The Board of Directors of SARAS S.p.A. approves the Half-Year Financial Report as of 30th June 2021[1]

- **Group *reported* EBITDA at EUR 81.6 million in Q2/21 (EUR -22.4 million in Q2 /20), and equal to EUR 108.7 million in H1/21 (EUR -114.4 million in the first half of 2020),** recovered rebalancing the oil price effect on stock inventory evaluation in the first half-year
- **Group *reported* Net Result at EUR 24.3 million in Q2/21 (EUR -67.6 million in Q2/20) and EUR 0.5 million in H1/21 (equal to EUR-180,7 in H1/20)**
- **Group *comparable* EBITDA at EUR 19.5 million in Q2/21 (EUR 15.0 million in Q2/20) and equal to EUR 8.3 million in H1/21 (EUR 71.7 million in the first half of 2020)** further improved in the second quarter despite being affected by low refining margins
- **Group *comparable* Net Result negative at EUR -23.8 million in Q2/21 (EUR -41.1 million in Q2/20) and equal to EUR -70.8 million in H1/21 (EUR- 41.5 million in the first half of 2020)**
- **Group Net Financial Position as of June 30th, 2021, before IFRS 16 effect, negative at EUR -433 million, s**lightly improved compared to December 31st, 2020 (negative and equal to EUR -505). Net Financial Position after IFRS 16 effect negative at EUR -479 million (negative at EUR -545 million as of December 31st, 2020).

After the Board meeting, Saras' **Chairman, Massimo Moratti, commented**:

"Global oil demand raised significantly in the second quarter, confirming the expectations of an even more solid and close to pre-Covid levels demand in the second half of the year, despite the risk related to the variants of the pandemic persists. Saras Group results showed a further improvement in the quarter, but the margins of the refining sector, and especially those of complex refineries such as Saras, were affected, not only by the high pressure on crude oil market, but above all by still weak margins of middle distillate products, whose excess in supply will rebalance with a more substantial restart of the aviation sector. However, the measures taken by our Group to reduce the impacts in 2021, which we consider a year of transition, together with the projections of a more structural recovery of the economy in the upcoming months, allow us to forecast a gradual improvement in results from the second half of the year".

Milan, 2nd August 2021: The Board of Directors of Saras S.p.A. met today under Chairman Massimo Moratti and approved the Half-Year Consolidated Financial Report as of 30th June 2021. The results of the second quarter, which are unaudited, are also presented here below for sake of continuity and completeness of information.

Covid-19 Impact

The projections contained in the World Economic Outlook of the International Monetary Fund (IMF) at the end of July confirmed the expectations of a sustained growth in world GDP, at +6% for 2021, while they revised upwards the estimates already highlighted in April for the 2022, with an expected growth of +4.9% (+0.5 percentage points compared to the April estimates). A faster-than-expected recovery is expected for most advanced economies. Eurozone GDP will grow more than expected both in 2021, by +4.6%, and in 2022, by 4.3%. However, the risks associated with the Covid variants remain which, despite the vaccination campaigns introduced all over the world, could slow down the recovery time compared to what is now forecast.

According to what emerges from the latest report from the International Energy Agency (IEA), the positive trend in oil demand, which had already begun at the end of 2020, continued also in the second quarter of 2021, with a recovery of approximately 3.2 million barrels per day in June alone, bringing demand to 96.8 million barrels per day, about 3 million barrels per day lower than the average consumption in 2019, before the demand shock caused by the pandemic. The recovery observed in June came in the wake of the decline in Covid cases in Asia and South America, and thanks to the increasing seasonal mobility made possible by the continued expansion of vaccination campaigns.

[1] The manager in charge of preparing the corporate accounting documents, Dr. Franco Balsamo, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records of the Company.

According to the International Energy Agency, economic growth, vaccinations, and the reduction of distancing measures allow to foresee in the coming months an increase in oil demand, which could reach pre-Covid levels in the second half of the year.

