The Board of Directors of Saras S.p.A. approves the interim Financial Report as of 30th September 2022[1]

- **Group' reported EBITDA at EUR 365.9 million in Q3/22 (EUR 4.8 million in Q3/21) and at EUR 1,054.4 million in 9M/22 (EUR 113.5 million in 9M/21**) due to the increase in prices and crack margins of oil products recorded from the end of February and thanks to the operational performance of the refinery which was able to seize the opportunities of a favourable market scenario
- **Group' reported Net INCOME at EUR 54.7 million in Q3/22 (EUR -35.4 million in Q3/21) and equal to EUR 347.2 million in 9M/22** (at EUR -34.9 million in 9M/21), net of the increase in current taxes for the year, resulting from a higher taxable income for the year together with the effect of the so-called "windfall tax"
- **Group's Comparable EBITDA at EUR 296.4 million in Q3/22 (EUR 2.3 million in Q3/21) and at EUR 817.0 million in 9M/22 (EUR 10.6 million in 9M/21)** for the effects described for the reported results, excluding the impacts on inventory stock valuations
- **Comparable Net INCOME at EUR 149.3 million in Q3/22 (negative by EUR 38.8 million in Q3/21) and equal to EUR 449.7 million in 9M/22 (negative by EUR 109.7 million in 9M/21)**, for the same dynamics described for reported results, excluding the impacts of non-recurring items such as the windfall tax
- **Positive Net Financial Position before IFRS16 at EUR 268.8 million (negative by EUR 453 million at December 31st 2021),** due to due to higher profitability in the second and in the third quarter.

After the Board meeting, Saras' **Chairman, Massimo Moratti,** commented: "*In the third quarter our Group reported very positive results: the oil scenario confirmed the high demand for refined products, to which we have been able to respond with extreme flexibility, maximizing the refinery runs in order to meet the needs of the market and guarantee energy security in Italy and beyond. The third quarter also saw an important recognition as regards to our Group's energy transition strategy: SardHy Green Hydrogen, the company born from the collaboration between Saras and Enel Green Power with the aim of studying the use and applications of green hydrogen in the Sarroch refinery, was in fact recognized as one of the four Italian companies eligible to access the funds assigned at European level within the IPCEI Hy2Use initiative*".

Milan, 28th October 2022: The Board of Directors of Saras S.p.A. met today under Chairman Massimo Moratti and approved the Interim Financial Report as of 30th September 2022, which is not subject to audit review. It should be noted that, in accordance with EU Directive 2013/50 transposed with Italian Leg. Decree n.25 dated 15th February 2016, which repealed the obligation to prepare the Interim Financial Reports, this Interim Financial Report has been issued on a voluntary basis, in order to ensure information continuity to the financial community in line with previous quarterly disclosure.

Key financial and operational Group Results

EUR Million	9M 2022	9M 2021	Change %	Q3/22	Q3/21	Change %
REVENUES	11,965	5,839	105%	4,266	2,083	105%
Reported EBITDA	1054.4	113.5	829%	365.9	4.8	7523%
Comparable EBITDA	**817.0**	**10.6**	n.s.	**296.4**	**2.3**	n.s.
Reported EBIT	913.2	(33.0)	n.s.	317.5	(46.6)	n.s.
Comparable EBIT	**675.8**	**(135.9)**	n.a.	**248.0**	**(49.1)**	n.a.
NET RESULT reported	347.2	(34.9)	n.s.	54.7	(35.4)	n.s.
Comparable NET RESULT	**449.7**	**(109.7)**	n.a.	**149.3**	**(38.8)**	n.a.

EUR Million	9M 2022	9M 2021	FY 2021
NET FINANCIAL POSITION ANTE IFRS 16	**268.8**	**(503.0)**	**(453.1)**
NET FINANCIAL POSITION POST IFRS 16	**229.2**	**(546.9)**	**(494.5)**
CAPEX	**66.4**	**48.2**	**84.0**

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

Comments on the Group's results for the nine months of 2022

In the nine months of 2022, Group revenues came to EUR 11,965 million compared to EUR 5,839 million in the nine months of the previous year. The significant increase is related to both the changed scenario conditions and the higher volumes produced and sold between the two periods. From a scenario perspective, the variables that had the greatest impact were the appreciation of the main oil products, the increase in the sale price of electricity (in accordance with the Essentiality Regime agreement) and the exchange rate trend characterised by the strengthening of the dollar against the euro. Specifically, the average price of diesel in the nine months of 2022 was 1,052 USD/ton (vs. 546 USD/ton in 2021), the average price of gasoline was 1,036 USD/ton (vs. 644 USD/ton in 2021), the single national price for the sale of electricity (PUN) was 323 EUR/MWh (vs. an average sale price of 99 EUR/MWh in the nine months of 2021 related both to the performance of the CIP6 tariff, until its expiry, and to the subsequent performance of the PUN regulated within the essentiality contract) and the EUR/USD exchange rate was 1.06 (vs. EUR/USD exchange rate of 1.20 in 2021). From the standpoint of industrial production, it should be noted that all main production variables were above the values recorded in 2021. More specifically, refinery runs in the nine months of 2022 amounted to 71.8 million barrels (vs 69.3 million barrels in 2021), non-renewable electricity production amounted to 3,019 GWh (vs 2,454 GWh in 2021), renewable electricity production amounted to 206 GWh (vs 176 GWh in 2021) and Marketing channel sales amounted to 2,749 thousand tons (vs 2,496 thousand tons in 2021).

