notices no. 1/2021 and no. 5/2021 of 29th April 2021) and by IOSCO in terms of information related to the audit necessary to identify any going concern risks; with regard to the potential decisive or foreseeable effects of the geopolitical crisis on the financial statements and on the financial structure of the Group, as well as in relation to the verification of the recognition of assets (tangible and intangible) at a value not exceeding the recoverable value;

- supervised the auditing of the annual accounts and the consolidated accounts and the independence of the Independent Auditors, especially regarding the provision of non-auditing services;

- received confirmation from the Independent Auditors of its independence pursuant to Article 17 of Italian Legislative Decree no. 39/2010 and paragraph 17 of International Auditing

Principle (ISA Italia) 260;

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.

As regards **supervision of the adequacy of the internal control system and the organizational structure**, the Board assessed and supervised the adequacy of the internal control and the effectiveness of the internal control and risk management systems, focusing its attention on the most important activities, also through regular participation in the 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 the periodic updates on the evolution of the risk management process, the result of the monitoring and *assessment* activities performed by *Internal Audit* and the results achieved;
- received constant reports on the maintenance of the organizational structure, also in the presence of important changes at the top management level.

It also acknowledges that it has read and obtained information on the procedural and organizational activities carried out, in implementation of the legislation pertaining to the "Regulations on the administrative liability of entities" pursuant to Italian Legislative Decree no. 231/2001 and subsequent additions and amendments; to have acknowledged the update of the Model, approved by the Board of Directors on 8th November 2023, which resulted in the review of the General Part with specific regard to the Sanctioning System and the Reports to the Supervisory Body following the amendments made to said Italian Legislative Decree 24/2023, in implementation of Directive (EU) 2019/1937 on the protection of whistleblowers. Conduct subject to sanctions and relating to reports of potential or actual violations of the Code of Ethics, the Model or situations of potential risk of commission of the offenses envisaged by Italian Legislative Decree no. 231/2001 were inserted in the system of sanctions. With regard to Reports to the SB, the reference to the Platform for reports accessible from the Company's website was added and the reference to the use of the SB's e-mail account for receiving reports was removed.

Lastly, the Board of Statutory Auditors reports that, in compliance with Law 179/2017 on "Provisions for the protection of authors of reports of crimes and/or irregularities of which they have become aware in the context of a public or private employment relationship" (Whistleblowing Law), the Company has implemented a suitable global and integrated whistleblowing system at Group level, with the aim of promptly ascertaining and managing any unlawful conduct and/or violations regarding suspicious conduct that does not comply with the provisions of the Company's Code of Ethics.

With regard to **monitoring of compliance with the principles of proper administration**, the Board of Statutory 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:

- ✓ merger by incorporation of Sartec S.r.l. into Sarlux S.r.l., both subsidiaries of Saras;
- ✓ establishment of Saras Energy Management S.r.l., wholly-owned, concerning the purchase and sale of electricity and other related goods and services for the Group;
- ✓ admission, by Terna, of the IGCC plant of the subsidiary Sarlux S.r.l. to the "Essentiality" Regime for the year 2024, on the basis of ARERA Resolution (Regulatory Authority for Energy, Networks and Environment no. 481/2023);
- ✓ recognition to Saras and Politecnico di Milano (Milan Polytechnic) of a PNRR (National Recovery and Resilience Plan) loan for the construction, by MASE (Ministry of Environment and Energy Security), of the first green synthetic fuel production demonstration plant in Italy;
- ✓ inclusion in the list of "essential" plants also for the year 2024, of the combined cycle power plant of Sarlux S.r.l. (IGCC - Integrated Gasification Combined Cycle);
- ✓ admission of the aforementioned Plant, by ARERA, to the cost reimbursement regime with Resolution no. 628/2023/R/EEL.

In conclusion, following the supervisory and control activities carried out during the year according to the terms illustrated (the list is not exhaustive, as supervision in all possible forms is carried out) in the previous paragraphs, the Board can certify that:

- no omissions, irregularities and/or objectionable or otherwise significant facts emerged, which would require notification to the supervisory bodies or mention herein;

- the Board did not receive any reports pursuant to Article 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.

As regards the **supervision of implementation of the corporate governance rules**, the Board acknowledges:

- that it verified the evolution of the *governance* also in light of the considerations contained in the corporate governance report concerning the recommendations in the letter of the Chairman of the *Corporate Governance* Committee dated 14th December 2023 and, in this context, that it positively evaluated the attention the Company paid - also through a careful intra-Board examination - to the aforementioned recommendations for the purpose of assessing the Company's position regarding the latter;

- that it ascertained, through regular participation in the meetings of the Remuneration and Appointments Committee, the actual verification of the application of the Remuneration Policy and the compliance of the conduct adopted by the Company with the principles and criteria established therein.

