

Saras Group
Interim Financial
Report as at
31st March 2024

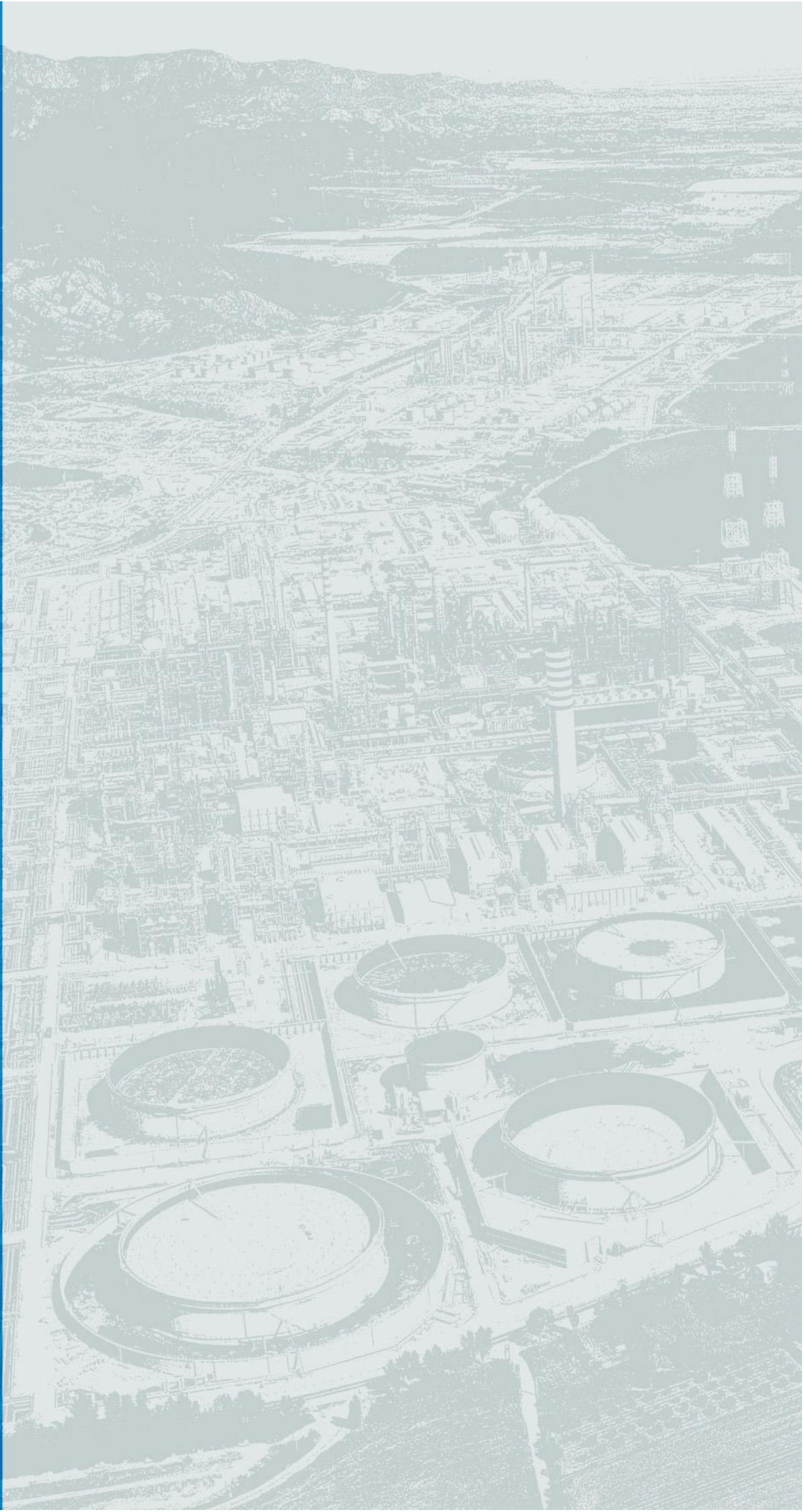


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The Financial Statements have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the reports and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

Statutory and Control Bodies

BOARD OF DIRECTORS

MASSIMO MORATTI	Chairman, 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 known as 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

ROBERTO CASSADER	Chairman
FABRIZIO COLOMBO	Permanent Auditor
PAOLA SIMONELLI	Permanent Auditor
PINUCCIA MAZZA	Stand-in Auditor
DANIELA SAVI	Stand-in Auditor

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FABIO PERETTI	Chief Financial Officer
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INDEPENDENT AUDITING FIRM

PwC S.p.A.

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the largest in the Mediterranean in terms of production capacity (15 million 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.

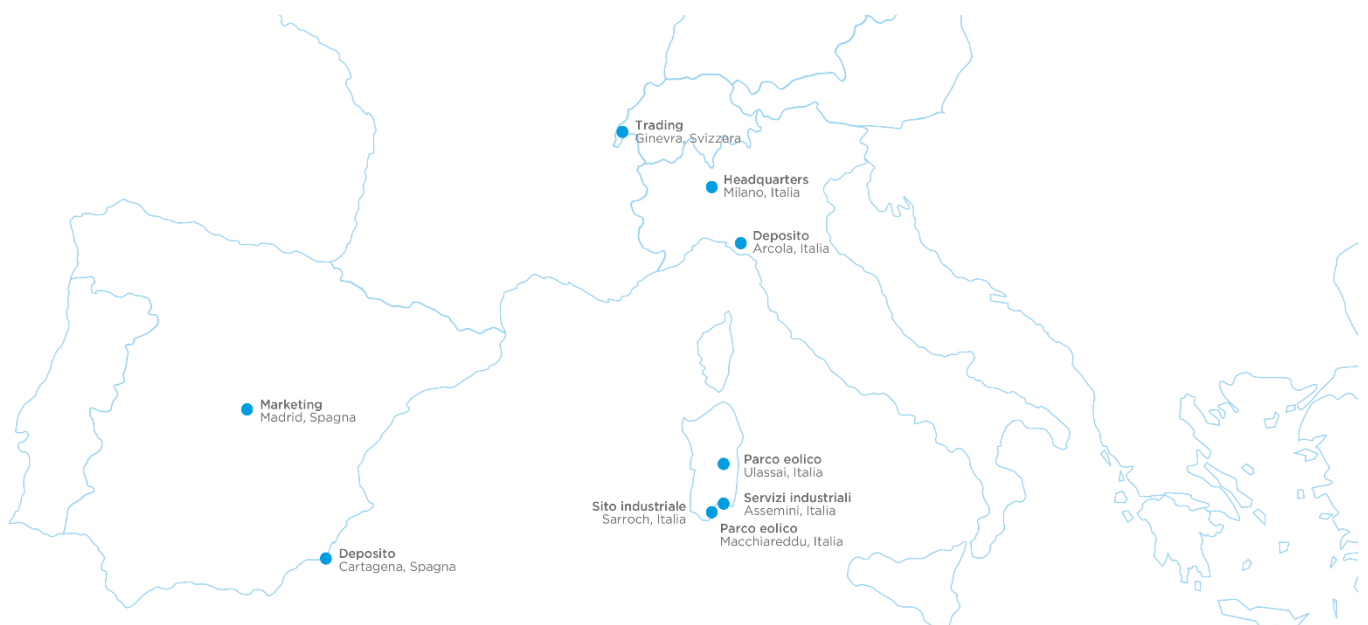
The Group sells and distributes oil products directly and through its subsidiaries, such as diesel, gasoline, diesel fuel for heating, liquefied petroleum gas (LPG), virgin naphtha, fuel for aviation and bunkering, mainly on the Italian and Spanish (Saras Energia S.A.) markets, but also in various other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

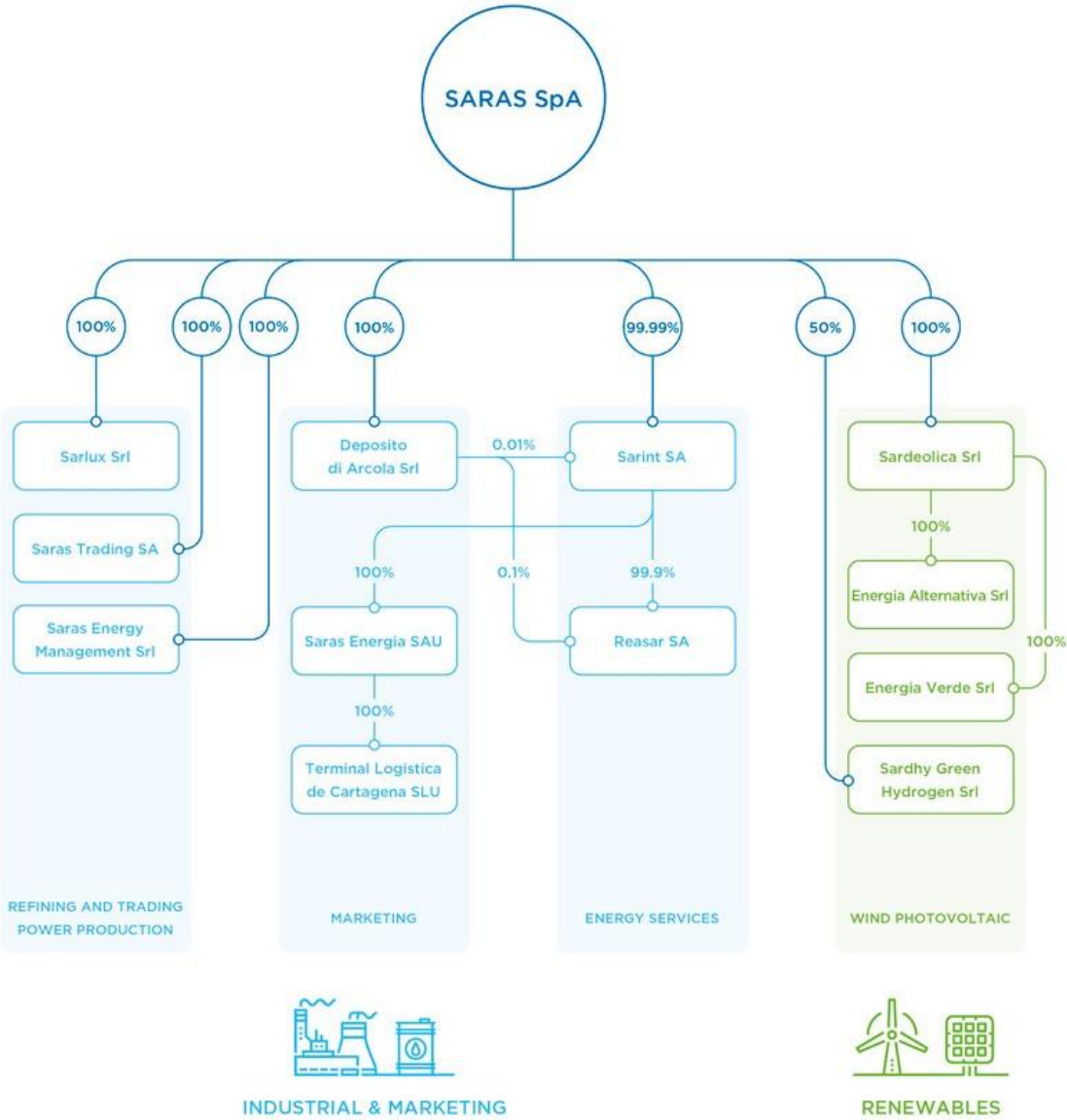
At the end of 2021, the company SardHy Green Hydrogen Srl, 50% owned by Saras SpA and 50% by Enel Green Power Italia Srl, was established with the objective of starting the first authorization procedures and, if the financing required under the European IPCEI program is obtained, of carrying out the 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.



Structure of the Saras Group

The following picture illustrates the structure of the Saras Group and the main companies involved in each business segment, as of 31/03/24.



Saras Stock Performance

The following data relate to Saras' share prices and the daily volumes, traded during the first three months of 2024.