The Group's reported EBITDA amounted, for the nine months of 2022, to EUR 1,054.4 million, up from EUR 113.5 million in the nine months of 2021. The positive change is primarily attributable to improved scenario conditions, which, as mentioned, benefited from a strong appreciation of diesel and gasoline cracks, as well as an appreciation of the dollar against the euro. These positive factors were only partly offset by higher costs and greater complexity in the procurement of crudes (increase in the price of Brent crude oil and crude oil premiums, especially for light crudes), a weakening of the naphtha crack, an increase in energy costs only partly offset by the effects of the TER Support Decree, and the continuation of a "backwardation" market structure that increased crude oil costs and the costs caused by risk hedging activities on the related stocks.

The trading & supply activities were characterised by higher sales in all channels as well as improved trading results. Production planning has been adversely affected by a lesser variety of crude oils available on the market and a deterioration in the quality of some of these types.

With regard to operating performances, net of the impacts resulting from the increase in unit margins, the nine months of 2022 were characterised by an overall better performance than that of 2021, although a more onerous maintenance plan. In addition, as regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives) in the nine months of 2022, these benefited from an appreciation of EUR 167.6 million compared to an appreciation of EUR 105.8 million in the same period of 2021.

Lastly, for non-recurring items, there was a negative impact of EUR 5.4 million in 2022, related to the adjustment of some receivables, compared to EUR 6.2 million in 2021, mainly related to the cost of CO_2 emissions pertaining to 2020.

Lastly, it should be noted that the reported EBITDA for the nine months of 2022 reflects the effect of the TER Support Decree, respectively a reduction in energy costs by approx. EUR 83.2 million and a price cap on power sales from renewable sources (wind power) by approx. EUR 23.1 million.

The Group's reported Net Profit was EUR 347.2 million, compared to a negative value of EUR 34.9 million achieved in the nine months of 2021. In addition to the EBITDA figure, this variance is mainly attributable to higher financial expenses (mainly due to the strengthening of the US dollar and the consequent impact on the results of the relative hedging derivatives) and to higher current taxes, as a result of the increase in taxable income for the year, in addition to the effect of the so-called "taxation on extra-profits", as better described in the Notes to the Financial Statements.

The Group's comparable EBITDA amounted to EUR 817.0 million in the nine months of 2022, an increase over EUR 10.6 million recorded in the nine months of 2021. With respect to reported EBITDA, this result does not include the above-mentioned positive effect of the scenario on changes in inventories between the start and end of the period, includes the impact of currency derivatives (reclassified under core business) and excludes non-recurring items. The higher result compared to the nine months of 2021 is made up of a positive variance in both the "Industrial & Marketing" and "Renewables" segments, which will be described in more detail in the "Segment Review" section.

The Group's comparable net profit for the nine months of 2022 was EUR 449.7 million, compared to a loss of EUR 109.7 million in the same period of last year as a result of the same phenomena described for Reported Net Profit, net of the effect of "taxation on extra-profits".

Investments in the nine months of 2022 stood at EUR 66.4 million higher than in the first half of 2021 (EUR 48.2 million); this increase is attributable to the Industrial & Marketing segment and to the increased activities developed in 2022.

Comments on the Group's third quarter 2022 results

In the third quarter of 2022, Group revenues amounted to EUR 4,266 million, compared to EUR 2,083 million in the third quarter of last year. The significant change is attributable to the same market dynamics highlighted in the commentary on the nine-month results characterised by the appreciation of the main oil products, an increase in the price of electricity, in accordance with the Essentiality Regime agreement, and a strengthening of the dollar against the euro. In addition to these market trends, revenues also increased due to the positive results of the main production variables: refinery runs amounted to 25.4 million barrels (+18% vs 2021), non-renewable power generation amounted to 1,145 GWh (+17% vs 2021), Marketing channel sales amounted to 979 thousand tons (+5% vs 2021).

The Group reported EBITDA for the third quarter of 2022 was EUR 365.9 million, up from EUR 4.8 million in the third quarter of 2021. The positive change is primarily attributable to the improvement in ordinary operations between the two periods due to the same dynamics highlighted for the nine-month performance. The price dynamics of commodities on oil inventories (net of the related hedging derivatives) in the third quarter of 2022, benefited from an appreciation of EUR 44.2 million compared to an appreciation of EUR 4.7 million in the same period of 2021. Finally, non-recurring items showed a negative impact of EUR 1.7 million in 2022, compared to EUR 1.3 million in 2021, both due to the reclassification of some costs under financial expenses.

Lastly, it should be noted that the reported EBITDA for the third quarter of 2022 reflects the effect of the TER Support Decree, respectively a reduction in energy costs by approx. EUR 43.1 million and a limitation of sales tariffs for electricity generated from renewable sources (wind power) by approx. EUR 8.3 million.

The Group's reported Net Profit was EUR 54.7 million, an increase compared to the loss of EUR 35.4 million in the third quarter of 2021, mainly due to the same dynamics shown at the EBITDA level and the increase in financial expenses and taxes, both related to the same phenomena described in the comments on the results for the nine months, taking into account the effect of the increase in current taxes, due to the increase in taxable income for the year, as well as the effect of "taxation on extra-profits".