However, the refining sector, and in particular the high-yield complex refineries of middle distillates (diesel and gas oil), such as that of Sarroch, are still affected by the impact of the pandemic on the margins of these products. Unlike what happened for gasoline, in fact, whose margins have largely returned to the levels of 2019 thanks to the recovery of mobility following the relaxation of restrictions and lockdowns, the margins of middle distillates (diesel and diesel) are still much lower compared to their pre-Covid levels. Diesel, which before the pandemic in 2019 recorded an average crack of 14.3 $/bl, in the second quarter of 2021 recorded an average crack of 4.8 $/bl. On the other hand, gasoline, which in 2019 recorded an average crack spread of 7 $/bl, thanks to the recovery in demand in the second quarter of 2021, exceeded the average pre-pandemic value, recording a crack of 8.9 $/bl.

This different trend in margins is due to both the recovery of demand for these products and to the cost of crude oil.

In fact, the demand for middle distillates is still penalized above all by the absence of a large share of jet fuel consumption, due to a lack of real restart of long-haul flights: if in 2019, before the pandemic, jet fuel consumption accounted for approximately 8% of total global fuel demand, with demand of around 8 million barrels per day on average, in 2020 demand fell to an average of 4.7 million barrels per day. This year, the demand for jet fuel is expected to reach 5.4 million barrels per day, a figure that is about 3 million barrels per day lower than the average consumption of 2019. Faced with this lower demand, the production assets refineries, which cannot be remodeled beyond certain limits, have allocated a large part of the share of crude oil previously used in the production of jet fuel to the production of diesel and diesel fuel since the beginning of the pandemic. Global stocks of these products have therefore progressively increased with an unprecedented global oversupply, which negatively impacted the marginality of the middle distillates pool.

Tensions on the crude oil market further penalized refining margins in the second quarter: crude oil prices in June exceeded 76 $/bl, the highest value recorded since 2018, supported by positive economic indicators that fuelled expectations of a robust recovery in oil consumption and by data on crude oil inventories in gradual reduction, also due to the resumption of refinery operations after the winter months dedicated to turnarounds. Added to this were the confirmations of a not very expansive policy by the member countries of OPEC + Russia which, despite a growing demand, at the beginning of June decided to keep the previously established production cuts unchanged, feeding the fears of the markets on the risk of a short-term supply deficit. However, this rapid appreciation of Brent was only partially reflected in the prices of refined products, further penalizing the margins of products such as diesel, already exposed to the pressures described above.

In mid-July, the agreement reached by the member of OPEC + Russia, despite having further eased last year's cuts, could keep the crude oil market in a slight deficit, given the structural growth in demand expected for this year, despite the risks associated with the Delta variant remain. However, it is reasonable to expect a gradual stabilization of Brent dtd at lower levels in 2022.

On the other hand, the acceleration in demand expected in the coming months for the main oil products could bring an improvement on product prices and margins. However, the global demand for jet fuel, which mostly affects the recovery of the middle distillate margins, and is still significantly lower than pre-Covid levels, showed clear signs of recovery in June, and is expected to progressively increase starting from the second half of 2021.

These conditions will be crucial for a recovery in middle distillate margins in the short term, as well as for the profitability of complex refineries such as that of Saras.

The economic and financial impacts of what has been described and of the short-term prospects will be illustrated in the following chapters.

[1] The CFO in charge of preparing the corporate accounting documents, Dr. Franco Balsamo, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records of the Company.

Key financial and operational Group Results

EUR Million	H1 2021	H1 2020	Change %	Q2/21	Q2/20	Change %
REVENUES	3,756	2,742	37%	2,127	857	148%
Reported EBITDA	108.7	(114.4)	n.s.	81.6	(22.4)	n.s.
Comparable EBITDA	**8.3**	**71.7**	**-88%**	**19.5**	**15.0**	**30%**
Reported EBIT	13.6	(215.0)	n.s.	33.6	(73.4)	n.s.
Comparable EBIT	**(86.8)**	**(29.0)**	**n.s.**	**(28.5)**	**(36.0)**	**n.s.**
NET RESULT reported	0.5	(180.7)	n.s.	24.3	(67.6)	n.s.
Comparable NET RESULT	**(70.8)**	**(41.5)**	**n.s.**	**(23.8)**	**(41.1)**	**42%**

