The Board of Directors of Saras S.p.A. approves the Draft Financial Statements, the Group Consolidated Financial Statements and the Sustainability Report of the Group as of 31 December 2021

FY/2021 Results

- **Group's Comparable EBITDA is positive by EUR 54.1 million (negative by EUR 20.8 million in 2020) and Comparable Net INCOME is negative by EUR 136.0 million (negative by EUR 197 million in 2020)**, due to the recovery recorded in refining margins starting from the second half of the year, partly offset by the impact of the increase in energy costs and thanks to the measures of the cost efficiency plan adopted by the Group at the end of 2020
- **The Group' reported EBITDA and Net INCOME are positive by EUR 277.1 million and EUR 9.3 million respectively** (negative by EUR 87.1 million and EUR 275.5 million, respectively, in 2020) thanks, in addition to the effects described at the level of comparable results, to increasing price trends which were positively reflected in the valuation of inventories
- **Pre-IFRS16 Net Financial Position is negative by EUR 453 million (negative by EUR 505 million as of 31 December 2020),** gradually improved mainly due to the effect of crude oil and product price increase on the Group's working capital dynamics.

Outlook

The current Russian-Ukrainian crisis has generated high volatility in the prices of oil and energy commodities, particularly in Europe. The need to ensure diversification of oil and energy supply sources has emerged in multiple occasions.

In this context, Saras's strategic role has strengthened and become more crucial - thanks to its positioning in the centre of the Mediterranean - by guaranteeing the safety of refined products supplies as well as the production of essential electricity for the Sardinian territory throughout its operational continuity.

In the current context of high volatility, however, which shows extremely high refining margins and a sustained demand for oil products, any short-medium term forecast may not be reliable.

It should be noted that, prior to the Ukrainian crisis, the market fundamentals projected a positive scenario, with refining margins of the main oil products further improving in 2022 compared to the fourth quarter of 2021. Market fundamentals were also showing crack margins consolidated at pre-Covid levels in the period 2023-24, thanks to a demand which demonstrated to be strong, the expected gradual rebalancing of the prices of brent, and partly also to the expected rebalancing of electricity costs. This would have led to assume for the Saras Group an increasing level of profitability at pre-Covid levels with a net financial position within the levels of the 2021-year end for the period 2022-24, and a gradual reduction of debt level in the period 2022-2024.

The efficiency plan for the structure of operating costs and investments is confirmed, and it will be adjusted according to the evolution of the scenario.

The Group's expansion strategy in the Renewables segment and the projects related to energy transition continues with:

- +45MW of installed wind capacity thanks to the acquisition of two new wind farms in the second quarter of 2021, with a total installed capacity at the end of 2021 of 171MW (~300 GWh per year, approx. 233K/tonnes of CO2 avoided per year)
- +80MW authorisations obtained in the first quarter of 2022 to develop new PV capacity, with more authorisations in the process of being authorised in 2022 and 2023
- 500MW of installed renewable capacity by the end of 2025
- the progress of energy transition projects, with particular focus on green hydrogen, Carbon Capture and Storage and biofuels

- **Sustainability Report of Saras Group as at December 31st 2021 approved, together with a set of indicators to measure progress in the environmental, social and governance fields.**

Ordinary Shareholders' Meeting convened for 27 April 2022 (first call).

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

"In 2021, we achieved financial results markedly improved compared to 2020, despite the robust recovery in refining margins took place only in the second half of the year.

The unexpected, as well as intense, surge in costs related to electricity and CO2 has taken over as a negative counterpart to the positive oil scenario that is constantly improving. This constant improvement in the oil scenario was counterbalanced by the unexpected, as well as strong, surge in costs related to electricity and CO2.
In this context of increasing complexity, the activities to optimize the industrial cost structure and contain investments adopted by the Group at the end of 2020 continued.
The sustained growth rates of oil demand recorded in recent quarters have allowed us to draw up a short and medium-term plan based on very positive market fundamentals, which foresee an important return to the Group's profitability in 2023, also thanks to the essential role that our Sarroch thermoelectric plant covers in Sardinia.
These prospects have been upset by the Ukrainian crisis, primarily as a consequence of the peak in gas prices, to which those of electricity are linked, with a strong negative impact on all energy-intensive industries such as ours. Secondly, there has been a strong turbulence on both crude and product oil markets because, although the sector at the moment is still not subject to sanctions, there is a wide reluctance on the market on the part of many Western countries to recourse to Russian exports. For the moment we ourselves have chosen, with important sacrifices, not to turn to this market anymore. Saras in general, for technical-economic reasons, has always used low quantities of Russian crude; however, the simultaneous disappearance from the market of these grades, combined with the de facto embargo on Iran and the recent blockade of exports from northern Iraq and, last but not least, the probable general blockade and slowdown of exports from the Black Sea, is creating a very strong shortage of crude oil but also of finished products.
At the same time, however, this situation is strongly increasing the demand for oil products, with positive implications for the refining sector. We believe that these effects will remain even after the resolution, hopefully as soon as possible, of the crisis.
It is also clear that, in its severity, the emergency we are experiencing highlights once again - after the inflationary pressures of the energy markets that began in the second half of last year - the importance and central role that traditional sources and fuels have in ensuring the sustainability of an orderly, rational and economically sustainable path of energy transition towards renewable sources, a sector in which we are strongly committed. In this regard, I am pleased to announce that, after the new farms' acquisitions in 2021, our expansion plan is proceeding with the completion of the authorization process for a new 80MW PV farm in southern Sardinia. In addition, we are proceeding with the projects dedicated to green hydrogen, in the study of carbon capture, as well as we continue to carefully monitor market opportunities for an immediate expansion of our biorefining capacity.
It is with these prerogatives that we want to continue with responsibility to be innovative, sustainable and a point of reference among energy suppliers".
".