The Group's comparable EBITDA amounted to EUR 296.4 million in the third quarter of 2022, up from EUR 2.3 million recorded in the third quarter of 2021. With respect to reported EBITDA, this result does not include the above-mentioned positive effect of the scenario on changes in inventories between the start and end of the period, includes the impact of currency derivatives (reclassified under core business) and excludes non-recurring items. The higher result compared to the third quarter of 2021 is made up of a positive variance in both the "Industrial & Marketing" and "Renewables" segments, which will be described in more detail in the "Segment Review" section.

The Group's comparable Net Profit for the third quarter of 2022 was EUR 149.3 million, compared to a loss of EUR 38.8 million in the same period of the previous year, due to the same phenomena described for the Reported Net Profit, net of the effect of the so-called "taxation on extra-profits".

Investments in the third quarter of 2022 amounted to EUR 15.5 million compared to EUR 8.0 million in the same period of 2021. The increase is mainly attributable to increased investment activities in the Industrial & Marketing segment.

Calculation of the Group comparable EBITDA

EUR Million	9M 2022	9M 2021	Q3/22	Q3/21
Reported EBITDA	**1,054.4**	**113.5**	365.9	**4.8**
Gain / (Losses) on Inventories and on inventories hedging derivatives	(167.6)	**(105.8)**	(44.2)	(4.7)
Derivatives FOREX	(75.2)	**(3.3)**	(27.0)	0.9
Non-recurring items	5.4	**6.2**	1.7	1.3
Comparable EBITDA	**817.0**	**10.6**	**296.4**	**2.3**

Calculation of the Group comparable Net Result

EUR Million	9M 2022	9M 2021	Q3/22	Q3/21
Reported NET RESULT	**347.2**	**(34.9)**	**54.7**	**(35.4)**
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(120.8)	(76.3)	(31.8)	(3.4)
Non-recurring items net of taxes	223.4	1.5	126.4	-
Comparable NET RESULT	**449.7**	**(109.7)**	**149.3**	**(38.8)**

Net Financial Position

The Net Financial Position at 30 September 2022, before the effects of applying IFRS 16, was positive by EUR 268.8 million, compared to a negative reported Net Financial Position of EUR 453.2 million at 31 December 2021.

In the nine months of 2022, operating management generated EUR 965 million, of which EUR 168 million attributable to price changes in inventories and relative hedging derivatives.

The change in working capital amounted to EUR 99.0 million, mainly attributable to an increase in the value of inventories (due to both the effect of the above-mentioned price trend and the increase in stored quantities) and of trade receivables; these effects were partially offset by the increase in trade payables and the positive impact of CO_2 payment dynamics.

Investments amounted to EUR 66 million and the payment of interest and financial charges and taxes absorbed EUR 76 million, including the payment of the advance on the so-called "taxation on extra-profits".

The Net Financial Position before the application of IFRS 16 was positive with EUR 268.8 million and positive with EUR 229.2 million considering the effect of the application of IFRS 16.

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

EUR Million	**30-Sep-22**	**31-Dec-21**
Medium/long-term bank loans	(432.9)	(5.6)
Bonds	-	-
Other medium/long-term financial liabilities	(4.6)	(5.3)
Other medium/long-term financial assets	4.1	4.1
Medium-long-term net financial position	**(433.4)**	**(6.7)**
	-	
Short term loans	(118.5)	(385.2)
Medium/long-term bank loans (maturity date within 12 months)	-	(199.7)
Banks overdrafts	(12.8)	(163.2)
Other short term financial liabilities	(37.8)	(113.8)
Fair value on derivatives and realized net differentials	(41.9)	(9.1)
Other financial assets	188.8	57.6
Cash and Cash Equivalents	724.4	367.0
Short-term net financial position	**702.3**	**(446.5)**
Total net financial position ante lease liabilities ex IFRS 16	**268.8**	**(453.2)**
Financial lease liabilities ex IFRS 16	(39.6)	(41.3)
Total net financial position post lease liabilities ex IFRS 16	**229.2**	**(494.5)**

Oil Market

Oil market

Provided below is a short analysis of the trends followed by crude oil quotations, by the crack spreads of the main refined oil products, and also by the reference refining margin (EMC Benchmark) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

	Q1/22	Q2/22	Q3/22	9M/22		Q1/21	Q2/21	Q3/21	9M/21
Crude oil price and differential ($/bbl)									
Brent Dated (FOB Med)	102.5	113.9	100.8	105.7		61.1	69.0	73.5	67.9
Urals (CIF Med)	91.9	79.9	74.5	82.1		60.6	67.8	71.7	66.7
"Heavy-light" price differential	-10.6	-34.0	-26.4	-23.6		-0.5	-1.2	-1.8	-1.2
Crack spreads for refined oil products ($/bbl)									
ULSD crack spread	19.0	44.8	42.0	35.3		4.3	4.8	7.0	5.4
Gasoline crack spread	9.4	31.9	13.7	18.3		6.2	8.9	12.6	9.3
Reference margin ($/bbl)									
Reference margin (NEW Benchmark)	-0.5	16.9	8.6	8.3		-2.2	-2.8	-1.3	-2.1

Source: "Platts" for prices and *crack spreads*.

Crude Oil Prices

In the nine months of 2022, Brent Dtd recorded an average price of 105.7 USD/bbl compared to an average price of 67.9 USD/bbl in the same period of 2021. The comparison must take into account a scenario that has profoundly changed over the two periods.