SHARE PRICE (EUR)	Q1'24
Minimum price (08/01/2024)*	1.501
Maximum price (09/02/2024)*	1.795
Average price**	1.692
Closing price at the end of the first three months of 2024 (28/03/2024)	1.772

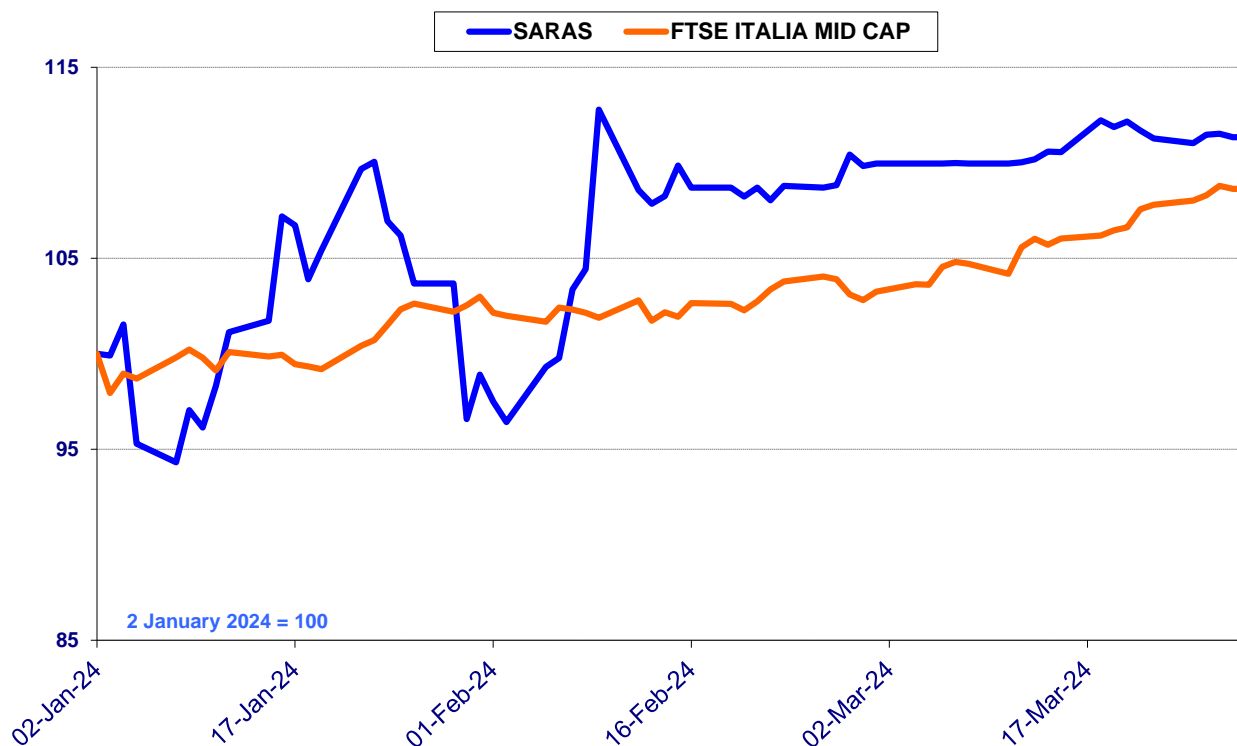
* Minimum and maximum prices refer to official reference prices on the closing of each trading day.

** The average price is calculated as the arithmetic average of the closing prices from 02/01/24 to 28/03/24.

DAILY TRADED VOLUMES	Q1'24
Maximum traded volume in EUR million (12/02/2024)	97.3
Maximum traded volume in number of shares (million) (12/02/2024)	56.3
Minimum traded volume in EUR million (12/03/2024)	1.6
Minimum traded volume in number of shares (million) (12/03/2024)	0.9
Average traded volume in EUR million	15.5
Average traded volume in number of shares (million)	9.2

The Market capitalization at the end of the first three months of 2024 was equal to approximately EUR 1,685 million and the total number of outstanding shares were 951 million. At today's date, the Company does not hold any treasury shares.

The following graph shows the daily performance of Saras' share price during the first three months of 2024, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

On 11th February 2024, Saras issued a press release disseminated upon request and on behalf of Massimo Moratti SAPA, di Massimo Moratti, Angel Capital Management S.p.A., Stella Holding S.p.A. and Vitol BV, concerning the entrance into a sale and purchase agreement (the "SPA") pursuant to which Massimo Moratti S.a.p.A. di Massimo Moratti, Angel Capital Management S.p.A. ("ACM") e Stella Holding S.p.A. (collectively the "Moratti family") has undertaken to sell to Vitol B.V. or a wholly-controlled entity designated by Vitol B.V., shares of Saras S.p.A. ("Saras") representing approx. 35% of Saras's corporate capital (the "Transaction"), at a price per share equal to €1.75/share (the "Price per Share"). 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., €1.75/share), as may be adjusted in case of dividend distribution occurring before closing of the Transaction. The goal of the MTO is to achieve a delisting from the Milan Stock Exchange, which may also be achieved through delisting merger should the required conditions be met. The Transaction was communicated via a specific press release, and the full content can be examined on the Saras website (to the link: <https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-shareholders-and-vitol--eng.pdf>)

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

Later, on 26th April, Saras issued a new press release, upon request and on behalf of Vitol, informing that the Italian Prime Minister's Office issued a decree on the exercise of special powers containing prescriptions that are no obstacle to the completion of the Transaction. The full content of the press release is available on the Saras website (to the link: <https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-issued-at-the-request-and-on-behalf-of-vitol-b.v. 0.pdf>).

As of today, Vitol B.V. holds a stake in Saras S.p.A. equal to 10.461% of the share capital and is expected to obtain the necessary authorizations from the European Authorities, in relation to the "Antitrust" legislation and the "Foreign Subsidy Regulation", to achieve the closing of the Transaction.

GAAP and Non-GAAP measure (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	Q1/24	Q1/23	Change %
REVENUES	3,031	3,466	-13%
Reported EBITDA	177.5	246.4	-28%
Comparable EBITDA	198.1	285.3	-31%
Reported EBIT	128.1	200.0	-36%
Comparable EBIT	148.7	238.9	-38%
NET RESULT reported	77.4	139.1	-44%
Comparable NET RESULT	96.9	162.0	-40%

EUR million	Q1/24	Q1/23	Change %
CAPEX	31.0	41.1	-25%

EUR million	Q1/24	Q1/23	FY 2023
NET FINANCIAL POSITION ANTE IFRS 16	138.7	354.9	202.7
NET FINANCIAL POSITION POST IFRS 16	104.8	315.7	166.8

Comments on the Group results for the first three months of 2024

In the first quarter of 2024, Group revenues amounted to EUR 3,031 million, compared to EUR 3,466 million reported in the same period of the previous year. The decrease is due to the changed scenario conditions between the two periods. As regards industrial production, it should be noted that the main production variables are in line with the values recorded in 2023. Specifically, refining runs in the first quarter of 2024 amounted to 25.1 million barrels (vs 24.9 million barrels in Q1'23), non-renewable electricity production amounted to 1,114 GWh (vs 1,089 GWh in Q1'23). From a scenario perspective, the negative impacts of the reductions in the prices of the main oil products and in the sale price of electricity (regulated under the Essentiality Regime) added to the exchange rate trend, with the dollar weakening against the Euro. Specifically, in the first quarter of 2024, the average diesel price was 817 \$/ton (vs 835 \$/ton in Q1'23), the average gasoline price was 832 \$/ton (vs 840 \$/ton in Q1'23), the National Single Price for the sale of electricity (PUN) was 92 €/MWh (vs 157 €/MWh in Q1'23) and the €/€ exchange rate was 1.09 (vs the €/€ exchange rate of 1.07 in Q1'23).

The Group reported EBITDA amounted to EUR 177.5 million, down from EUR 246.4 million in the first quarter of 2023. The negative change is mainly due to the less favorable scenario conditions characterized by a decrease in the diesel crack and gasoline, an increase in the price of Brent and the reduction in discounts of heavy crudes and with a high sulphur content. Planning and production performances recorded a positive performance compared to the same period of the previous year. On the other hand, supply&trading performances were weaker compared to the exceptional levels of the first quarter of 2023, although still benefitting from a favorable market context across all sales channels. As regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives), they resulted in a loss on inventories net of hedging derivatives equal to EUR 27.0 million compared to a loss of EUR 31.8 million recorded in the same period of 2023. Lastly, it should be noted that the reported EBITDA in Q1'24 benefits from the recalculation of the Avoided Fuel Cost component for the period 2010-2012 under the CIP6/92 provision for EUR 44.1 million.

The Group reported Net Income was EUR 77.4 million, compared to EUR 139.1 million in the first three months of the financial year 2023. In addition to what has already been highlighted in terms of EBITDA, this performance is also due to the overall negative impact of financial income and charges due to the increase in interest rates and the negative effect of the exchange rate, only partially offset by lower taxes due to the reduction in taxable income.

The Group comparable EBITDA stood at EUR 198.1 million, down from EUR 285.3 million in the first quarter of 2023. This result, compared to the reported EBITDA, does not include the above-mentioned negative effect of the scenario on oil inventories between the beginning and the end of the period, and includes the impact of the forex derivatives reclassified in the operating result. The decrease in the result compared to the first quarter of 2023 is attributable to the lower contribution generated by the "Industrial & Marketing" segment, partly offset by a slight rise in the contribution of the "Renewables" segment; both deviations will be better described in the "Segment Review" section.

The Group comparable Net Result amounted to EUR 96.9 million, lower compared to the EUR 162.0 million achieved in the first quarter of 2023, due to the same factors described for the Reported Net Result, net of the negative effect of the scenario on inventory changes between the beginning and the end of the period.

Investments in Q'24 stood at EUR 31.0 million lower than in the first quarter of 2023 (EUR 41.1 million); this decrease is attributable to the Industrial & Marketing segment which carried out a significant Turnaround in 2023.

Calculation of the Group comparable EBITDA

EUR million	Q1/24	Q1/23
Reported EBITDA	177.5	246.4
Gain / (Losses) on Inventories and on inventories hedging derivatives	27.0	31.8
Derivatives FOREX	(6.5)	7.2
Non-recurring items	-	-
Comparable EBITDA	198.1	285.3

Calculation of the Group comparable Net Result

EUR million	Q1/24	Q1/23
Reported NET RESULT	77.4	139.1
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	19.5	22.9
Non-recurring items net of taxes	-	-
Comparable NET RESULT	96.9	162.0

Net Financial Position

The Net Financial Position as of 31st March 2024, before the effects of applying IFRS 16, was positive by EUR 138.7 million, compared to the positive position of EUR 202.7 million reported on 31st December 2023. In addition, the Net Financial Position as of 31st March 2024, post-IFRS16, was positive at EUR 104.8 million, compared to the positive Net Financial Position at EUR 166.8 million on 31st December 2023.

A cash absorption of EUR 62 million was recorded in the first quarter of 2024. Operations generated cash for EUR 127 million (including a reported Net Income of EUR 77.4 million and amortization, depreciation, and write-downs of EUR 49.4 million), change in working capital absorbed cash for EUR 189 million, investments absorbed EUR 31 million; lastly, a positive component of EUR 31 million derived mainly as an impact of taxes for the period not yet paid. The change in working capital is mainly due to an increase in trade receivables and a reduction in the provision for CO2 quotas.

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

EUR million	31-Mar-24	31-Dec-23
Medium/long-term bank loans	(314.4)	(313.6)
Other medium/long-term financial liabilities	(3.3)	(3.5)
Other medium/long-term financial assets	3.5	3.8
Medium-long-term net financial position	(314.1)	(313.3)
Short term loans	(59.9)	(88.4)
Banks overdrafts	(83.6)	(2.8)
Other short term financial liabilities	(60.8)	(37.0)
Fair value on derivatives and realized net differentials	(22.5)	53.6
Other financial assets	90.3	48.0
Cash and Cash Equivalents	589.4	542.7
Short-term net financial position	452.9	515.9
Total net financial position ante lease liabilities ex IFRS 16	138.7	202.7
Financial lease liabilities ex IFRS 16	(34.0)	(35.9)
Total net financial position post lease liabilities ex IFRS 16	104.8	166.8

Reference Market

Oil market

Below is a brief analysis of crude oil price trends, crack spreads of the main refined products, and the reference refining margin (EMC Benchmark) with regard to the European market, which is the main context in which the Saras Group Refining segment operates.