EUR Million	H1 2021	FY 2020
NET FINANCIAL POSITION ANTE IFRS 16	**(433)**	**(505)**
NET FINANCIAL POSITION POST IFRS 16	**(479)**	**(545)**
CAPEX	**58**	**256**

Comments to First Half 2021 Group Results

For the sake of consistency, the information related to each company of the Group is attributed to the business segment identified as described here below. It is reminded that starting from January 1st, 2021, refining and power generation activities, as well as those previously reported as “Marketing”, are represented in the “Industrial & Marketing” segment. The segment “Renewables”, including all the activities of the so far called "Wind" segment, has been renamed in view of potential developments in the field of photovoltaics and green hydrogen.

In the first half of 2021, concerning the "Industrial & Marketing" segment and the related electricity generation activity, following resolution 598/2020/R/eel of December 29th, 2020 and the consequent admission of the combined cycle power plant of Sarlux Srl (named IGCC) to the list of the essential plants for the safety of electricity system for the year 2021, the transition from the CIP6/92 convention to the essentiality regime has been finalized and the consequent change of the technical and economic parameters to be considered for its functioning has been implemented.
Regarding the “Renewables” segment, on June 4th, 2021, Sardeolica Srl signed an agreement with GWM Renewable Energy SpA for the acquisition of 100% share of Energia Verde Srl and Energia Alternativa Srl, owners of two wind farms located in Macchiareddu (CA), Sardinia, thus increasing the installed capacity by additional 45 MW and bringing Saras' total wind installed capacity to 171 MW.
For further details, please refer to section “Segment Review”.

Group’s revenues in the first half of 2021 totaled EUR 3,756 million, compared to EUR 2,742 million in the first half of 2020. The variation is mainly due to the significant increase in prices of oil products, compared to the same period of the previous year, characterized by a sharp drop led by the effects of the pandemic. In particular, gasoline price was on average equal to 607 \$/ton (compared to the average of 367 \$/ton in the first half of 2020), while that of diesel was on average equal to 520 \$/ton (compared to the average of 365 \$/ton in the first half of 2020). Additional factors that boosted revenues are greater refinery runs and product sales; indeed, it is reminded that in the first six months of 2020 production had been affected by the turnaround maintenance of the FCC plant. The negative impact of an appreciated Euro, with the €/\$ exchange rate of the first half of 2021 being equal to 1.21 (compared to the average of 1.10 in first half of 2020), and of lower electricity sales partially compensated the above effects.

Group's reported EBITDA in the first half of 2021 was EUR 108.7 million, increasing compared to the negative EBITDA of EUR -114.4 million in the first half of 2020. The positive change is mainly due to the different impact of price dynamics on oil inventories. In the first half of 2021, the change in inventories (net of related hedging derivatives) benefited from an appreciation of EUR 101.0 million, compared to a depreciation of EUR 191.1 million in the same period of 2020. This advantage was partially compensated by the negative impact of an unfavorable scenario, both in terms of oil prices that negatively influenced margins (i.e., a higher Brent price and a lower crack for Diesel), and higher prices for electricity and CO_2 that negatively affected variable costs. For additional information, please refer to section "Segment Review".

Group's reported Net Result was equal to EUR 0.5 million, compared to EUR -180.7 million achieved in the first half of 2020, mainly due to the same dynamics highlighted in terms of EBITDA.

Group's comparable EBITDA in the first half of 2021 was EUR 8.3 million, decreasing compared to EUR 71.7 million in the first half of 2020. This result, compared to reported EBITDA, does not include the above-mentioned positive effect of the scenario on the change in inventories, it includes the impact of derivatives on exchange rates (reclassified in the core business results) and it excludes non-recurring items arising from CO2 duties of the previous year.
The deviation from the first half of 2020 is almost entirely attributable to the segment "Industrial & Marketing".

Group's comparable Net Result in the first half of 2021 was negative and equal to EUR -70.8 million, compared to EUR -41.5 million in the same period of the previous year.