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 15th March 2024, it received the draft Group consolidated financial statements and separate financial statements as of 31st December 2023 drawn up according to the international accounting standards and in European Single Electronic Format (ESEF), and the report on operations, before the deadlines set by Article 2429 of the Italian Civil Code, and that it ascertained that the rules of law governing its formation were observed, also through the information collected from the Independent Auditors;

- it obtained analytical information on the *impairment tests* performed pursuant to IAS 36, confirming the values of assets recorded in the financial statements of the Company and in the financial statements of the subsidiaries. Given the particular uncertainty that has characterized the global macroeconomic market, sensitivity analyses were carried out based on a multi-scenario approach. All the valuations underlying the impairment test, conducted as of 31st December 2023, and devised in accordance with the methodology used in previous periods, again with the support of a leading consulting firm, were analyzed by the Board. The impairment test, carried out as of 31st December 2023, allowed the competent function to certify the stability of the value in use of the intangible fixed assets with respect to the relative book value;

- to have received, also on 15th March 2024, the Sustainability Report containing the Consolidated Statement of Non-Financial and Diversity Information, by the deadline set by Article 5 of Italian 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. Going into detail, the Board, as part of the routine activity carried out in implementing current legislation, supervised the Company's compliance with the provisions established regarding communication of non-financial and diversity information, verifying that the Company drew up the consolidated non-financial statement in 2023 as well in the broader form of the "*Sustainability Report*", placing it in a separate document and not in a section of the report on operations. This statement was drawn up according to the reporting principles identified in the *"Global Reporting Initiative Sustainability Reporting Standards*" (GRI Standards for short), 2021 Edition, according to the "in accordance" option and offers a representation of the strategies adopted in order to ensure the economic growth of the Company and the sustainable development of its *business*. The same statement, voluntarily and in advance of Italy's receipt of the new obligations imposed by the CSRD (Corporate Sustainability Reporting Directive), also contains the key elements for compliance with them. The reference is, in particular, to the description of the Business Model and Sustainability Strategy; the materiality analysis conducted according to the dual perspective (impact + financial materiality); climate disclosure with the inclusion of Scope 3; updating of the taxonomy disclosure with the verification of six environmental objectives; ESG monitoring of the suppliers chain. As regards the aforementioned statement, approved by the Board of Directors at the meeting of 15th March 2024 and made available to the Statutory Auditors on the same date, the Board carried out a summary check on the systems and processes in order to ascertain compliance with the law and the correct administration, as well as on the methods of reporting the information provided by the Group companies and its truthfulness, as well as on the consistency of said reporting with the provisions of the law and with the Sustainability Policy. Again with a view to the energy transition and acceleration of the development of renewables, the Board acknowledged that the Company has approved the medium and long-term strategic guidelines for the evolution of the Group from a pure refiner to a sustainable energy player.

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;
- to have received from the Independent Auditors on 5th April 2024 the reports issued pursuant to Article 14 and Article 19, paragraph 3 of Italian Legislative Decree no. 39/2010 for the financial statements and for the consolidated financial statements as of 31st December 2023, respectively. What emerges from these reports is that the financial statements and the consolidated financial statements of the Company provide a truthful and correct representation of the financial position, of the EBITDA and of the cash flows for the year ended on 31st December 2023, in compliance with the *International Financial Reporting Standards* adopted by the European Union and with the measures issued in implementing Article 9 of Italian Legislative Decree no. 38/2005; and that the report on operations and the information of the report on corporate governance and the ownership structures indicated in paragraph 4 of Article 123-bis of Italian Legislative Decree no. 58/1998 are consistent with the financial statements and the consolidated financial statements. The audit report also includes an indication of the key aspects of the audit, in connection with which, however, a separate opinion is not given since they were addressed within the auditing process and in the formation of the opinion on the financial statements as a whole. The Independent Auditors defined the key aspects - Key Audit Matters - which were subject to in-depth and specific

analyses. The reference is, in particular, to:

- ✓ recoverability of tangible fixed assets and intangible fixed assets (impairment test) and in particular: the estimate of expected flows with respect to the oil and electricity market; the determination of the investment plan and the productivity of the wind farms;
- ✓ evolution of the legal case linked to the investigation related to the purchase of Kurdish crude oil in the years 2015/2017;
- ✓ financial management with a focus on the absorption of cash deriving from operations; on financial commitments; on tax obligations; on the payment of dividend income; as well as on the possible effects of the completion of the contract for the sale of the shares held by the Moratti Family to VITOL, announced to the market with a press release dated 11th February 2024;
- ✓ valuation of the oil inventory;
- ✓ restoration of the Essentiality Regime;

- to have received the report required by Article 11 of Regulation (EU) 537/2014 from the Independent Auditors EY S.p.A. on 5th April 2024, which shows no significant shortcomings in the internal control system in connection with the financial disclosure process worthy of being brought to the attention of the *governance* managers. 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 Italian Legislative Decree no. 39/2010. With regard to the previous year, the Board of Statutory Auditors informed the Board of Directors on the results of the audit as required by the provisions of law;
- to have received, on 5th April 2024, the limited audit report on compliance of the non-financial information provided with the rules set out in Italian Legislative Decree no. 254 of 30th December 2016 from the Company tasked with the audit EY S.p.A., which shows the non-existence of elements that can lead one to believe that the Consolidated Non-Financial Statement was not drawn up, in all significant aspects, in compliance with the requirements of articles 3 and 4 of the above-mentioned Decree and the GRI Standards.