	Q1/24	Q1/23
Crude oil price and differential (USD/bbl)		
Brent Dated	83.2	81.3
Diff. Basrah Medium (CIF Med) vs. Brent Dtd	-2.5	-7.1
Diff. Azeri Light (CIF Med) vs. Brent Dtd	+6.4	+6.2
Crack spreads for refined oil products (USD/bbl)		
ULSD crack spread	26.3	30.6
Gasoline crack spread	16.4	19.2
Reference margin (USD/bbl)		
Reference margin (NEW Benchmark)	8.2	10.1

Source: "Platts"

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

In the first quarter of 2024, Brent Dtd recorded an average price of **83.2 \$/bl** (compared to an average price of 81.3 \$/bl in the same period of 2023).

In the first quarter, global oil demand increased more than expected, with a growth rate of +1.7 Mbl/d, thanks to the solid performance of the US economy and the growth in consumption of bunkers for marine engines, influenced by the interruption of traffic along the Red Sea.

On the supply side, the first quarter saw a decline of 870 kbl/d due to the extension of OPEC+ production cuts and interruptions due to the difficult weather conditions recorded in North America.

Prices therefore exhibited an increasing trend in the period, going from around 80 \$/bl in January to over 85 \$/bl in March, due to the confirmation of the OPEC+ cuts and bad weather in North America which reduced the operations of some production sites in the area, limiting supply. The above elements were compounded by the effects of longer and more expensive routes for oil flows between Europe and the East, as a result of the Middle Eastern geopolitical crisis that led many vessels to avoid crossing the Suez Canal. As a result, in the first quarter the forward curve assumed a marked *backwardation* structure.

With regard to sour crudes (i.e. those with a high sulfur content), **in the first three months of the year, the Basrah Medium CIF Med recorded an average discount compared to the Brent Dated of -2.5 \$/bl** (vs -7.1 \$/bl in the same period of 2023).

The difference between the two periods is explained by a reduction in the significant discounts for this type of crude oil which already emerged in the second quarter of 2023. In fact, the outbreak of the Russian-Ukrainian conflict initially caused a reduction in demand for Basrah Medium, as traditional Asian buyers had preferred to purchase Russian crude oil, heavily discounted as a result of the embargo imposed by Western countries. Subsequently, in 2023, the prices of Basrah Medium had recovered due to the OPEC+ cuts, reaching a slight premium compared to Brent at the end of 2023. In the first quarter of 2024, the spread then settled at -2.5 \$/bl as a result of the Middle East conflict, which caused problems in crossing the Red Sea, and therefore made it more difficult to sell Basrah Medium in the Mediterranean.

With regard to "sweet" crudes (low sulfur content), **the premium of Azeri Light CIF Med over Brent Dated in the first three months of 2024 averaged +6.4 \$/bl (+6.2 \$/bl in the same period of 2023)**. Although substantially in line with the prices of the same period of 2023, the premium saw an increase compared to the end of the previous year (+5.8 \$/bl in Q4_23) in a context of robust cracks for middle distillates and a recovery for naphtha. The CIF price was also affected by the rally in cross-Med freight rates.

"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)

The gasoline crack in the first three months of 2024 recorded an average of 16.4 \$/bl, slightly lower than the same period of the previous year (19.2 \$/bl), but again at higher levels than historical averages. In particular, in the first quarter of 2024, the gasoline crack recorded an increase of +60% compared to the last quarter of 2023, thanks to resilient demand in a context of reduced supplies from the United States, as a result of the extreme cold weather in mid-January, which temporarily interrupted processing by about 1.5 Mbl/d in North America.

The diesel crack (ULSD) averaged 26.3 \$/bl in the first three months of 2024, compared to 30.6 \$/bl in the same period of the previous year. Also in this case, the crack showed significant strength compared to historical averages, albeit lower than the extremely high values recorded in the same period of the previous year, and in line with the last quarter of 2023, albeit with a definite volatility. The prices of diesel in Q1_24 were affected by the same supply limitations from the United States already mentioned with reference to gasoline, as well as the blockage of flows through the Red Sea, which also concerned European imports of middle distillates from the Middle East, increasing their logistics costs and extending refueling time from Asian refineries. Lastly, the extension of OPEC+ production cuts continues to be a limiting factor in the availability of crude oil rich in residues, used in the conversion units for the production of diesel.

The VLSFO crack recorded an average discount of -1.5 \$/bl in the first three months of 2024 (compared to an average discount of -0.2 \$/bl in the same period of 2023, due to a general slowdown in marine traffic compared to the same period of the previous year). Despite this, in the first quarter of 2024 the VLSFO crack recorded an increase compared to the last quarter of 2023 (-2.2 \$/bl): the blockage of trade flows in the Red Sea, and the consequent need for longer routes to circumnavigate the African continent, actually boosted VLSFO consumption. Moreover, exports from some countries in the Middle and Far East also decreased during the quarter, where VLSFO was used in the domestic market for electricity generation, and this contributed to supporting the crack.

The crack of high-sulfur fuel oil (HSFO) in the first quarter of 2024 averaged -14.7 \$/bl, (vs. -25.3 \$/bl in the first quarter of 2023). Until the middle of the quarter, fuel oil continued the recovery trend observed in the last few months of 2023, as HSFO production was limited by the continuation of OPEC+ cuts which, as is known, mainly impact crude oil with a high sulfur content. On the other hand, Canadian heavy crude oil production increased between February and March, which partially offset this effect. Lastly, there was a decline in demand for HSFO for electricity generation, given the transition of various Eastern countries to VLSFO as a fuel for electricity.

Marketing

In Italy, according to data analyzed by Unione Energie per la Mobilità (UNEM) from the source "Ministry of the Environment and Energy Safety - DGI", in the first quarter of 2024 oil consumption amounted to approximately 13.6 Mton, practically stable (-0.1%, equal to -11,000 tons) compared to the same period of 2023. In particular, despite the elimination of fuel oil consumption for thermoelectric power plants, which accounted for 268,000 tons of the total, road mobility and the return to historical levels of air transport, which together were 360,000 tons higher than the volumes in the same period of the previous year, helped to keep consumption high.

In particular, sales of automotive fuels (gasoline + diesel) totaled 7.6 Mton, up by 2.7% (+197,000 tons) compared to the first quarter of 2023. Gasoline consumption grew by +5.3%, showing signs of buoyancy, especially in the services sector, with predominantly positive signs (increasing household confidence, resilience of industrial activities). The consumption of diesel engines rose by +1.8% compared to the same period of 2023. In fact, despite the negative performance for diesel sold on the network (-1%), overall diesel consumption increased thanks to sales by the wholesale channel (+5.9%, equal to 151,000 tons), which reflect the marked recovery in the mobility of heavy vehicles. Overall, in the first quarter of the year, gasoline and diesel consumption together recorded 1.5% higher volumes than in the pre-pandemic period.

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.

Lastly, jet fuel continues its recovery towards pre-pandemic levels with an increase of 19.3% compared to the same period in 2023. We are only 17,000 tons short of the record level achieved in 2019.

In Spain, the data compiled by CORES available up to the month of February show that in the first two months of 2024, the consumption of motorway fuels generally increased by +5.6% compared to the same period of 2023, with significant growth in demand for gasoline (+13.5%) and, to a lesser extent, in that for automotive diesel (+4.0%). These trends are mainly explained by the current direction of the Spanish market, where 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.

Electricity and CO2

In the first three months of 2024, the PUN reported an average price of about 92 €/MWh compared to an average of about 157 €/MWh in the same period of 2023, down by 26% compared to the previous quarter, in line with the performance in natural gas prices. The mild winter and uncertain macroeconomic conditions brought natural gas prices on average to 29.2 €/MWh, compared to 40.6 €/MWh recorded in the fourth quarter of 2023.

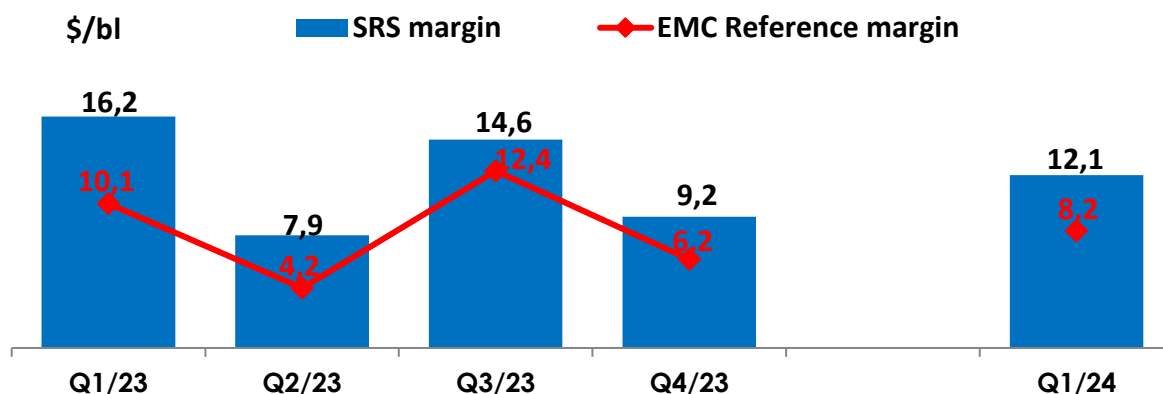
Moving on to the EUA prices of European carbon dioxide emissions, in the first three months of 2024 these recorded an average price of around 60 €/ton (vs. around 87 €/ton in the first three months of 2023), continuing the downward trend, with an average of around 16% lower than in the previous quarter, due largely to the downturn in macroeconomic conditions.

Saras Industrial & Marketing margins and EMC Reference Margin

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

In Q1 2024, the EMC Reference Margin, in light of the market context described in the previous paragraph, averaged 8.2 \$/bl (vs. an average of 10.1 \$/bl in Q1/23). Saras margin was 12.1 \$/bl (16.2 \$/bl in the same period of the previous year), showing a premium of +3.9 \$/bl (+6.1 \$/bl in Q1 of 2023).

The premium achieved in the first quarter is essentially in line with the 2024 guidance (which provides for the achievement of an average annual premium of 3.5÷4.5 \$/bl).



Segment Review

Industrial & Marketing

The Sarroch production site, located on the coast south-west of Cagliari, consists of one of the largest refineries in the Mediterranean in terms of production capacity and plant complexity, perfectly integrated with an IGCC (combined cycle gasification) plant. The site is strategically located in the center of the Mediterranean and has a processing capacity of 15 million tons/year, corresponding to about 17% of the total distillation capacity in Italy, and an installed power generation capacity of 575 MW. It should be noted that, with regard to electricity generation activities, following resolution 628/2023 of 29th December 2023, 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 2024.

<i>EUR million</i>	Q1/24	Q1/23	Change %
Reported EBITDA	169.5	240.4	-29%
Comparable EBITDA	190.1	279.3	-32%
<i>of which relative to Marketing sales</i>	6.4	14.5	-56%
Reported EBIT	122.3	196.1	-38%
Comparable EBIT	142.9	235.0	-39%
CAPEX	27.2	39.8	-32%

Processing, electricity production and margins

		Q1/24	Q1/23	Change %
CRUDE RUNS	<i>Tons (thousand)</i>	3,432	3,415	0%
	<i>Barrels (million)</i>	25.1	24.9	0%
	<i>Bl/day (thousand)</i>	278	277	0%
COMPLEMENTARY FEEDSTOCK	<i>Tons (thousand)</i>	203	79	157%
ELECTRICITY PRODUCTION	<i>GWh</i>	1,114	1,089	2%
TOTAL SALES	<i>Tons (thousand)</i>	796	765	4%
<i>of which: in Italy</i>	<i>Tons (thousand)</i>	517	504	3%
<i>of which: in Spain</i>	<i>Tons (thousand)</i>	279	261	7%
EXCHANGE RATE	<i>EUR/USD</i>	1.09	1.07	1%
EMC Reference Margin	<i>\$/bbl</i>	8.2	10.1	-19%
SARAS IND & MKTG MARGIN	<i>\$/bbl</i>	12.1	16.2	-25%

Comments on the results for the first three months of 2024

Crude runs in 2024 were 3.43 million tons (25.1 million barrels, corresponding to 278 thousand bl/d), essentially in line with the first quarter of 2023.