Investments in the first half of 2021 amounted to EUR 58.0 million, significantly lower than in the first half of 2020 (equal to EUR 186.0 million) due to fewer shutdowns planned between the two periods and to the investment containment.

Comments to Second Quarter 2021 Group Results

Group's revenues in the second quarter of 2021 totaled EUR 2,127 million, compared to EUR 857 million in the second quarter of 2020. The significant variation is determined by the same dynamics highlighted in the comments to first half results, made even more evident if considering the sharp drop in oil prices and the turnaround maintenance of the FCC plant happened in the second quarter 2020. Hence, regarding the prices of the main oil products, they recorded a general increase compared to the same period of the previous year: in the second quarter of 2021 gasoline price was on average equal to 651 $/ton (compared to the average of 267 $/ton in the second quarter of 2020), while that of diesel was on average equal to 551 $/ton (compared to the average of 268 $/ton in the second quarter of 2020). Concerning refinery runs in the second quarter of 2021, they amounted to 3,367 kTon (vs 2,293 kTon in 2020). The appreciation of the Euro/Dollar exchange rate partially compensated the above events, with a negative impact in line with that shown for the first six months of 2021.

Group's reported EBITDA in the second quarter of 2021 was EUR 81.6 million, increasing compared to EUR -22.4 million in the second quarter of 2020. As previously stated, the variation is due to the different impact of the dynamics of commodity prices on oil inventories: in the second quarter of 2021 the change in inventories (net of the related hedging derivatives) benefited from an appreciation of EUR 62.8 million (compared to a depreciation of EUR 35.9 million in the same period of 2020). This advantage more than compensated the negative impact of an unfavorable, both in terms of oil prices and the increase in the prices of electricity and CO_2 (affecting variable costs). For additional information, please refer to section "Segment Review".

Group's reported Net Result in the second quarter of 2021 totaled EUR 24.3 million, compared to EUR -67.6 million in the second quarter of 2020, basically due to the reasons shown at EBITDA level.

Group's comparable EBITDA in the second quarter of 2021 amounted to EUR 19.5 million, compared to EUR 15.0 million achieved in the second quarter of 2020. This result, compared to reported EBITDA, does not include the positive effect of the scenario on the change in inventories, it includes the impact of derivatives on exchange rates (reclassified in the core business results) and it excludes non-recurring items arising from CO_2 duties of the previous year. The deviation from the second quarter 2020 is almost entirely attributable to the segment "Renewables".

Group's comparable Net Result in the second quarter of 2021 was EUR -23.8 million, compared to EUR -41.1 million in the second quarter of 2020.

Investments in the second quarter of 2021 amounted to EUR 36.3 million, significantly lower than investments in the second quarter of 2020, equal to EUR 88.7 million. As stated above, the variation depends on both: the initiatives adopted to contain the capital expenditures and the differences between planned shutdown activities in the two periods.

Calculation of the Group comparable EBITDA

EUR Million	H1 2021	H1 2020	Q2/21	Q2/20
Reported EBITDA	**108.7**	**(114.4)**	**81.6**	**(22.4)**
Gain / (Losses) on Inventories and on inventories hedging derivatives	(101.0)	191.1	(62.8)	35.9
Derivatives FOREX	(4.3)	(7.0)	2.8	0.7
Non-recurring items	4.9	2.0	(2.1)	0.8
Comparable EBITDA	**8.3**	**71.7**	**19.5**	**15.0**

Calculation of the Group comparable Net Result

EUR Million	H1 2021	H1 2020	Q2/21	Q2/20
Reported NET RESULT	**0.5**	**(180.7)**	**24.3**	**(67.6)**
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(72.8)	137.8	(45.3)	25.9
Non-recurring items net of taxes	1.5	1.4	(2.8)	0.6
Comparable NET RESULT	**(70.8)**	**(41.5)**	**(23.8)**	**(41.1)**

Net Financial Position

The Net Financial Position as at June 30th 2021, before the effects of applying IFRS 16, was negative for EUR 432.6 million, compared to the negative position of EUR 504.6 million as at December 31st, 2020. Cash generation over the period was recorded due to the positive result of operations, impacted by the positive price dynamics on inventories. These variations more than compensated the capital expenditures and financial charges of the period. Concerning the decrease in working capital, it was mainly due to the increase in accounts payable that more than compensated the increase in inventories and in accounts receivable (that include the reimbursement entailed by the "essentiality" regime).