In particular, the beginning of 2022 saw an upward acceleration of prices compared to those already recorded in 2021 with the return of the pandemic emergency: demand at pre-Covid levels and a shortfall in supply, in particular due to production below the targets of Opec producing countries, led to increases of more than 15% in Brent prices, which in January exceeded the 90 USD/bbl mark for the first time in more than seven years.

The outbreak of the Russian-Ukrainian conflict then led to new increases: the gradual withdrawal of Western countries from the Russian market triggered a collapse in Ural crude prices in favour of alternative sour crudes, and a rise in Brent crude prices, which peaked at over 138 USD/bbl in the first week of March, and averaged around 101 USD/bbl and 114 USD/bbl in Q1 and Q2 respectively.

In the months immediately following the conflict, in fact, the producing countries of the OPEC+ alliance did not offset the lower exports of Russian crude oil to the market, maintaining production levels significantly lower than those expected from previous commitments, and reporting, as in the case of Nigeria and Angola, operational difficulties in meeting their targets. Lower exports from Libya and Kazakhstan, burdened by political tensions, have also neutralised the production increases from Saudi Arabia.

In light of this situation, the 31 member countries of the International Energy Agency (IEA) decided in March to release over 180 million barrels of emergency stocks, to be made available in just two months, representing the biggest emergency measure adopted in the history of the Agency. These announcements, together with a reduction in market volatility and concerns related to a resurgence of the Covid pandemic in China and rising inflation in the US and Europe, helped rebalance Brent prices between March and April to lower values around 100 USD/bbl. In the first weeks of May, however, rapid progress on the EU's sixth round of sanctions on Russian exports renewed price tensions, with Brent Dtd quickly rising above 110 USD/bbl to over 130 USD/bbl in mid-June, after the EU officially adopted its sixth sanctions package on Russian oil.

In Q3, crude oil prices saw a gradual decline, averaging 100.8 USD/bbl. Since July, world oil supply has in fact progressively increased, thanks to the end of a set of maintenance operations on platforms in the North Sea and Canada, but above all thanks to the OPEC+ countries, and in particular Saudi Arabia, Kuwait and Kazakhstan, which have contributed with production in line with targets, as well as Libya, which returned to production thanks to the mid-July lifting of the force majeure.

At the same time, the release of high volumes of crude oil from US strategic stocks continued. In addition, oil demand grew less than expected due to prolonged lockdowns in China and a general global economic slowdown, where fears of a recession due to high energy costs, high inflation and restrictive central bank interest rate policies weighed on prices.

Russian oil exports fell by 230 thousand barrels per day to 7.5 thousand barrels per day in September, down 560 thousand barrels per day from pre-war levels. Two months after the embargo on Russian crude oil imports became effective, EU countries have yet to diversify more than half of their pre-war import levels.

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

The "heavy-light" differential (i.e. between "Urals" and "Brent" crude oils) in the nine months of 2022 recorded a high average discount of 23.6 USD/bbl (compared to 1.2 USD/bbl in the same period of the previous year). The described dynamics that led to the collapse in demand for Russian crude oils strongly widened the Ural MED discount, which averaged 34 USD/bbl in Q2. Russian volumes thus were gradually redirected mostly towards India and China, allowing for a slight recovery in the value of the Urals, which **in Q3 recorded an average discount in the Mediterranean region of around 26 USD/bl** (1.8 USD/bl in Q3 of 2021).

This phenomenon has led, on the other hand, to an appreciation of sweet crude (see Azeri) which, in a context of high demand and high energy costs, is often preferred to crude oils with a higher sulphur content, which require more costly desulphurisation processes**: the average premium for Azeri sweet crude in the nine months of the year thus stood at +5.5 USD/bbl** (compared to an average premium of +1.4 USD/bbl in the same period of 2021). In particular, the light sweet material, after a further appreciation in July, with a premium vs. Brent of +10.6 USD/bl, declined in August and September, due to lower purchases by European refiners, bringing the average for the quarter to +5.9 USD/bl in Q3, which was lower and comparable to the previous quarter (+6.5 USD/bl in Q2).

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

The gasoline crack in the nine months of 2022 averaged +18.3 USD/bbl (vs. +9.3 USD/bbl in the nine months of 2021). In the first three months of the year, margins remained (on average +9.4 USD/bbl) broadly in line with the last quarter of 2021, when gasoline had already shown full recovery from the effects of the pandemic crisis.

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

Diesel crack (ULSD) in the nine months of 2022 averaged +35.3 USD/bbl (+5.4 USD/bbl in the same period of 2021). The comparison between the two periods must necessarily take into account a scenario that changed significantly one year later, and in particular was still heavily penalised by the effects of the pandemic crisis and the slow recovery in diesel consumption for the most part of 2021, as well as, on the other hand, the effects of the war in Ukraine from the end of February 2022. In the months preceding the outbreak of the Russian-Ukrainian conflict, the recovery of demand to pre-covid levels had brought diesel margins back to values close to pre-pandemic levels (+11 to 12 USD/bbl). The outbreak of the conflict at the end of February led to unprecedented volatility and diesel prices, in light of a structural shortage of middle distillates in Europe, which had been historically offset until then by imports of Russian product (up to 800-900 kbbl/day, approx. 35% of European diesel imports, equal to 10-12% of the old continent's total needs).2 At the same time, the availability of sour Urals crude oil from Russia, which accounted for about 20% of the crude processed in the European refineries and to a large extent used in the production of middle distillates, declined. The constraints of many plants in the production of diesel from other crude qualities, particularly in hydrotreating capacity, have forced many refineries to reduce their runs.