With regard to the activity of supervision of dealings with subsidiaries, the Board:

18

- acquired knowledge of and supervised, pursuant to Article 149, paragraph 1, letter d) of Italian 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 Article 114, paragraph 2 of the same Legislative Decree no. 58/1998, by means of:

✓ the acquisition of information from the managers of the competent company functions;

✓ meetings and exchanges of information with the Chairmen of the Boards of Statutory Auditors and with the Sole Statutory Auditor, if applicable;

✓ meetings with the Company tasked with the audits of the investees as well.

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 12th March 2010, taking into account the updates in force as of 1st 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 calls the reader's attention to the circumstance that in the Notes to the financial statements, the Directors point out and explain analytically - in the Explanatory Notes in paragraph 7.3 of Chapter 7 entitled "Other information" of the consolidated financial statements and in paragraph 7.2 of the same chapter of the separate financial statements, respectively - the existence of relations involving the exchange of goods and services and financial relations with subsidiaries and with other related parties, specifying the nature of the most significant ones, clearly expressing the economic effects of the individual transactions, specifying that the same relations were governed under the conditions that would have been applied to transactions of the same nature between unrelated parties and fully in keeping with the Company's interest;

- 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.

Conclusions

Upon the conclusion of the supervisory activity described above carried out during 2023, in reiterating considerations already expressed, the Board can certify that the choices made by the Directors appear to be compliant with the law and with the articles of association, with the principles of proper administration, and consistent and compatible with the company's size and assets; and that - also on the basis of the information collected from the Independent Auditors - no omissions and/or reprehensible facts and/or irregularities or in any case significant facts such as to require them to be reported to the control bodies or to be mentioned in this report were found.

On the basis of the aforesaid supervisory activity, and from the analysis of the draft financial statements submitted, considering that on 5th April 2024 the Independent Auditors issued its reports without findings, the Board finds no reason to impede approval of the financial statements as of 31st December 2023 and the draft resolutions formulated by the Board of Directors.

Lastly, considering that the approval of the financial statements under review by this Shareholders' Meeting marks the expiry of the three-year mandate of the Board of Statutory Auditors, the Shareholders are invited to take the necessary measures. The Statutory Auditors take this opportunity to thank the Company and its shareholders for the trust placed in them to date.

5th April 2024

The Board of Statutory Auditors

Giancarla Branda – Chair [Signature]

Fabrizio Colombo - Standing Auditor [Signature]