Electricity production was equal to 1,114 GWh, substantially in line with the first quarter of 2023.

Comparable EBITDA stood at EUR 190.1 million, with a Saras Industrial & Marketing margin of +12.1 \$/bl, within which the contribution of the Marketing channel was 0.5 \$/bl. This compares with a comparable EBITDA of EUR 279.3 million and a Saras Industrial & Marketing margin of +16.2 \$/bl (within which the contribution of the Marketing channel was 0.8 \$/bl) in the same quarter of the previous year.

As regards **market conditions**, the impact of the scenario on margin generation was negative by approximately EUR 92 million. This result is mainly attributable to the weakening of the cracks of major oil products (diesel and gasoline), compared to the exceptional levels of the previous year, the increase in the price of Brent, the reduction in the discounts on heavy crudes with high sulfur content and the weakening of the dollar.

The recalculation of the "Avoided Fuel Cost" component for the period 2010-2012 under the CIP6/92 provision contributed positively for approximately EUR 44 million.

The overall **operating performance** in the first quarter of 2024, if compared with the same period of 2023, was lower by approximately EUR 28 million. In particular:

- **Trading & supply activities** (which include the procurement of crudes and complementary raw materials, the sale of refined products, chartering, and the management of inventories, including compulsory stocks) made a lower contribution by for EUR 37 million compared to the same period of the previous year. This result is mainly due to the normalization of sales premiums on the market compared to the exceptional levels achieved in the same period of previous year.
- **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 greater contribution of approximately EUR 7 million compared to the same period of the previous year, due to better result in the selection of crudes, in particular among light crudes with low sulfur content and a lesser impact of logistic issues due to bad weather.
- **The performance of production activities** (which takes into account penalties related to maintenance, both scheduled and unscheduled, and higher consumption compared to the technical limits of some utilities such as fuel oil, steam, electricity and fuel gas, as well as reimbursements under the Essentiality Regime) contributed by a EUR 2 million higher result compared to the same period of 2023.

Industrial variable costs, net of the components relating to the Essentiality Regime agreement, were EUR 17 million higher in the first quarter of 2024 compared to the same period in 2023. Electricity contributed with a cost increase of EUR 23 million due to the expiry of the "Sostegni-Ter" Decree (whose contribution in the same period of 2023 was approximately EUR 25 million), the increased cost of system charges (around EUR 7 million); these increases were partly offset by the reduction in the purchase price of electricity. The cost of CO2 contributed with an increase of EUR 4 million due to higher emissions. Lastly, lower costs were recorded for roughly EUR 10 million mainly for demurrage and consumption of catalysts and chemicals.

Fixed costs in the first quarter of 2024 decreased by approximately EUR 12 million compared to the same period of the previous year. This variance is mainly due to lower costs for maintenance, personnel and general expenses and is mostly linked to a different distribution of activities during the year.

The contribution of the Marketing channel to the comparable EBITDA amounted to EUR 6.4 million, compared with EUR 14.5 million recorded in 2023. This change is mainly due to the decrease in premiums on sales in Spain. Note that the contribution of this channel should be considered together with the Industrial one due to the close coordination between technical and commercial expertise, on which the Group business model is based.

Oil slate and refined products yield

The mix of crudes that the Sarroch refinery processed in the first quarter of 2024 has an average density of 32.5°API, lighter than the average density processed in Q1'23.

Compared to the same period of the previous year, an increase was recorded in the percentage incidence of heavy crudes with both low and high sulfur content ("heavy sour/sweet"), the absence of medium crudes with both low and high sulfur content ("medium sour" and "medium sweet") and a decrease in light crudes with low sulfur content ("light sweet"). These trends are attributable to the different production set-up.

	Q1/24	Q1/23	FY 2023
Light extra sweet	43%	42%	47%
Light sweet	8%	13%	10%
Medium sweet/extra sweet	0%	0%	1%
Medium sour	0%	2%	1%
Heavy sour/sweet	49%	43%	40%
Average crude gravity	°API	32.5	32.1
			33.3

As concerns the refined products yield, in the first quarter of 2024 the refinery was oriented towards maximizing the highest value products, such as gasoline and diesel, with a yield of these two types close to 75% of the total production. On the contrary, in the first quarter of 2023, the percentage yields of gasoline and middle distillates had been particularly low, to the advantage of higher production of semi-finished products, fuel oil and naphtha, necessary to prepare the subsequent cluster of shutdowns planned in the second quarter of 2023, as well as to have to deal with certain less favorable production set-up, due to the shutdowns of some plants.

		Q1/24	Q1/23	FY 2023
LPG	Tons (thousand)	76	75	266
	yield (%)	2.1%	2.1%	2.0%
NAPHTHA	Tons (thousand)	101	198	651
	yield (%)	2.8%	5.7%	4.1%
GASOLINE	Tons (thousand)	837	700	2,967
	yield (%)	23.0%	20.0%	22.6%
MIDDLE DISTILLATES	Tons (thousand)	1,839	1,582	6,557
	yield (%)	50.6%	45.3%	48.5%
VERY LOW SULPHUR FUEL OIL	Tons (thousand)	234	209	940
	yield (%)	6.4%	6.0%	7.0%
OTHERS	Tons (thousand)	362	536	1,396
	yield (%)	10.0%	15.3%	10.3%

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

Renewables

The Saras Group is active in the production and sale of electricity from renewable sources. The Company operates several plants with a total installed wind power capacity of 171 MW. The Group development objectives envisage an increase in installed capacity; in this regard, it should be noted that on 30th March 2022, the Autonomous Region of Sardinia approved the Single Authorization in favor of Sardeolica S.r.l. for the construction and operation of a 79 MW photovoltaic plant in the industrial area of Macchiareddu, which, it is confirmed, will enter into operation by June 2024. In addition, it should be noted that in the first few months of 2024 the "EIA" was obtained for an additional wind farm of approximately 25 MW ("Abbila", in the Ulassai and Perdasdefogu area).

EUR million	Q1/24	Q1/23	Change %
Reported EBITDA	8.0	6.0	33%
Comparable EBITDA	8.0	6.0	33%
Reported EBIT	5.8	3.9	49%
Comparable EBIT	5.8	3.9	49%
CAPEX	3.8	1.3	181%

Other information

		Q1/24	Q1/23	Change %
ELECTRICITY PRODUCTION	GWh	103.0	81.3	27%
POWER TARIFF	EUR/MWh	85.4	96.7	-12%
INCENTIVE TARIFF	EUR/MWh	42.0	0.0	n.a

Comments on the results for the first three months of 2024

In the first quarter of 2024, the *Renewables segment's comparable EBITDA amounted to EUR 8.0 million*, higher than the first three months of 2023 of EUR 6.0 million. The increase in EBITDA between the two periods accounts for EUR 2.0 million, due to higher electricity production, partly offset by the effect from a lower electricity tariff.

The increase in electricity production is mainly due to stronger wind conditions and lower limitations imposed by Terna, while the reduction in the tariff is due to the changed market conditions between the two periods.

In the first quarter of 2024, an incentive tariff of 42 €/MWh was applied on approximately 12% of production; it should be noted that in 2023 the incentive tariff was not applied and that the price limits envisaged by the "Sostegni" Decree had generated a reduction in revenues of roughly EUR 3.3 million.

Investments by business segment

<i>EUR million</i>	Q1/24	Q1/23
INDUSTRIAL & MARKETING	27.2	39.8
RENEWABLES	3.8	1.3
Total	31.0	41.1

Investments made by the Saras Group in the first quarter of 2024 amounted to EUR 31.0 million, lower than the EUR 41.1 million in 2023.

For the **Industrial & Marketing segment**, investments in the first quarter of 2024 amounted to EUR 27.2 million, lower than the EUR 39.8 million in the first quarter of 2023, mainly due to the greater turnaround maintenance work and the replacement of the mild hydrocracking catalysts in 2023.

Investments in the **Renewables segment** in the first quarter of 2024 amounted to EUR 3.8 million. These investments concerned the continuation of construction of the new Helianto photovoltaic plant.

Outlook

In the Oil Market Report of April 2024, the International Energy Agency (IEA) confirmed its estimates **on global oil demand in 2024, forecasting growth of +1.2 Mbl/d**. This performance, although lower than that recorded in 2023, **will make it possible to reach an all-time average demand record of 103.2 Mbl/d**. In particular, the non-OECD economies (primarily China, India and Brazil) will contribute to the majority 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 restrictive monetary policies to contain inflation, 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, primarily as a result of the extreme weather conditions that shut down a number of oil fields. However, North American production resumed its bullish trend at the end of the quarter. Overall, the IEA forecasts **growth in global oil supply of 0.77 Mbl/d for 2024** (reaching an average level of 102.9 Mbl/d, therefore able to balance consumption), and will be led mainly by non-OPEC+ countries (mainly the United States, Brazil, Guyana and Canada), while the OPEC + production cuts may remain in force until the end of the year.

Looking at the refining sector, the IEA expects **global processing to grow by around 1 Mbl/d in 2024** (reaching 83.3 Mbl/d), with an important contribution from the start-up of new large refineries in non-OECD countries (in the Middle East, Africa and Asia) which will put pressure on some obsolete and non-competitive sites in Europe and the USA.

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 in the first few months of the year. In mid-April, Brent Dtd exceeded 93 \$/bl, following the launch of Iranian missiles and drones against Israel. The risk of a further spread of the conflict in the Middle East has serious implications for the price of oil and LNG. Flows of around 17% of global crude oil consumption (18 Mbl/d) and roughly 25% of global LNG consumption (100 Mton/year) pass through the Persian Gulf and, unlike the Red Sea, there are no alternative routes for exports. Fortunately, in the following weeks there were signs of an easing of tensions in the Middle East. Brent prices therefore fell to around 85 \$/bl at the beginning of May, also due to fears that the Central Banks could keep rates high for many months, causing a further slowdown in consumption. The main independent sector sources expect Brent Dtd prices to remain at levels similar to the current ones (approx. 85 \$/bl), albeit with a volatile performance linked to the macro-economic context and the evolution of geopolitical factors.

As regards the price spreads of the main types of crude oil, high sulfur content “sours” could continue to be supported by the continuation of OPEC+Russia production cuts, thus reducing the premium on the refining margin that can be obtained from complex refineries with high conversion capacity (including that of the Saras Group). Conversely, crudes with a low sulfur content (“sweet”) should maintain, also in the remainder of the year, higher premiums 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 crack spread of gasoline, after the seasonal decline in the last quarter of 2023, followed an increasing trend, thanks to the resilience of consumption in the private sector, and averaged approximately 17 \$/bl in the first four months. Experts predict robust demand also in the spring (coinciding with the scheduled maintenance season) and during the summer (in line with the seasonal dynamics of the “driving season”), and therefore confirm expectations higher than the historical averages.

As regards the diesel crack spread, after a robust first quarter, there was a drastic decline in April. In fact, the high cracks seen in Europe in the first few months of the year had attracted large volumes of imports from Asian refineries, as well as from American ones. The closure of transit in the Red Sea caused a delay in arrivals, which however landed at the same time, creating an excess, and also combining with a moment of weak consumption (winter temperatures higher than seasonal averages reduced the consumption of heating oil, and the lackluster economic context limited consumption in the industrial sector). For the rest of the year, forecast sources believe a recovery to levels above 20 \$/bl is possible, justified by the structural change of the European market, which has definitively replaced the import flows via oil pipeline from Russia with those by ship, considerably more expensive.