The Net Financial Position before the effects of IFRS 16 was negative for EUR 432.6 million and negative for EUR 479.0 million when considering the effect of applying IFRS 16.

For further details, please refer to the Notes.

Please note that adjustments to specific financial parameters are being discussed with the lending banks to properly reflect current market conditions.

EUR Million	**30-Jun-21**	**31-Dec-20**
Medium/long-term bank loans	(318.3)	(399.2)
Bonds	(201.2)	(199.3)
Other medium/long-term financial liabilities	(14.9)	(13.2)
Other medium/long-term financial assets	4.5	6.0
Medium-long-term net financial position	**(529.8)**	**(605.7)**
Short term loans	(20.9)	(19.1)
Medium/long-term bank loans (maturity date within 12 months)	(87.5)	-
Banks overdrafts	(358.7)	(456.1)
Other short term financial liabilities	(10.4)	(38.9)
Fair value on derivatives and realized net differentials	(20.4)	(6.2)
Other financial assets	54.2	62.4
Cash and Cash Equivalents	540.8	559.0
Short-term net financial position	**97.1**	**101.1**
Total net financial position ante lease liabilities ex IFRS 16	**(432.6)**	**(504.6)**
Financial lease liabilities ex IFRS 16	(46.3)	(40.3)
Total net financial position post lease liabilities ex IFRS 16	**(479.0)**	**(544.9)**

Outlook

The projections contained in the World Economic Outlook of the International Monetary Fund (IMF) at the end of July confirmed the expectations of a sustained global GDP growth at +6% for 2021, while they revised upwards the estimates already highlighted in April for the 2022, with an expected growth of +4.9% (+0.5 percentage points compared to the April estimates). The forecasts of the Monetary Fund highlight a more sustained recovery in advanced economies than in emerging ones, while the risk linked to the dominant Delta variant of the virus remains. The data for the second quarter made it possible to revise the growth expected for both the United States slightly upwards, equal in 2021 to +7% (+0.6 compared to April) and to 4.9% in 2022 (+1.4 compared to the April estimates) and for Europe, expected in 2021 equal to + 4.6% (+0.2 percentage points compared to the April estimates) and in 2022 to + 4.3% (+0.5 compared to April estimates). Among the euro area countries, Italy's growth forecasts have also been revised upwards, with an estimated increase in GDP of + 4.9% in 2021 (against + 4.2% in the April estimates) and of + 4.2% in 2022 (+ 3.6% in April estimates).

Analyzing the dynamics of the oil market, from the point of view of supplies, crude oil prices rose well above 70 $ / bl in the second quarter in the face of particularly positive indicators on the recovery of demand, also due to the uncertainties with respect to a policy not sufficiently accommodating by the producer countries of OPEC + Russia, they have partially stabilized after they reached an agreement in mid-July, which plans to increase by 0.4 million barrels per day on a monthly basis starting in August and up to December 2022, allowing production to return to pre-Covid levels in the second half of 2022. This agreement, while further easing last year's cuts, could keep the crude oil market in a slight deficit, given the structural growth in demand expected for this year, although the risks associated with the Delta variant remain. However, it is reasonable to expect a gradual stabilization of Brent dtd at lower levels in 2022.

With regards to the petroleum products market, according to what emerges from the latest report of the International Energy Agency (IEA), economic growth, vaccinations and the reduction of distancing measures suggest an increase in demand also in the coming months, which could reach levels close to pre-Covid levels in the second half of the year. The recovery in demand, which had already begun at the end of 2020, continued in the second quarter of 2021 as well, with a growth of approximately 3.2 million barrels per day in June alone, with a demand that in June also reached 96.8 million barrels per day, about 3 million barrels per day lower than the average consumption in 2019.