This supply shock has come on top of a pre-existing low unused refining capacity in Europe and the US, exacerbated in the last two years by the impacts of the pandemic on the industry (the IEA global refining capacity is estimated to have decreased by about 3 mb/day in the last three years).

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

The diesel crack thus averaged +44.8 USD/bl in Q2.

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

As for the analysis of jet fuel, this, in the nine months of 2022, recorded an average crack of +31.9 USD/bbl, (vs. an average of +2.6 USD/bbl in the nine months of 2021). In the pre-conflict period, air traffic had shown a recovery trend in particular in the last quarter of 2021. Following the outbreak of the Russian-Ukrainian conflict, the jet fuel, similarly to diesel, has received support from the lack of supply that impacted the entire middle distillate pool. Finally, although the cancellations of Russian flights have reduced some European air traffic, the closure of Russian and Ukrainian air space has increased the duration of numerous intercontinental flights between Europe and Asia, resulting in greater consumption of jet fuel. As far as short-haul flights are concerned, there has been an increase in traffic in Europe (Eurocontrol data show a level now back within 85% of the 2019 activity level). In Q2, the jet crack thus averaged +44.1 USD/bbl.

In Q3, jet fuel cracked at an average of 36.2 USD/bbl (+4.1 USD/bl in Q3 / 2021), down slightly from Q2, similar to what has been described for diesel, due to an increased supply coming from imports from Asia to Europe.

The VLSFO crack in the nine months averaged +4.5 USD/bbl (vs. an average of +2.2 USD/bbl in the nine months of 2021). The VLSFO margins had followed a rather constant trend in the pre-conflict period, in continuity with the recovering values recorded in the last quarter of 2021, following the increase in maritime traffic and consumption of fuel oil used for electricity generation instead of gas. After the outbreak of the Russian-Ukrainian conflict, VLSFO prices rose, which was also reflected in freight costs, due to the support derived from the value of middle distillates (on which the pricing of certain blending components such as e.g. GAV depends). The average VLSFO crack in the second quarter was 7.4 USD/bbl, (almost double the average of 3.8 USD/bbl in Q1), with daily peaks over 14 USD/bbl in early April. **In Q3, the VLSFO crack fell sharply, recording an average value of +2.4 USD/bbl** (+0.8 USD/bbl in Q3/21), down 67% from the average of +7.4 USD/bbl recorded in Q2, mainly due to the reduction in maritime cargo traffic as a result of the global economic slowdown.

On the other hand, the **HSFO crack** collapsed to -32 USD/bbl in the firs week of the conflict, as Western operators drastically cut supplies of Russian-origin fuel oil: the average crack in the f nine months stood at -29.2 USD/bbl, depreciating progressively over the period (with averages of -21 USD/bbl in Q1; -28.1 USD/bbl in Q2 and -38.4 USD/bbl in Q3) compared to an average of -10.5 USD/bbl in the same period in 2021. HS fuel oil also remained at depressed values in Q3, hitting a new low with the September average (-42.6 USD/bbl). This development is related to the discounting of HS crude oils (due to the reduction of Asian purchases, which preferred Russian material at a large discount), as well as the availability of high-sulphur material of Russian origin. **Overall, the HSFO crack in Q3 was -38.4 USD/bbl (vs. -11.6 in Q3 / 2021).**

Marketing

In Italy, according to data collected by Unione Energie per la Mobilità (UNEM), in the nine months of 2022, the consumption of oil products showed an increase of 5.3% compared to the same period in 2021, but still lower (-3.5%) than in the nine months of 2019. The consumption of transport fuels (gasoline and diesel) showed a significant recovery of +6.3% compared to 2021, and a consumption finally in line (+0.3%) with the figure of 2019, thanks to a strong recovery in gasoline (+5.6%) and a substantial realignment of diesel (-0.3%). The negative deviation towards 2019 is weighed down by the still lower -25.2% jet fuel consumption compared to the pre-pandemic period.

In Q3, oil consumption was in line (-0.1%) with the same period in 2021, and thus still lower than in the same period in 2019 (-7.1%). In the quarter, the sales figure for gasoline and diesel was positive (total sales of the two fuels increased by +0.4% vs 2021 and +4.8% vs 2019). Still impacting the comparison is the recovery of jet fuel demand, which is very positive (+92%) compared to Q3/2021, but still lower by -20.5% than in the same quarter of 2019.

As for an analysis of the Spanish market, the data compiled by CORES so far available up to the month of August show that during the month of August alone, motorway fuel consumption grew by 0.5% compared to August 2021. In particular, the demand for gasoline increased by 4.7% while the consumption of diesel decreased (-0.7%).

Compared to the pre-pandemic situation in 2019, motorway fuel consumption in August was lower overall (-2.6%): gasoline consumption increased significantly (+7.5%) but the consumption of diesel (-5.3%) in the month was lower.

In the eight months of 2022, motorway fuel consumption in Spain in general increased by +5.5% compared to the same period of 2021, with a significant growth in demand particularly for gasoline (+12.6%) as well as for automotive diesel (+3.8%).

Electricity and CO2

The strongly upward trend that has characterised the natural gas market and the related electricity market since the second half of 2021 worsened in 2022 with the outbreak of the Russian-Ukrainian conflict, with the spot price of natural gas at the TTF (the European reference market for natural gas) reaching peaks of 323 EUR/MWh at the beginning of March and the PUN (Single National Electricity Price) 588 EUR/MWh. In fact, alarm has grown over an extension of the sanctions adopted against Russia to the gas sector, with the risk of a partial or total interruption of supplies from the country.