Finally, with regard to the electricity market, the single Italian national price (PUN) of electricity is expected to remain on average at levels close to 85 €/MWh, albeit subject to the volatility of natural gas, which may be affected by geopolitical events in Middle East. Moving on to the prices of EUA permits on CO2 emissions, there was a decline in the first few months of 2024, reaching 50.5 €/ton at the end of February, mainly due to the slowdown in activities in the industrial sectors. At the end of the first quarter, however, prices rose (approximately 67 €/ton at the end of April), and on the whole, experts predict levels around the current levels also in the rest of the year, in line with the decarbonization commitments of European countries.

In light of these forecasts, still characterized by high volatility, **expectations for the “EMC Reference Margin” are also positive for 2024, with levels higher than historical averages**, albeit down compared to 2023.

As regards the operations of the industrial site of Sarroch, the first quarter of 2024 saw the turnaround of the alkylation plant used in the gasoline cycle, and of the tail gas treatment plant (TGTU), and some minor maintenance work on a “topping” distillation unit (T1). Subsequently, 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. In the third quarter no significant maintenance work is planned, while in the last quarter maintenance was 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, the annual processing of crude oil is expected to be approximately 13.3 ÷ 13.7 Mton (or 97 ÷ 100 Mbl), which will be augmented by approximately 1 Mton of crude oil complementary plant feedstock (corresponding to roughly 7 Mbl); 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 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 are continuing in 2024, with the involvement of a broad spectrum of commercial and industrial initiatives, and targeted at both margin maximization and cost optimization, to maintain the Sarroch refinery among the best assets in the sector and increase 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 confirms 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, it has to be noted 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 confirmed as 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 investments are confirmed to amount to around EUR 170-180 million, to continue increasing the 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 year of the year. 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 amount of approximately EUR 40 million, of which 13 €M is expected to be dedicated to the completion of the Helianto photovoltaic park, while the remaining amount will depend on obtaining Single Authorizations for the construction of new wind farms in the company pipeline.

Finally, concerning the expected trend of the Group **Net Financial Position,** the forecasts of characteristic cash generation and the trend of working capital (by virtue of the scenario and performance assumptions hypothesized by the Company) allow to forecast a positive Net Financial Position at the end of the year.

Energy Transition activities are also continuing in 2024 due to opportunities and the evolution of the regulatory context. The projects in progress include the following in particular:

- the development of a project to construct a 20 MW electrolyzer, aiming to produce 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 approved by IPCEI 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. Pending the complete assignment of the loans, activities involving the negotiation and finalization of contracts for the supply of materials and for works tenders are continuing. The second half of 2024 is expected to see the start of construction of the hydrolyzer, which is expected to enter into operations in the first half of 2026;
- the assessment of the Carbon Capture and Storage (CCS) project, for which activities are in progress 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 CO2 for the production of synthetic fuels with the aim of optimizing the potential uses of CO2 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. Total investments are expected to be approximately EUR 10 million, and will be covered almost entirely by loans;

- biofuel production, with 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, studies and tests are underway that would allow a future production of pure HVO for 20 kton/year. Changes in logistics are being developed to expand the range of usable vegetable oils (including high pour point oils). Engineering activities are underway for a new pre-treatment plant that will make it possible to expand the range of raw materials that can be used in the production of HVO both in co-processing and in purity and for the revamping of some existing desulfurization units (U300 and U700) to produce HVO and HEFA pro SAF up to 200 kton/year;
- the "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).

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. Extranetwork 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 fulfilment of the conditions precedent to the purchase agreement signed on 11th February 2024 between the companies Massimo Moratti S.p.A. of Massimo Moratti, Angel Capital Management S.p.A. and Stella Holding S.p.A. and the company Vitol B.V. and the consequent transfer to Vitol B.V. of the ownership of 35% of the shares of Saras S.p.A. 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 CO2 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 nonscheduled 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 EcoManagement 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 knowhow. 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

The Saras Group operates in compliance with current regulations to protect data and protect its clients, customers, employees and all customers and clients with whom it comes into contact on a daily basis. In particular, on 25 May 2018 the new European Regulation no. 679/2016 (the "GDPR Code"), safeguarding the protection of personal data, the Saras Group promptly launched a project to implement the new GDPR and aligned its proprietary procedure and process with all the innovations introduced by this Regulation.

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 the first three months of 2024, Saras S.p.A. has not bought or sold any treasury shares.

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 the first three months of 2024.

Non-recurring and unusual transactions

In the first three months of 2024 there were no significant transactions and there are no positions resulting from atypical and/or unusual transactions.

Main events after the end of the first three months of 2024

As anticipated at the beginning of the Report on Operations, on 26th April 2024, Saras issued a press release disseminated upon request and on behalf of Vitol B.V., concerning the following (for the full content, please refer to the website of the Company, at the link <https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-issued-at-the-request-and-on-behalf-of-vitol-b.v.-0.pdf>):

Satisfaction of a condition precedent relating to the golden power proceeding

Milan, 26 April 2024 – following the notification submitted to the Italian Prime Minister's Office in relation to the envisaged purchase by Vitol B.V. ("**Vitol**") of a stake representing approx. 35% of Saras S.p.A.' share capital (the "**Transaction**"), which was announced to the market on February 11, 2024, the Italian Prime Minister's Office issued a decree on the exercise of special powers (so-called "golden power") containing prescriptions that are no obstacle to the completion of the Transaction.

The obtainment of said decree issued by the Italian Prime Minister's Office is one of the required regulatory approvals to which completion of the Transaction is subject; therefore, one of the conditions precedent for completion of the Transaction is satisfied.

For further information on the closing and on the other conditions precedent, please refer to the press release published on 11 February 2024.

It is hereby noted that, as of today, Vitol B.V. holds no. 99,480,741 Saras' shares, representing approx. 10.461% of Saras' share capital. Upon completion of the Transaction, Vitol B.V. would own approx. 45.480% of Saras S.p.A.' share capital (plus any additional shares it may acquire in the interim) and will launch a mandatory tender offer for the outstanding share capital. The mandatory tender offer will be at the same price per share as the Transaction, i.e. €1.75/share, adjusted downwards as necessary for any dividend distributions.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 31st March 2024

Thousands of EUR		31/03/2024	31/12/2023
ASSETS	(1)		
Current assets	5.1	2,700,906	2,450,542
Cash and cash equivalents	5.1.1	589,409	542,651
Other financial assets	5.1.2	146,405	114,535
Trade receivables	5.1.3	614,930	488,778
Inventories	5.1.4	1,267,970	1,247,087
Current tax assets	5.1.5	28,312	27,242
Other assets	5.1.6	53,880	30,249
Non-current assets	5.2	1,300,288	1,314,084
Property, plant and equipment	5.2.1	1,157,303	1,172,659
Intangible assets	5.2.2	38,112	38,922
Right-of-use of leased assets	5.2.3	36,253	38,480
Other equity investments	5.2.4	745	745
Deferred tax assets	5.2.5	25,711	20,812
Other financial assets	5.2.6	3,510	3,812
Other assets	5.2.7	38,654	38,654
Non-current assets held for sale	5.2.8	333	333
Total assets		4,001,527	3,764,959
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	5.3	1,987,747	1,766,039
Short-term financial liabilities	5.3.1	290,664	148,993
Trade and other payables	5.3.2	1,399,447	1,417,706
Current tax liabilities	5.3.3	212,872	118,216
Other liabilities	5.3.4	84,763	81,124
Non-current liabilities	5.4	591,465	654,371
Long-term financial liabilities	5.4.1	343,890	345,245
Provisions for risks and charges	5.4.2	216,158	276,522
Provisions for employee benefits	5.4.3	7,354	5,967
Deferred tax liabilities	5.4.4	3,780	3,730
Other liabilities	5.4.5	20,284	22,907
Total liabilities		2,579,212	2,420,410
SHAREHOLDERS' EQUITY	5.5		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,279,315	965,056
Net result		77,444	313,937
Total parent company shareholders' equity		1,422,315	1,344,549
Third-party minority interests		-	-
Total shareholders' equity		1,422,315	1,344,549
Total liabilities and shareholders' equity		4,001,527	3,764,959

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

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the periods 1st January – 31st March 2024

Thousands of EUR	(1)	1st January 31st March 2024	1st January 31st March 2023
Revenues from ordinary operations	6.1.1	2,973,649	3,452,198
Other income	6.1.2	56,871	14,097
Total revenues		3,030,520	3,466,295
Purchases of raw materials and consumables	6.2.1	(2,479,557)	(2,916,653)
Cost of services and sundry costs	6.2.2	(336,650)	(262,232)
Personnel costs	6.2.3	(36,832)	(41,001)
Depreciation/amortization and write-downs	6.2.4	(49,410)	(46,480)
Total costs		(2,902,449)	(3,266,366)
Operating result		128,071	199,929
Financial income	6.3	26,482	87,447
Financial charges	6.3	(49,510)	(90,851)
Result before taxes		105,043	196,525
Income taxes	6.4	(27,599)	(57,432)
Net result		77,444	139,093
Net result attributable to:			
Shareholders of the parent company		77,444	139,093
Third-party minority interests		0	0
Net earnings per share – base (EUR cents)		8.14	14.77
Net earnings per share – diluted (EUR cents)		8.14	14.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1st JANUARY - 31st MARCH 2024

Thousands of EUR	1st January 31st March 2024	1st January 31st March 2023
Net result (A)	77,444	139,093
Items of comprehensive income that may subsequently be restated to profit or loss for the period		
Effect of translation of the financial statements of foreign operations	322	(249)
Cash Flow Hedging reserve		3,127
Items of comprehensive income that will not be restated to profit or loss for the period		
Actuarial effect IAS 19 on employee post-employment benefits	0	0
Other profit/(loss), net of the fiscal effect (B)	322	2,878
Total consolidated net result (A + B)	77,766	141,971
Total consolidated net result attributable to:		
Shareholders of the parent company	77,766	141,971
Third-party minority interests		

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

Consolidated Statement of Changes in Equity to 31st March 2024

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) for the period	Total shareholders' equity attributable to the parent company	Third-party minority interests	Total shareholders' equity
Balance at 31/12/2022	54,630	10,926	729,902	416,916	1,212,374	0	1,212,374
Allocation of previous year result			416,916	(416,916)	0		0
Dividend 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
<i>Total net result</i>			<i>(1,072)</i>	<i>313,937</i>	<i>312,865</i>		<i>312,865</i>
Balance at 31/12/2023	54,630	10,926	965,056	313,937	1,344,549	0	1,344,549
Allocation of previous year result			313,937	(313,937)	0		0
Conversion effect of financial statements in foreign currency			322		322		322
Net result				77,444	77,444		77,444
<i>Total net result</i>			<i>322</i>	<i>77,444</i>	<i>77,766</i>		<i>77,766</i>
Balance at 31/03/2024	54,630	10,926	1,279,315	77,444	1,422,315	0	1,422,315

Consolidated Statement of Cash Flows for the period to 31st March 2024

Thousands of EUR	(1)	1/1/2024- 31/03/2024	1/1/2023- 31/03/2023
A - Initial cash and cash equivalents		542,651	707,115
B - Cash flow from (for) operating activities			
Net result	5.5	77,444	139,093
Unrealized exchange rate differences on bank current accounts		6,044	0
Depreciation/amortization and write-downs of fixed assets	6.2.4	49,410	46,480
Net change in provisions for risks	5.4.2	(60,364)	111,033
Net change in provision for employee benefits	5.4.3	1,387	1,144
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	(4,849)	3,085
Net interest		11,865	7,840
Income taxes	6.4	32,448	54,347
Change in the fair value of derivatives	5.1.2 - 5.3.1	22,495	(50,740)
Other non-monetary components	5.5	322	2,878
Profit (loss) of operating activities for the period before changes in working capital		136,202	315,160
(Increase) / Decrease in trade receivables	5.1.3	(126,152)	190,962
(Increase) / Decrease in inventories	5.1.4	(20,883)	(47,266)
Increase / (Decrease) in trade and other payables	5.3.2	(18,259)	(454,162)
Change in other current assets	5.1.5 - 5.1.6	(24,701)	(7,956)
Change in other current liabilities	5.3.3 - 5.3.4	65,848	98,846
Interest received		588	311
Interest paid		(12,453)	(8,151)
Change in other non-current liabilities	5.4.5	(2,624)	(9,002)
Total (B)		(2,434)	78,741
C - Cash flow from (for) investment activities			
Net investments in property, plant and equipment and intangible assets	5.2.1-5.2.2	(31,018)	(41,267)
Net investments in Right-of-use of leased assets		1	0
(Increase)/Decrease in other financial assets and other equity investments	5.1.2	24,530	118,091
Total (C)		(6,487)	76,824
D - Cash flow from (for) financing activities			
Increase/(decrease) m/l-term financial payables	5.4.1	(1,355)	(30,245)
Increase/(decrease) in short-term financial payables	5.3.1	63,078	(76,426)
Total (D)		61,723	(106,671)
E - Cash flows for the period (B+C+D)		52,802	48,894
Unrealized exchange rate differences on bank current accounts		(6,043)	1
F - Final cash and cash equivalents		589,409	756,009

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

For the Board of Directors
The Chairman
Massimo Moratti



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31ST MARCH 2024

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1. Foreword

The publication of the condensed consolidated financial statements of the Saras Group for the period ended 31st March 2024 was authorized by the Board of Directors on 14th May 2024.