However, while the demand for most petroleum products is expected to accelerate in the coming months, even to levels higher than those prior to the pandemic, with a benefit on margins, the global demand for jet fuel, which most affects the recovery of marginality of middle distillates and is still significantly lower than pre-Covid levels, showed clear signs of recovery in June, and is expected to progressively increase starting from the second half of 2021.

In this context, with regard to the Industrial & Marketing segment, the objective of Management is to continue the efforts undertaken to contain costs and investments; initiative that will be modulated according to the evolution of the macroeconomic context and any operational and commercial opportunities that may arise. In this regard, it should be noted that the Company has chosen to extend, albeit in a reduced form, the use of the redundancy fund until 30 September 2021. Furthermore, the focus on maximizing commercial opportunities remains unchanged, both on the raw material supply side and on the enhancement of products and on the optimal operational management of the plants within the new essentiality regime.

Despite the uncertainty of the current market scenario and consistent with the hypothesis of a third quarter margin in line with current values and then increasing in the fourth quarter, the Saras Group, considering the current state of maturity of the cost containment initiatives and the actual and expected production performances, updates and increases its objective of achieving an average annual premium above the EMC Benchmark margin in a range of +4.8 ÷ +5.2 $/bl, including the results of the Marketing channel (forecasted at approx. +0.4 $/bl).

With regard to the Renewables segment, the acquisition of two wind farms located in Macchiareddu, Cagliari (Sardinia), for a total installed capacity of 45 MW, finalized in June, and the completion of the reblading activities, scheduled for third quarter, represent further concrete steps towards the achievement of the plan targets (installed capacity of 500 MW by 2024). to this end, the authorization activities for the development of new greenfield plants continue and the evaluation of the best options, including the opportunity for new partnerships with the aim of creating sustainable value in the long term.

Finally, with regard to the Net Financial Position, in the second half of 2021, a rebalancing of part of the benefit achieved in the first half of the year is expected, thus achieving a level of debt no higher than that at the end of 2020, also thanks to the continuation of the activities to contain industrial costs, investments and labor costs.

Conference call on 2nd August 2021 and other information

On August 2nd, 2021, the Board of Directors of Saras SpA will meet in order to approve the Second Quarter and First Half 2021 Group's results. Subsequently a dedicated press release will be issued via SDIR and, at the same time, a slide presentation will become available on the company's website (www.saras.it).

On the same day at 16:30 CEST, there will be a conference call for analysts and investors, during which the management will comment the results and answer to relevant questions.

Dial in numbers:

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Link for the live webcast: https://87399.choruscall.eu/links/saras210802.html

Playback and transcript of the webcast will also be available on the company's website.
For enquiries, please contact Saras' Investor Relations Department.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree 24th February 1998 number 58, adopted by CONSOB under resolution 14th May 1999 number 11971, as amended and supplemented. It is available to the general public on the Company's website under "Investors / Financial Press Releases", and also on the "1Info" authorised storage mechanism (**www.1info.it**). Moreover, the Half-Year Financial Report as of 30th June 2021 is also available to the public at the Company's registered Office in Sarroch (CA) S.S. 195 Sulcitana Km. 19, on the Company's website under "Investors / Financial Reports", and on the "1Info" authorised storage mechanism.

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THE SARAS GROUP

The Saras Group founded by Angelo Moratti in 1962 is one of the leading independent players in the European energy and refining industry. Through the parent Compay Saras SpA, and its subsidiaries, Saras Trading SA, based in Geneva, and Saras Energia SAU, based in Madrid, the Group sells and distributes oil products in the domestic and international markets. The Group also operates in the production and sale of electricity, through its subsidiaries Sarlux Srl (IGCC plant) and Sardeolica Srl (Wind plant). Moreover, the Group provides industrial engineering and research services to the oil, energy and environment sectors through its subsidiary Sartec Srl. The Group has about 1,690 employees and total revenues of about 5.3 billion Euros as of 31st December 2020 (about 9.5 billion Euros as of 31st December 2019).