In this context, the **PUN averaged 323 EUR/MWh in the nine months of the year (with an average of 472 EUR/MWh in Q3**, vs. 125 EUR/MWh in the same quarter of 2021), a further rise from the already very high values recorded in the previous quarters (248 EUR/MWh in Q1 and 249 EUR/MWh in Q2), with a peak at the end of August (over 706 EUR/kWh). To deal with this emergency, the TER Support Decree (LD 4/2022, converted, with amendments, into Law No. 25), has provided for the recognition of an extraordinary contribution, in the form of a tax credit, to partially offset the higher charges incurred for electricity purchased and used in the performance of economic activities during the first, second, and third quarters of 2022, and in October and November, in favour of "energy-intensive companies"[3], such as Sarlux srl, a subsidiary of the Saras Group.

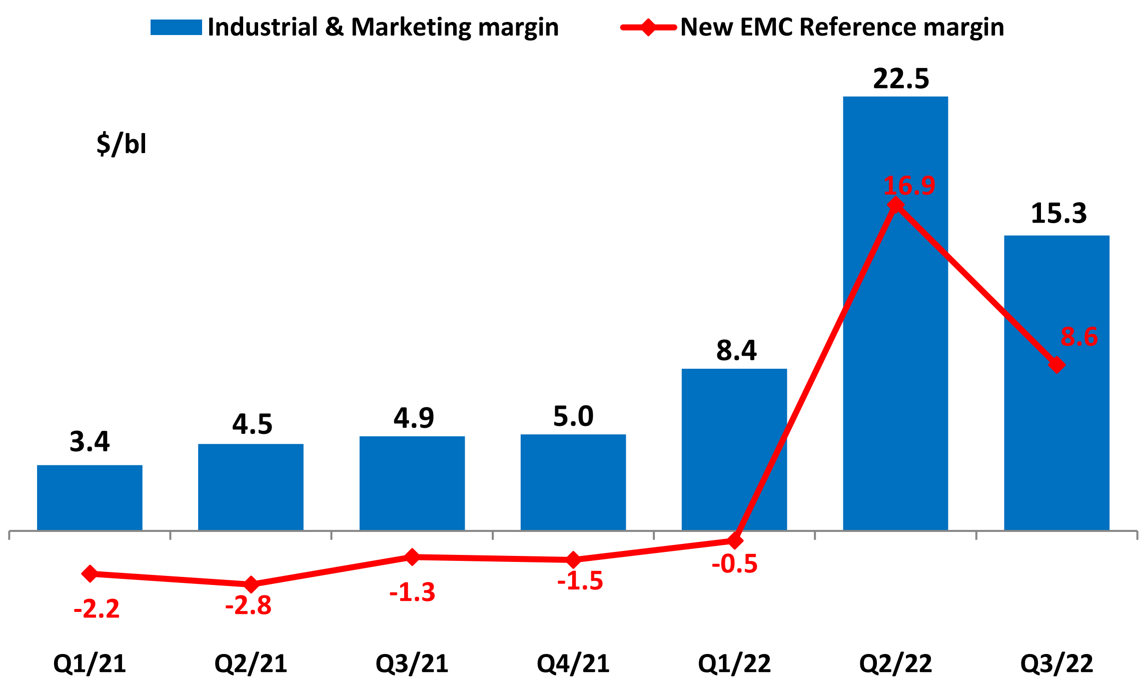
EUA quotations for European carbon dioxide permits averaged 82 EUR/ton in the nine months of 2022. In Q3, the trend was unchanged compared to Q2 in the July-August period (84.2 EUR/ton), with a sharp drop in September (-18%), in the aftermath of falling gas prices. Overall, the average cost of CO2 in Q3 was 79.5 EUR/ton (vs. 56.9 EUR/ton in the same quarter of 2021), and slightly lower than in Q2 (83.4 EUR/ton).

Refining margins and Saras Industrial & Marketing margin

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

In Q3 2022, the EMC Reference Margin, in light of the market context described in the previous paragraph, averaged 8.6 USD/bbl (vs. a negative average of -1.3 USD/bbl in Q3/21). **Saras' margin was 15.3 USD/bbl** (4.9 USD/bbl in the same period of the previous year), **showing a premium of +6.7 USD/bbl, of which 1.0 USD/bbl the contribution of the Marketing segment (6.1 USD/bbl in Q3 2021).**

In the nine months of 2022, the EMC Reference Margin averaged 8.3 USD/bbl (vs. a negative EMC of -2.1 USD/bbl in the same period of 2021). **Saras' margin averaged 16.1 USD/bbl** (4.3 USD/bbl in the same period of the previous year), **showing a premium of +7.8 USD/bbl (+6.5 USD/bbl in the same period of 2021).**



3 "referred to in the Decree of the Minister of Economic Development of 21 December 2017, published by press release in the Official Gazette No. 300 of 27 December 2017".

Outlook

The International Energy Agency (IEA) in its latest Oil Market Report released in October, partially revised **global oil demand estimates**, with a forecast for 2022 of +1.9 mb/day y-o-y demand growth, and average consumption of 99.6 mb/day in the year. This estimate positively revises the estimates released in July - reported in the Saras Group's business outlook at 30 June 2022 - which saw a growth of +1.7 mb/day and an average consumption of 99.2 mb/day for this year. In its interim report in August, the IEA pointed out that, despite an expected slowdown in consumption, a balancing act was expected from Q3 onwards due to higher oil demand for power generation to replace gas (estimated up to approx. +380 mb/day).