Saras S.p.A. (hereinafter also the "Parent Company") is a joint-stock company listed on the Milan Stock Exchange, with registered office in Sarroch (CA) (Italy), SS 195 "Sulcitana" Km. 19. It is jointly controlled by Massimo Moratti S.A.P.A. (20.011%), Angel Capital Management S.p.A. (5.003%) and Stella Holding S.p.A. (10.005%), which together represent 35.01% of the share capital of Saras S.p.A., under the shareholders' agreement signed by these companies on 30th March 2022 (for further details please refer to what has already been published at www.saras.it). The Company is established until 31st December 2056, as stated in its articles of association.

On 11th February 2024, Saras issued a press release disseminated upon request and on behalf of Massimo Moratti SAPA, di Massimo Moratti, Angel Capital Management S.p.A., Stella Holding S.p.A. and Vitol BV, concerning the entrance into a sale and purchase agreement (the "SPA") pursuant to which Massimo Moratti S.a.p.A. di Massimo Moratti, Angel Capital Management S.p.A. ("ACM") e Stella Holding S.p.A. (collectively the "Moratti family") has undertaken to sell to Vitol B.V. or a wholly-controlled entity designated by Vitol B.V., shares of Saras S.p.A. ("Saras") representing approx. 35% of Saras's corporate capital (the "Transaction"), at a price per share equal to €1.75/share (the "Price per Share"). 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., €1.75/share), as may be adjusted in case of dividend distribution occurring before closing of the Transaction. The goal of the MTO is to achieve a delisting from the Milan Stock Exchange, which may also be achieved through delisting merger should the required conditions be met. The Transaction was communicated via a specific press release, and the full content can be examined on the Saras website (to the link: <https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-shareholders-and-vitol--eng.pdf>)

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

Later, on 26th April, Saras issued a new press release, upon request and on behalf of Vitol, informing that the Italian Prime Minister's Office issued a decree on the exercise of special powers containing prescriptions that are no obstacle to the completion of the Transaction. The full content of the press release is available on the Saras website (to the link: <https://www.saras.it/sites/default/files/uploads/pressreleases/press-release-issued-at-the-request-and-on-behalf-of-vitol-b.v.-0.pdf>).

As of today, Vitol B.V. holds a stake in Saras S.p.A. equal to 10.461% of the share capital and is expected to obtain the necessary authorizations from the European Authorities, in relation to the "Antitrust" legislation and the "Foreign Subsidy Regulation", to achieve the closing of the Transaction.

Saras S.p.A. operates in the domestic and international oil markets by purchasing crudes and selling finished products. Saras Group activities include oil slate and the production of electricity from both the integrated combined cycle gasification plant of the subsidiary Sarlux S.r.l., and the wind farms of the subsidiaries Sardeolica S.r.l., Energia Alternativa S.r.l., Energia Verde S.r.l. and the sale of energy through the new subsidiary Saras Energy Management S.r.l., established in 2023, whose business started in the first few months of 2024.

These consolidated interim financial statements as of 31st March 2024 are presented in Euro, the currency valid in the economy in which the Group operates. They comprise the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and the Notes. All values in the Notes to the consolidated financial statements are stated in thousands of Euro, unless indicated otherwise.

2. General preparation criteria for the Consolidated Financial Statements

The condensed consolidated financial statements of the Saras Group for the period ended 31st March were prepared on the basis of International Financial Reporting Standards (hereinafter "IFRS" or "international accounting standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure indicated in Art. 6, Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19th July 2002, and in accordance with the provisions issued in implementation of Art. 9, 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 consolidated 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. Drafting principles and changes in the Group accounting standards

3.1 Drafting principles

The condensed consolidated financial statements of the Saras Group as of 31st March 2024, prepared in accordance with Art. 154-ter of the Consolidated Law on Finance, as amended, were drafted in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, which include all international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), previously called the Standing Interpretations Committee (SIC). The condensed consolidated financial statements as of 31st March 2024 were drafted in accordance with the provisions of IAS 34 – Interim financial reporting.

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

The accounting standards adopted by the Saras Group to draft the condensed consolidated financial statements as of 31st March 2024 are consistent with those used to prepare the consolidated financial statements as of 31st December 2023 and the corresponding interim reporting period, with the exception of the new accounting standards, interpretations and amendments outlined below which, at the reporting date, had already been issued and entered into force during the current year. The Group did not arrange early adoption of any new standards, interpretations or amendments issued but not yet in force.

Standards issued and in force

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.

Standards issued but not yet in force

At the date of preparation of these financial statements, the following new standards/interpretations were issued by the IASB, but are not yet applicable.

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

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

The financial statements subject to consolidation have been prepared at March 31 and are those specifically drawn up and approved by the Boards of Directors of the individual companies, appropriately adjusted, where necessary, to align them with the accounting standards of the Parent Company.

Consolidated subsidiaries are listed in the table below:

Consolidated on a line-by-line basis	% owned
Deposito di Arcola Srl	100%
Sarlux Srl	100%
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 Managemet Srl	100%
Other investments: mesured at cost as not significant	
Sardhy Green Hydrogen Srl	50.00%
Sarda Factoring	4.01%
Consorzio La Spezia Utilities	5%

There is no change from 31st December 2023.

3.4 Use of discretionary estimates and valuations

The preparation of the condensed financial statements requires Directors to apply accounting standards and methodologies that, in certain situations, are based on discretionary valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, i.e., the statement of financial position, income statement, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. The actual results of the accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based. The main estimates relate to the depreciation and amortization of fixed assets, the recoverable amount of fixed assets, the recoverable amount of inventories, the deferred taxes, the provisions for risks and provisions for impairment of current assets, the revenues from the sale of electricity under the Essentiality Regime and the cost recovery allowed by the Authority, the assessment of the recoverable amount of receivables and the estimate of the fair value of derivative instruments.

The trend of market variables, in the medium-long term and in the short term, including the price and supply of crudes and the worldwide demand of finished products with respect to the processing capacity, are capable of affecting, even significantly, the Group performance. This represents one of the critical assumptions for the 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 judgment on the part of company Management. The same, for this purpose, also considers scenarios expressed by independent sector experts.

Estimates and valuations are reviewed periodically and the effects of each are recognized in the income statement. A summary of the most significant estimates is presented in the Group consolidated financial statements at 31st December 2023, to which reference should be made and in relation to which there are no changes.

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 following business segments:

- Industrial & Marketing;
- Renewables.

4.2 Segment information

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 31 marzo 2024	INDUSTRIAL&MARKETING	RENEWABLES	TOTAL
Revenues from ordinary operations	2,964,288	9,361	2,973,649
Other income	55,905	966	56,871
Depreciation/amortization and write-downs	(47,235)	(2,175)	(49,410)
Operating result	122,292	5,779	128,071
Financial income (a)	37,757	350	38,107
Financial charges (a)	(60,846)	(289)	(61,135)
Income taxes	(26,055)	(1,544)	(27,599)
Profit (loss) for the period	73,147	4,297	77,444
Total directly attributable assets balance at 31 March 2024 (b)	3,797,988	203,539	4,001,527
Total directly attributable liabilities balance at 31 March 2024 (b)	2,543,496	35,716	2,579,212
Investments in property, plant and equipment at 31 March 2024	27,188	3,768	30,956
Investments in intangible assets at 31 March 2024	9	0	9

Income Statement as of 31 marzo 2023	INDUSTRIAL&MARKETING	RENEWABLES	TOTAL
Revenues from ordinary operations	3,444,313	7,885	3,452,198
Other income	13,300	797	14,097
Depreciation/amortization and write-downs	(44,306)	(2,174)	(46,480)
Operating result	196,066	3,863	199,929
Financial income (a)	103,486	512	103,998
Financial charges (a)	(107,148)	(254)	(107,402)
Income taxes	(56,202)	(1,230)	(57,432)
Profit (loss) for the period	136,202	2,891	139,093
Total directly attributable assets balance at al 31 December 2023 (b)	3,566,646	198,313	3,764,959
Total directly attributable liabilities balance at 31 December 2023 (b)	2,373,919	46,491	2,420,410
Investments in property, plant and equipment at 31 December 2023	178,326	45,990	224,316
Investments in intangible assets at 31 December 2023	54	0	54

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	31/03/2024	31/12/2023	Change
Bank and postal deposits	589,388	542,624	46,764
Cash	21	27	(6)
Total	589,409	542,651	46,758

Bank deposits are mainly attributable to Saras S.p.A. for EUR 517,397 thousand, Saras Trading S.A. for EUR 32,044 thousand and Saras Energia for EUR 13,992 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 S.r.l. 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, please refer to the Report on Operations in the relevant chapter; the change in cash and cash equivalents is summarized in the statement of cash flows.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets:

Other financial assets	31/03/2024	31/12/2023	Change
Current financial derivatives	56,098	66,567	(10,469)
Derivative guarantee deposits	89,486	47,968	41,518
Other assets	821	0	821
Total	146,405	114,535	31,870

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

For further details, see 5.3.1.

The item Derivative guarantee deposits includes deposits requested by the counterparties with which the Group uses derivative instruments to guarantee open positions at the end of the period.

The change of EUR 41,518 thousand is due mainly to the increase in oil prices.

5.1.3 Trade receivables

Trade receivables amounted to EUR 614,930 thousand, up by EUR 126,152 thousand from the previous year.

The performance in loans reflects the increase in market prices at the end of the period in addition to the increase in loans linked to the Essentiality regime. 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.

The item is shown net of the bad and doubtful debt provision, which amounted to EUR 19,793 thousand, down compared to 31st December 2023 following the settlement of some positions already written down.

5.1.4 Inventories

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

Inventories	31/03/2024	31/12/2023	Change
Raw materials and consumables	422,322	432,708	(10,386)
Unfinished products and semi-finished products	100,300	93,465	6,835
Finished products and goods	633,379	615,906	17,473
Spare parts and raw materials, consumables	111,969	105,008	6,961
Total	1,267,970	1,247,087	20,883

The net value of inventories is almost unchanged compared to 31st December 2023.

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

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/03/2024	31/12/2023	Change
VAT credit	2,015	1,447	568
IRES credits	681	1,141	(460)
IRAP credits	22,163	22,163	0
Other amounts due from the tax authorities	3,453	2,491	962
Total	28,312	27,242	1,070

IRAP receivables are mainly attributable to payments on account.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/03/2024	31/12/2023	Change
Accrued income	318	1,605	(1,287)
Prepaid expenses	20,864	9,183	11,681
Other short-term receivables	32,698	19,461	13,237
Total	53,880	30,249	23,631

Prepayments refer mainly to the early payment of insurance premiums and other payments and charges pertaining to the coming months.