Paola Simonelli - 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 2024

Avv. Giancarla Branda

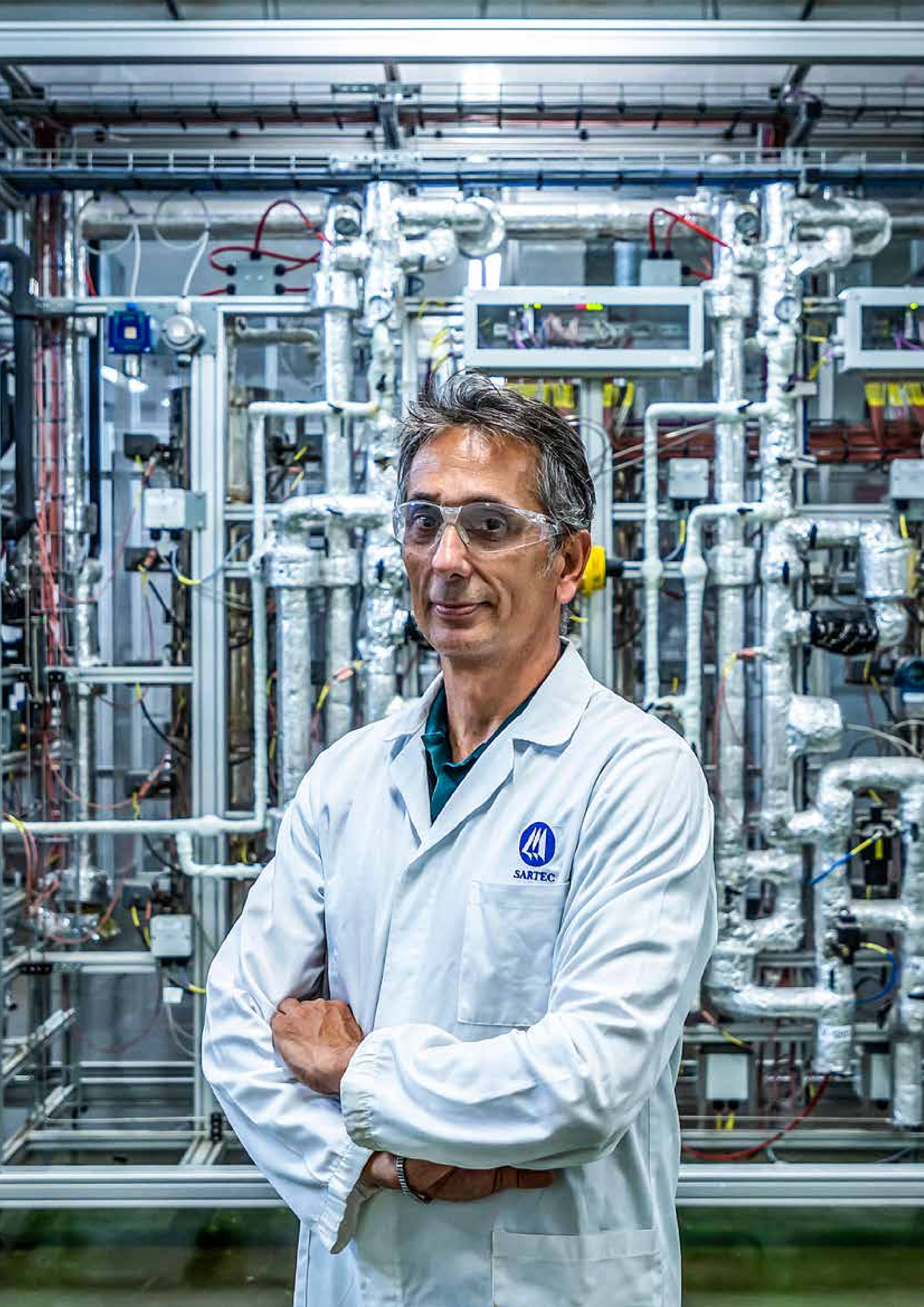
COMPANY NAME	POSITION HELD
Saras SpA	Chairman Board of Statutory Auditors
ACI Progei SpA	Statutory Auditor
FINECO Bank SpA (quotata)	Member of the Board of Directors
Garofalo Health Care SpA – GHC (quotata)	Member of the Board of Directors
Consorzio Studi e Ricerche Fiscali di Intesa San Paolo (ente 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
MFE Advertising SpA	Statutory Auditor
Acciaieria Arvedi SpA	Statutory Auditor
Finarvedi SpA	Statutory Auditor
Acciai Speciali Terni SpA	Statutory Auditor
Sistemi Informativi Srl	Statutory Auditor
Value Transformation Services SpA	Statutory Auditor
BNP Paribas for Innovation Italia Srl	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
C&P Srl	Chairman Board of Statutory Auditors
Innovative-RFK SpA	Chairman Board of Statutory Auditors
Lio Capital Srl	Chairman Board of Statutory Auditors
UBS Fiduciaria SpA	Chairman Board of Statutory Auditors
Chef Express SpA	Statutory Auditor
Corradi & Ghisolfi Srl	Statutory Auditor
BI-QEM Specialties SpA	Statutory Auditor
Bludigit SpA	Statutory Auditor
Cremonini SpA	Statutory Auditor
GE.SE.SO. Gestione Servizi Sociali Srl	Statutory Auditor
Lis Holding SpA	Statutory Auditor
Perani & Partners SpA	Statutory Auditor
Saras SpA	Statutory Auditor
Sarlux Srl	Statutory Auditor
Toscana Energia SpA	Statutory Auditor
Umbria Distribuzione Gas SpA	Statutory Auditor


SARTEC

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS OF SARAS SPA

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Building a better working world

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, 2023, 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 material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, 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:

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.600.000,00 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

A member firm of Ernst & Young Global Limited

EY
Building a better working world

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 with the support of 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.

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 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 as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 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, 2023 , 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, 2023 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, 2023 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, 2024

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.

Investor Relations
ir@saras.it

Freephone number for private investors
800 511155

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
FSC
www.fsc.org

SELECTED SECONDARY FIBERS

ELEMENTAL
CHLORINE
FREE
GUARANTEED

ACID FREE

HEAVY METAL
HM
ABSENCE
CE 94/62

LONG-LIFE
ISO 9706

Saras SpA - Registered Office: Sarroch (CA)
SS. 195 Sulcitana, Km 19
Number Registration with the Company Register
Fiscal code 00136440922
VAT No 03868280920

SARAS