For 2023, the IEA instead revised its growth forecast downwards: +1.7 mb/day y-o-y (down from +2.1 mb/day y-o-y in July's estimates), however with an average consumption stable at 101.3 mb/day, considering the revision to 2022, and strong growth in emerging countries to offset the slowdown in OECD economies.

Looking at **global oil supply**, at the beginning of October, OPEC+ member countries, after having made a substantial contribution to the increase in global production recorded in Q3 (+2.1 mb/day, for a supply of 101.2 mb/day in September), announced a cut of 2 mb/day from November onwards compared to official production targets (estimated, however, at 1 mb/day effective given the bloc's underperformance against quotas). Following the announcement, crude oil prices, which following the peaks of over 120 USD/bl in June had fallen to an average of 90 USD/bl in September, reached highs of around 99 USD/bbl, and then settled back to around 92 to 93 USD/bbl. In addition, the sixth EU sanctions package adopted in May 2022, which provides for an embargo on imports of Russian crude oil by ship, remains in force and will come into effect on 5 December for crude oil.4

Also in its October report, the IEA points out that this context exacerbates the risks arising from an oil market that was already "short" of crude prior to the Russian-Ukrainian crisis, and which, even taking into account expectations of progressively slowing demand, "will drastically reduce the necessary build-up of oil stocks in the remainder of 2022 and the first half of 2023". The persistent tensions in the physical crude oil markets and the high refining margins point to the continuation of an underlying imbalance between supply and demand. In particular, in OECD countries, although high prices have started to put a dent in oil consumption, this now seems to be offset by a stronger-than-expected rebound in demand in emerging and developing economies, led by China, which is starting to rebound after the Covid closures.

Furthermore, the IEA report highlights the resilience of Russian crude oil exports to Europe, which, although gradually declining in the months following the outbreak of the conflict, stood at 7.5 mbl/day in September, down 560 thousand barrels per day from pre-war levels: this trend makes it necessary for EU member states, less than two months after the embargo came into effect, to diversify more than half of their pre-war import levels away from Russia.

Finally, according to the IEA, global refinery productivity will respond to the slowdown in demand in the latter part of the year and in 2023, which will contribute to maintaining relatively low inventory levels.

Oil prices in the last month reflected the events described above, although product prices rose more than proportionally to those of Brent crude, with an expansion of margins, which in the case of gasoline already in the last week of September returned to double-digit values and averaged 11.4 USD/bbl, and in the case of diesel averaged 58.3 USD/bbl, highlighting a particularly "short" diesel market, particularly in the MED area.

At the same time, despite the continuing high instability in the gas and electricity markets, the price of gas fell significantly in Europe and Italy after the peaks at the end of August, due to several factors, including the filling of storage and average temperatures particularly mild for the month of October. The PUN has progressively fallen from the highs of over 740 EUR/MWh at the end of August and, since 19 October, well below 200 EUR/MWh with a daily average around 176 EUR/MWh: the reduction is to be attributed to the new package against high energy prices, presented on 18 October 2022 by the European Commission, which provides, among other measures, for the application of a price cap to gas prices. The Commission's proposal will have to be scrutinized by the European Council on 20 and 21 October and finally approved by the energy ministers of the member states who will meet in November.

Assumptions on the Q4 oil scenario, mainly based on the development of oil commodity forward curves,5 lead us to consider Brent prices for the end of 2022 to be in continuity with the current ones (90-95 USD/bbl), and with a premium for low-sulphur crude oils, such as Azeri, still very high compared to historical averages. It is also reasonable to expect, despite the risk of a

4 In early October, the EU Council has officially approved the eighth sanctions package against Moscow, which includes a cap on the price of oil exported by ship from Russia to third countries. According to the agreement, EU Member States will not be able to provide shipping services, technical assistance, financial intermediation or financing, to crude oil (from December 2022) and petroleum products (from February 2023) exported from Russia at a price higher than the price cap. The new package includes the legal basis for setting a ceiling on the price of Russian oil, which will be defined later on, based on a number of technical assessments carried out jointly by the various participating countries.

5 Sources: for the oil market: forward curves as of 5 October for Brent and Cracks; Supply Chain Management indications for crude premiums/discounts.

slowdown in consumption, that diesel cracks will still be high and on average in line with the mean recorded in Q3 (42 USD/bbl), in the presence of a European market short of diesel and the impending sanctions on product imports from Russia starting from February 2023. As regards gasoline cracks, which are exposed to a risk of price reductions in the event of excess production and a slowdown in consumption, a rebalancing from current levels to values close to historical seasonal averages can be expected.

Regarding energy costs, and in particular with reference to the cost of electricity and CO2, on the basis of what has been indicated by the main analyst companies in the sector,6 it is believed that, despite the downward correction in gas and electricity prices recorded in October, a PUN and a CO2 price in line with those of Q3 will be expected, given the continuing high volatility in the gas and electricity markets.

Based on these assumptions, and the performance recorded in the nine months of the year, the Company estimates to achieve an average annual premium over EMC Reference margin of 7 ÷ 8 USD/bbl in 2022, including a contribution of 0.5 USD/bbl from the Marketing channel. This estimate compares to previous guidance which indicated an average annual premium of 6 ÷ 7 USD/bbl on EMC, including 0.5 USD/bbl from the Marketing channel.