The increase in other short-term receivables is due to the payment of advances on future supplies of oil products paid during the period.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

Historical Cost	31/12/2023	Increases	Decreases	Write-downs	Other changes	31/03/2024	
Land and buildings	191,550	405	0	0	0	191,955	
Plant and machinery	4,153,420	2,307	(8)	0	11,058	4,166,777	
Industrial and commercial equipment	40,817	6	0	0	0	40,823	
Other assets	741,791	189	(12)	0	60	742,028	
Property, plant and equipment under construction	142,713	28,049	0	0	(11,809)	158,953	
Total	5,270,291	30,956	(20)	0	(691)	5,300,536	
Accumulated depreciation	31/12/2023	Depreciation	Use	Write-downs	Other changes	31/03/2024	
Land and buildings provision	112,295	894	0	0	2	113,191	
Plant and machinery provision	3,382,335	37,756	0	0	(52)	3,420,039	
Industrial and commercial equipment provision	36,176	360	0	0	0	36,536	
Other assets	566,826	6,641	0	0	0	573,467	
Total	4,097,632	45,651	0	0	(50)	4,143,233	
Net Value	31/12/2023	Increases	Decreases	Depreciation	Write-downs	Other changes	31/03/2024
Land and buildings	79,255	405	0	(894)	0	(2)	78,764
Plant and machinery	771,085	2,307	(8)	(37,756)	0	11,110	746,738
Industrial and commercial equipment	4,641	6	0	(360)	0	0	4,287
Other assets	174,965	189	(12)	(6,641)	0	60	168,561
Property, plant and equipment under construction	142,713	28,049	0	0	0	(11,809)	158,953
Total	1,172,659	30,956	(20)	(45,651)	0	(641)	1,157,303

The item "Land and buildings" mainly includes industrial buildings, offices and warehouses with a net value of EUR 25,380 thousand, office buildings in Milan and Rome belonging to the Parent Company with a net value of EUR 1,994 thousand and land largely relating to the Sarroch and Arcola sites respectively belonging to the subsidiary Sarlux S.r.l. and the subsidiary Deposito di Arcola S.r.l. with a value of EUR 51,390 thousand.

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

"Industrial and commercial equipment" includes equipment relative to the chemical laboratory and the control room connected with refinement and various assets supplied as necessary to the production process.

The item "Other assets" mainly includes tanks and oil pipes for the movement of products and crudes of the Group companies (Sarlux S.r.l., Saras Energia S.A. and Deposito di Arcola S.r.l.).

The item "Assets under construction and payments on account" reflects the costs incurred mainly for investments to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

The increases for the period amounted to EUR 30,956 thousand and mainly relate to technological works carried out on the refining plants and the construction, by the subsidiary Sardeolica, of the 80 MW photovoltaic plant (Helianto).

The main depreciation rates used, unchanged comparing to 2023, are as follows:

	for I.G.C.C.plant	per other fixed assets (annual base)
Industrial buildings (land and buildings)	until 2031	5.50%
Generic plant (plant and machinery)	until 2031	8.38%
Highly corrosive plant (plant and machinery)	until 2031	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric power plant (plant and machinery)	until 2031	
Wind park (plant and machinery)		10.00%
Supplies (equipment plant and machinery)		25.00%
Electronic office equipment (other assets)		20.00%
Office furniture and machinery (other assets)		12.00%
Vehicles (other assets)		25.00%

The concession for the use of public lands on which some plants of the Sarroch refinery 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.

The Company, based on the requirements of accounting standard IAS 36 and the recommendations of the main regulatory authorities, has constantly monitored the presence of market indicators that could point to possible risks on the main financial statement figures. The Company has updated the most recent oil and power market scenarios for the 2024 financial year used for impairment testing as of 31st December 2023, and has verified that, based on the updated scenarios, no "impairment indicators" have emerged at 31st March 2024.

5.2.2 Intangible assets

The following tables show the changes in intangible assets:

Historical Cost	31/12/2023	Increases	Decreases	Write-downs	Other changes	31/03/2024
Industrial patent and original work rights	69,306	9	(29)	0	690	69,976
Concessions, licenses trademarks and similar rights	24,511	0	0	0	0	24,511
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	20,937
Other intangible assets	523,704	0	(329)	0	93	523,468
Intangible assets under construction	734	0	0	0	0	734
Total	639,192	9	(358)	0	783	639,626

Accumulated amortization	31/12/2023	Depreciation	Use	Write-downs	Other changes	31/03/2024
Industrial patent and original work rights	62,106	1,518	0	0	(266)	63,358
Concessions, licenses trademarks and similar rights	14,564	15	0	0	203	14,782
Other intangible assets	523,600	0	(322)	0	96	523,374
Total	600,270	1,533	(322)	0	33	601,514

Net Value	31/12/2023	Increases	Decreases	Depreciation	Write-downs	Other changes	31/03/2024
Industrial patent and original work rights	7,200	9	(29)	(1,518)	0	956	6,618
Concessions, licenses trademarks and similar rights	9,947	0	0	(15)	0	(203)	9,729
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	104	0	0	0	0	(10)	94
Intangible assets under construction	734	0	0	0	0	0	734
Total	38,922	9	(29)	(1,533)	0	743	38,112

Amortization of intangible assets totaled EUR 1,533 thousand and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	3%-33%
Other intangible assets	6%-33%

There are no intangible assets with a finite useful life held for disposal. The content of the main items is shown below.

Concessions, licenses, trademarks and similar rights

The balance of this item mainly relates to the surface rights acquired by the subsidiary Sardeolica on the land on which the Ulassai wind farm is located; its amortization will end in 2035.

Goodwill and intangible assets with indefinite life

This item relates mainly to the goodwill recognized for the subsidiary Sardeolica S.r.l. (EUR 20,937 thousand), paid for the purchase of the subsidiary Parco Eolico di Ulassai S.r.l. (merged by incorporation into Sardeolica): this goodwill is justified by the projection of future cash flows expected by the subsidiary Sardeolica S.r.l. over a time horizon extended until the term of the concessions obtained thereby. The recoverability of the value of goodwill was subject to an impairment test as of 31st December 2023, which did not identify any critical issues. As of 31st March 2024, no internal or external indicators have emerged that would suggest the occurrence of an impairment loss (capitalization and final results of the subsidiary as of 31st March 2024).

Intangible assets under construction and payments on account

The item includes investments underway to purchase software licenses.

5.2.3 Right-of-use of leased assets

The Saras Group has acquired rights-of-use of third-party assets, mainly intended for the use of:

- functional areas that are essential to the pursuit of its core business (state-owned areas adjacent to the sites of Sarroch and Arcola, areas on which the Ulassai wind farm stands, etc.), of which it was unable or did not consider it appropriate to purchase ownership;
- properties used for executive offices;
- capital assets and plants built and operated by industrial partners, for which the Group did not have the adequate technological know-how to allow for their development and operation.

Changes to rights-of-use of leased assets are shown in the tables below:

Historical Cost	31/12/2023	Increases	Decreases	Write-downs	Other changes	31/03/2024
Leased land and buildings	50,176	0	0	0	(29)	50,147
Leased plant and equipment	11,887	0	0	0	0	11,887
Other leased assets	22,972	0	0	0	0	22,972
Total	85,035	0	0	0	(29)	85,006

Accumulated depreciation	31/12/2023	Depreciation	Use	Write-downs	Other changes	31/03/2024
Leased land and buildings provision	26,079	1,396	0	0	(28)	27,447
Leased plant and machinery provision	7,527	363	0	0	0	7,890
Other leased assets	12,949	467	0	0	0	13,416
Total	46,555	2,226	0	0	(28)	48,753

Net Value	31/12/2023	Increases	Decreases	Depreciation	Write-downs	Other changes	31/03/2024
Leased land and buildings	24,097	0	0	(1,396)	0	(1)	22,700
Leased plant and equipment	4,360	0	0	(363)	0	0	3,997
Other leased assets	10,023	0	0	(467)	0	(0)	9,556
Total	38,480	0	0	(2,226)	0	(1)	36,253

The balance as of 31st March 2024, of EUR 36,253 thousand, relates to the application of the standard IFRS 16 - Leases. The registration essentially refers to the following types of contracts:

- 1) Concessions, surface rights and similar: these are mainly concessions of areas on which part of the production site of Sarroch and the oil depots of Arcola and Cartagena are located, as well as the area on which the Ulassai wind farm was built and operates;
- 2) Plants: these are mainly contracts stipulated by the subsidiary Sarlux with suppliers for the construction and operation of some plants within the production site of Sarroch;
- 3) Company car fleets: these are long-term lease contracts on company cars used both within the industrial site of Sarroch and by employees in various managerial and commercial sites;
- 4) Leases of buildings to be used as management and commercial premises.

The decrease compared to the end of the previous year, amounting to EUR 2,227 thousand, refers to the depreciation charge recorded in the period.

5.2.4 Other equity investments

Other equity investments break down as follows:

Other equity investments	31/03/2024	31/12/2023	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 March 2024 amounted to EUR 21,931 thousand (consisting of deferred tax assets of EUR 25,711 thousand recognized under non-current assets and deferred tax liabilities of EUR 3,780 thousand recognized under non-current liabilities).

5.2.6 Other financial assets

As of 31st March 2024, this item amounts to EUR 3,510 thousand (EUR 3,812 thousand in the previous year) and 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 assessment 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	31/03/2024	31/12/2023	Change
Current bank loans	59,947	88,435	(28,488)
Bank current accounts	83,633	2,834	80,799
Financial derivatives	78,593	13,004	65,589
Other short-term financial liabilities	68,491	44,720	23,771
Total	290,664	148,993	141,671

The item "Current bank loans" includes the short-term portion of bank loans granted to the Group. These loans are measured using the amortized cost method. The terms and conditions of the loans are described in the table in paragraph 5.4.1 "Long-term financial liabilities".

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 derivative financial instruments comprises the negative fair value of existing derivative financial instruments as of the period-end date and the negative differentials realized and not yet paid. The increase compared to 31st December 2023 is essentially due to the trend in the prices of crudes and oil products.

The following table presents the assets and liabilities measured at fair value at 31st March 2024, broken down by type of underlying asset:

Financial derivatives	31/03/2024 Assets	31/03/2024 Liabilities	31/12/2023 Assets	31/12/2023 Liabilities
Interest rate swaps	0	610	1,578	6,522
Fair value derivatives on commodities	55,220	36,656	30,662	5,741
Fair value forward purchases and sales on exchange rates	878	0	0	741
Fair value forward purchases and sales on CO2 allowances	0	41,327	34,327	0
Total	56,098	78,593	66,567	13,004

"Other short-term financial liabilities" essentially include receipts related to receivables factored without recourse and without notification, received from customers and that have yet to be forwarded to factors.

For further details, see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

Trade and other payables	31/03/2024	31/12/2023	Change
Advances from customers	26,105	26,261	(156)
Current payables to suppliers	1,373,342	1,391,445	(18,103)
Total	1,399,447	1,417,706	(18,259)

"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 the supplies of crudes.

5.3.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/03/2024	31/12/2023	Change
Payables for VAT	37,750	40,652	(2,902)
IRES payables (and income tax of foreign firms)	42,443	9,104	33,339
IRAP payables	2,966	2,966	0
Other tax payables	129,713	65,494	64,219
Total	212,872	118,216	94,656

"IRES payables" item includes the payable for current taxes.

The item "Other tax payables" includes payables for excise duties on products released for consumption by the Parent Company Saras S.p.A. (EUR 110,394 thousand) and by the subsidiary Saras Energia SAU (EUR 974 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 9,445 thousand.

5.3.4 Other liabilities

The breakdown of other liabilities is shown below:

Other liabilities	31/03/2024	31/12/2023	Change
Payables employee benefit and social security	13,529	15,690	(2,161)
Payables due to employees	38,173	40,059	(1,886)
Payables to others	27,810	21,360	6,450
Accrued liabilities	2,110	521	1,589
Deferred income	3,141	3,494	(353)
Total	84,763	81,124	3,639

The item "Payables due to employees" includes salaries not yet paid for March, the portion of additional monthly payments accrued and performance bonuses for the achievement of business targets.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/03/2024	31/12/2023	Change
Non-current bank loans	314,380	313,609	771
Other long-term financial liabilities	29,510	31,636	(2,126)
Total	343,890	345,245	(1,355)

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 at 31/12/2023	Balance at 31/03/2024	Maturities	
							1 year	1 > 5 years
Saras SpA								
Sace loan	December 2020	350	0.95%	Sep-24	86.7	58.2	58.2	-
Sace loan	May 2022	312.5	1.70%	Mar-28	313.0	313.8	-	313.8
Energia Alternativa Srl								
	January 2017	16	2.5% + 6M Euribor	Jun-26	2.3	2.3	1.7	0.6
Total liabilities to banks for loans					402.0	374.3	59.9	314.4

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 "Sostegni-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 S.a.p.A. di Massimo Moratti, Angel Capital Management S.p.A. and Stella Holding S.p.A. and the company Vitol B.V. and the consequent transfer to Vitol B.V. of the ownership of 35% of the shares of Saras S.p.A. 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	31/12/2023	Provisions	Use	Other changes	31/03/2024
Provision for decommissioning plants	29,955	0	(7)	0	29,948
Provision for remediation costs	11,290	0	0	0	11,290
Provision for CO2 allowances	231,211	37,401	(97,953)	0	170,659
Other provisions for risks and charges	4,066	204	(9)	0	4,261
Total	276,522	37,605	(97,969)	0	216,158

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.

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

The provision for CO2 allowances (EUR 170,659 thousand) was accrued pursuant to Legislative Decree no. 216 of 4th April 2006, which introduced limits on CO2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO2 must be purchased on the appropriate market. The provision refers to the valuation of the portions necessary for the fulfillment of the obligation for the current period, not yet purchased as at 31st March 2024 in line with the accounting policy historically adopted by the group; this provision was partially offset by the positive effect deriving from the Adjustments of the shares pertaining to the year 2023, not yet purchased, at current market prices.

"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

Changes in the provision of "Post-employment benefits" were as follows:

Provisions for employee benefits	31/03/2024	31/12/2023	Change
Post-employment benefits	7,354	5,967	1,387
Total	7,354	5,967	1,387

Post-employment benefits are governed by Article 2120 of the Italian Civil Code and reflect the estimated amount that the company will be required to pay employees when they leave their employment. The liability accrued at 31st December 2006 was determined using actuarial methods, in compliance with IAS 19. The impacts of actuarial evaluation are shown in the Comprehensive Income.

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totaling EUR 3,780 thousand, relate to the foreign subsidiaries.

5.4.5 Other liabilities

Other liabilities amount to EUR 20,284 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 the following:

Total shareholders' equity	31/03/2024	31/12/2023	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	1,279,315	965,056	314,259
Net income (loss) for the period	77,444	313,937	(236,493)
Total	1,422,315	1,344,549	77,766

Share capital

As of 31st March 2024, 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 1,279,315 thousand, up by a net EUR 314,259 thousand compared with the previous year-end balance. The net increase was the combined result of:

- allocation of the result of the previous year (profit of EUR 313,937 thousand);
- positive effect of the translation of foreign currency financial statements by foreign subsidiaries for EUR 322 thousand;

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

Profit for the period amounted to EUR 77,444 thousand.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The "Revenues from ordinary operations" item breaks down as follows:

Revenues from ordinary operations	31/03/2024	31/03/2023	Change
Revenues from sales and services	2,766,504	3,204,806	(438,302)
Sale of electricity	205,581	246,505	(40,924)
Other remuneration	1,564	887	677
Total	2,973,649	3,452,198	(478,549)

The decrease in the item "Revenues from sales and services" is due to the trend in the prices of oil products recorded during the period. For a more in-depth analysis, please refer to the Report on Operations.

Revenues from the sale of electricity mainly included those related to the gasification plant (EUR 185,880 thousand), those related to the sale of energy within the Internal User Networks - RIU (EUR 10,876 thousand) and those related to the wind farms of the subsidiaries Sardeolica, Energia Verde ed Energia Alternativa (EUR 8,825 thousand). For more details, please refer to the contents of the Report on Operations.

6.1.2 Other income

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

Other income	31/03/2024	31/03/2023	Change
Compensation for storage of mandatory stocks	4,691	1,909	2,782
Grants	966	767	199
Chartering	1,724	1,146	578
Other revenues	49,490	10,275	39,215
Total	56,871	14,097	42,774

The item Other revenues mainly includes the amount, equal to EUR 44,143 thousand, recognized to the subsidiary Sarlux following the recalculation of the Avoided Fuel Cost (CEC) component for the period 2010-2012 pursuant to the CIP6-92 provision, in compliance with judgment number 10089/22 of the Council of State.

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	31/03/2024	31/03/2023	Change
Purchase of raw materials	2,071,324	2,398,271	(326,947)
Purchase of semi-finished products	12,794	8,266	4,528
Purchase of consumables	21,766	37,010	(15,244)
Increase in property, plant and equipment	(564)	(9,596)	9,032
Purchase of finished products	394,718	531,115	(136,397)
Change in inventories	(20,481)	(48,413)	27,932
Total	2,479,557	2,916,653	(437,096)

The item mainly consists of the purchase costs of raw materials and finished products. The decrease is attributable to the performance in the prices of oil products recorded in the period. For more details, please refer to the contents of the Report on Operations.

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

6.2.2 Costs of services and sundry costs

Cost of services and sundry costs	31/03/2024	31/03/2023	Change
Costs for services	219,994	197,548	22,446
Capitalizations	(11,808)	(11,125)	(683)
Derivatives on crude oil and petroleum products and CO2	82,299	(49,974)	132,273
Costs for use of third-party assets	2,627	2,207	420
Provisions for risks	37,394	112,496	(75,102)
Other operating costs	6,144	11,080	(4,936)
Total	336,650	262,232	74,418

Costs for services mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges. The increase in the item is mainly due to energy costs as a result of the non-benefit of the tax credit recognized to energy-intensive companies until 30th June of the previous year.

The item "Capitalizations" mainly refers to turn-around maintenance costs capitalized during the period.

The item "Provisions for risks" mainly includes the provision for charges related to the implementation of Directive 2003/87/EC (Emissions Trading). The decrease is essentially due to the significant decline in the price of the units. 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	31/03/2024	31/03/2023	Change
Salaries and wages	28,360	28,928	(568)
Increases in fixed assets for internal work	(2,089)	(919)	(1,170)
Social security contributions	6,802	8,315	(1,513)
Post-employment benefits	2,107	2,063	44
Other long-term costs and incentives	1,098	2,095	(997)
Remuneration to the Board of Directors	554	519	35
Total	36,832	41,001	(4,169)

6.2.4 Depreciation/amortization and write-downs

"Depreciation/amortization" are shown below:

Depreciation/amortization and write-downs	31/03/2024	31/03/2023	Change
Amortization of intangible assets	1,533	1,578	(45)
Depreciation of property, plant and equipment	45,651	42,622	3,029
Total	47,184	44,200	2,984

Depreciation of leased items	31/03/2024	31/03/2023	Change
Depreciation of leased property, plant and equipment	2,226	2,280	(54)
Total	2,226	2,280	(54)

The item "Depreciation of leased items" includes the depreciation for the period calculated in accordance with IFRS 16.

6.2.5 Financial income and charges

A breakdown of financial income and charges is shown below:

Financial income	31/03/2024	31/03/2023	Change
Bank interest income	588	311	277
Unrealized differences on derivatives	878	4,395	(3,517)
Realized differences on derivatives	3,966	1,250	2,716
Other income	41	0	41
Profit on exchange rates	21,009	81,491	(60,482)
Total	26,482	87,447	(60,965)

Financial charges	31/03/2024	31/03/2023	Change
Unrealized differences on derivatives	(610)	(727)	117
Realized differences on derivatives	(192)	(5,423)	5,231
Interest expenses on loans and other financial charges	(12,453)	(8,151)	(4,302)
Interest on rights of use on leases	(130)	(150)	20
Exchange rate losses	(36,125)	(76,400)	40,275
Total	(49,510)	(90,851)	41,341

The table below shows net income/charges by type:

Net financial income and charges	31/03/2024	31/03/2023	Change
Net interest	(11,995)	(7,990)	(4,005)
Result of derivative instruments, of which:	4,042	(505)	4,547
<i>Realized</i>	3,774	(4,173)	7,947
<i>Fair value of open positions</i>	268	3,668	(3,400)
Net exchange rate differences	(15,116)	5,091	(20,207)
Other	41	0	41
Total	(23,028)	(3,404)	(19,624)

The increase in net interest was affected by the sharp rise in interest rates applied to current credit lines. Note that the item other financial charges includes interest on factors.

The entire fair value of the derivatives in place as of 31st March 2024 refers to the exchange rate and interest rate hedges.

As shown, the changes mainly refer to net exchange rate differences, as well as gains/losses on derivative financial instruments. In this regard, please note that the derivative financial instruments being considered relate to hedging transactions for which hedge accounting has not been adopted.

6.2.6 Income taxes

Income taxes are summarized below:

Income taxes	31/03/2024	31/03/2023	Change
Current taxes	32,446	55,189	(22,743)
Net deferred tax liabilities (assets)	(4,847)	2,243	(7,090)
Total	27,599	57,432	(29,833)

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

7. Other information

For information on subsequent events after the end of the reporting period, please refer to the relevant section of the Report on Operations.

7.1 Main legal actions pending

The Group companies are involved in legal disputes filed by different plaintiffs for various reasons. The outcome of some of these disputes is hard to predict. Although the decisions made by the ordinary and administrative courts were contradictory with regard to the alleged violations, the Company assumes that probability of any liability is normally remote or possible; where instead the liability was deemed probable, appropriate accruals were made to the provision for risks.

1) The Company Saras S.p.A. 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 crudes 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 S.p.A. 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 S.p.A. with a Report of Findings in which it challenged the non-deductibility of the purchase cost and refining cost of crudes of Kurdish origin for the years 2015, 2016 and 2017.

Moreover, in this context, on 9th December 2022, the Tax Authorities - Regional Directorate of Sardinia issued two invitations to be cross-examined (for IRES and IRAP) challenging the non-deductibility of the alleged criminal costs pertaining to 2016.

The tax dispute is based on the non-deductibility of criminal costs (Article 14, paragraph 4-bis of Law no. 537/1993). The regulation envisages the recovery for taxation of the cost of the goods and services used directly to commit the challenged offense, with a right to 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 crudes 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 March 2024, the Company paid four installments for a total of EUR 8.9 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 S.p.A. (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 S.p.A., Esso Italiana S.r.l., Saras S.p.A., Kuwait Petroleum Italia S.p.A., Tamoil Italia S.p.A., Repsol Italia S.p.A., Italiana Petroli S.p.A. and Iplom S.p.A. (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 S.r.l., 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 S.r.l. 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 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 fulfilled by Sarlux with the new response report sent to the Corpo Forestale (Forestry Corps) on 6th September 2023.

- 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 S.r.l. 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.

7.2 Commitments

As of 31st March 2024, there were no irrevocable commitments in existence for the purchase of materials or the provision of services over a period of several years.

As part of its normal activities, the Parent Company Saras has issued sureties totaling EUR 163.7 million as of 31st March 2024, mainly in favor of subsidiaries and entities, such as Customs Agencies and the Ministry of Defense.

7.3 Related-party transactions

The transactions carried out by the Saras Group with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. There were no new types of transactions with related parties during the period. The impact of these transactions or positions on the statement of financial position, income statement and cash flow statement is not significant and is substantially in line with previous periods.

7.4 Subsequent events

For information on subsequent events after the end of the reporting period, please refer to the relevant section of the Report on Operations.