As regards the **Renewables segment**, starting from the month of February, the valorisation of the segment's production takes into account the provisions of Decree-Law no. 4 of 27 January 2022, the so-called "TER support", which establishes a "compensation" mechanism for non-incentivised renewable sources, under which producers must repay, up until the end of 2022, the difference between the prices that will occur on the market and "an equitable remuneration", referred to the historical average of the market area prices, from the start-up of the plant until 31 December 2020. For Sardeolica, the compensation is based on a historical average price of about 61 EUR/MWh, to be applied to the non-incentivised production sections which became operational prior to 2010 (around 63% of the installed capacity).

Again with regard to Renewables, the Group continues, through the subsidiary Sardeolica, with the authorisation activities for the development of new greenfield plants, for which new authorisations are expected to be obtained during 2023 for the development of additional wind and photovoltaic capacity, with the objective of reaching a total installed renewable capacity of 500 MW by 2025.

The design of the new Helianto 80 MW photovoltaic park recently authorised is also in progress and is expected to be operational by the end of 2023.

As far as the **Group's investments** are concerned, they are expected to amount to approximately EUR 135 million by the end of 2022, a partial decrease from the previous forecast of EUR 150 million. In particular, investments of approx. EUR 100 million are projected in the Industrial & Marketing segment, with a shift of some maintenance activities initially planned for this year to 2023. In the Renewables segment, investments of EUR 27 million were confirmed, mainly for the execution of the 80 MW photovoltaic park in the Macchiareddu area.

Regarding the expected trend of the Group's **Net Financial Position**, an improvement is expected for the end of 2022 compared to the financial position at 30 September 2022, thanks to the contribution of the core business, which remains subject to the variability of the scenario evolution as regards working capital and takes into account the payment of taxes in the last part of the year.

Lastly, with regard to the other projects launched by the Group as part of its energy transition strategy, green hydrogen and "Carbon Capture and Storage" (CCS) projects are expected to progress during 2022.

In fact, the project, for which Saras launched a partnership in February 2021 with Enel Green Power, designed to supply green hydrogen to the Saras refinery through the use of an approximately 20 MW electrolyser, powered by renewable energy through a PPA agreement, continues. At the end of September, SardHy Green Hydrogen, a company created from a project by Enel Green Power and Saras, was recognised as one of the beneficiaries of funds allocated at European level as part of the IPCEI Hy2Use initiative, the second Important Project of Common European Interest on H2 approved by the European Commission, which supports research, first industrial application and infrastructure construction in the hydrogen value chain. SardHy Green Hydrogen is one of the four Italian companies admitted to the European programme and for which a total of EUR 500 million in funding is planned.

With regard to the **Carbon Capture and Storage** project, after the conclusion in 2021 of the first phase aimed at evaluating different plant solutions for the capture of CO2, the study phase with Air Liquide is proceeding, aimed at better defining the aspects relating to the entire development chain including logistics and transport, together with an estimate of costs and timing.

In the biofuel sector, Saras continues to monitor the possibility of expanding the current production capacity of Hydrogenated Vegetable Oil in co-processing from around 100kt/year to 250 kt/year with reduced investment, depending on the cost-effectiveness of crude vegetable oils.

6 Sources by energy market: estimates by AFRY-Pöyry (Jul'22); Elemens (Sep'22); Ref4E and Nomisma (Oct'22).

Conference call on October 28th, 2022, and other information

On October 28th, 2022, the Board of Directors of Saras SpA will meet in order to approve the Interim Financial Report as of 30th September 2022. Subsequently a dedicated press release will be issued via SDIR and, at the same time, a slide presentation will become available on the company's website (www.saras.it).

On the same day at 16:00 CEST, there will be a conference call for analysts and investors, during which the management will comment the results and answer to relevant questions.

Dial in numbers:

For Italy:	+39 02 8020911
For UK:	+44 1 212818004
For USA:	+1 718 7058796

Link for the live webcast: https://87399.choruscall.eu/links/saras221028.html

Playback and transcript of the webcast will also be available on the company's website.

For enquiries, please contact Saras' Investor Relations Department.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree 24th February 1998 number 58, adopted by CONSOB under resolution 14th May 1999 number 11971, as amended and supplemented. It is available to the general public on the Company's website under "Investors / Financial Press Releases", and also on the "1Info" authorised storage mechanism (**www.1info.it**). Moreover, the Interim Financial Report as of 30th September 2022 is also available to the public at the Company's registered Office in Sarroch (CA) S.S. 195 Sulcitana Km. 19, on the Company's website under "Investors / Financial Reports", and on the "1Info" authorised storage mechanism.

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THE SARAS GROUP

The Saras Group, founded by Angelo Moratti in 1962, is one of the leading players in the European energy and oil refining industry. Through the Parent Company Saras S.p.A., and its subsidiaries, Saras Trading SA, based in Geneva, and Saras Energia SAU, based in Madrid, the Group sells and distributes oil products in the domestic and international markets. The Group also operates in the production of electricity, through its subsidiaries Sarlux S.r.l. (IGCC plant) and Sardeolica S.r.l. (wind plant). Moreover, the Group provides industrial engineering and research services to the oil, energy and environment sectors through its subsidiary Sartec S.r.l.. The Group has about 1,572 employees and total revenues of about EUR 8.6 billion as of 31 December 2021 (about EUR 5.3 billion as of 31 December 2020).