EUR Million	**2021**	**2020**
REVENUES	8,636	5,342
Reported EBITDA	277.1	(87.1)
Comparable EBITDA	**54.1**	**(20.8)**
Reported EBIT	78.5	(341.1)
Comparable EBIT	**(144.5)**	**(238.9)**
NET RESULT reported	9.3	(275.5)
Comparable NET RESULT	**(136.0)**	**(197.0)**
NET FINANCIAL POSITION ANTE IFRS 16	**(453)**	**(505)**
NET FINANCIAL POSITION POST IFRS 16	**(494)**	**(545)**
CAPEX	**77.8**	**256.0**

Milan, 14 March 2022: Saras S.p.A.'s Board of Directors met today and approved the Group Consolidated Financial Statements and Saras S.p.A.'s Draft Financial Statements as of 31 December 2021, the Sustainability Report including, among other disclosures, non-financial and diversity information pursuant to Legislative Decree 254/2016, and a set of ESG KPIs. The Group's Business Plan for 2022-2024 was also approved.

***

The 2021 Financial Statements have been submitted to the Board of Statutory Auditors and the Independent Auditors and, together with the other documents referred to in Article 154-ter of Legislative Decree no. 58/1998 (Consolidated Financial Act), they shall be made available to the general public at the company's registered office and will also be published on the company's website (www.saras.it) in due course, as prescribed by the current regulations.

The manager in charge of financial reporting, Franco Balsamo, states, pursuant to paragraph 2, article 154-bis of the Consolidated Finance Act, that the accounting information in this press release corresponds with the Company's documentation, ledgers and accounting entries.

Attached are comments on the results of the Group and of the individual business segments, the business outlook, the consolidated and separate statements of equity and financial position, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement, for the Consolidated Financial Statements of the Group as well for the Financial Statements of Saras S.p.A..

Regarding the estimates and forecasts contained in this document, in particular with regard to the strategy and business outlook, it should be noted that actual results may differ, even significantly, from those indicated, because of a multitude of factors, including: future developments in the prices of crude oil and refined products, operating performance of plants, impact of regulations on the energy sector and on environmental matters, other changes in business conditions and in the evolution of competition at a global level.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree No. 58 of 24 February 1998, adopted by Consob with resolution No. 11971 of 14 May 1999, as amended. It is available to the public on the company's website, in the "Investors/Financial Press Releases" section and also at the authorized storage mechanism for regulated information, "1info" (www.1info.it).

Saras Investor Relations
Ilaria Candotti
Phone + 39 02 7737642
ir@saras.it

Press contacts
Comin & Partners
Lelio Alfonso
Phone +39 334 6054090
lelio.alfonso@cominandpartners.com
Tommaso Accomanno
Phone +39 3407701750
tommaso.accomanno@cominandpartners.com

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 Compay 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).

ANNEX

GAAP and Non-GAAP measures

Alternative performance indicators

To present the Group's operating performance in a way that best reflects the most recent market trends, in line with generally accepted practices in the oil sector, the operating profit and comparable net profit, non-accounting values processed in this report on operations have been stated with the measurement of stocks using the FIFO method, but excluding unrealised 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 profit.

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 operational results

EUR Million	FY 2021	FY 2020	Change %	Q4/21	Q4/20	Change %
REVENUES	8,636	5,342	62%	2,797	1,382	102%
Reported EBITDA	277.1	(87.1)	n.s.	163.6	(9.0)	n.s.
Comparable EBITDA	**54.1**	**(20.8)**	**n.s.**	**43.5**	**(31.1)**	**n.s.**
Reported EBIT	78.5	(341.1)	n.s.	111.5	(106.3)	n.s.
Comparable EBIT	**(144.5)**	**(238.9)**	**40%**	**(8.6)**	**(92.5)**	**91%**
NET RESULT reported	9.3	(275.5)	n.s.	44.2	(101.5)	n.s.
Comparable NET RESULT	**(136.0)**	**(197.0)**	**31%**	**(26.3)**	**(86.0)**	**69%**

EUR Million	FY 2021	FY 2020
NET FINANCIAL POSITION ANTE IFRS 16	**(453)**	**(505)**
NET FINANCIAL POSITION POST IFRS 16	**(494)**	**(545)**
CAPEX	**78**	**256**

COMMENTS ON THE GROUP'S RESULTS FOR 2021

In 2021, the Saras Group achieved financial results significantly improved compared to 2020, despite the fact that the scenario was still impacted by the persistent covid-19 impacts. A more substantial recovery in refining margins - particularly for diesel - only started in the second half of the year.

In particular, starting from September, diesel refining margins more impacted compared to gasoline cracks by the slow down of the economy which followed the pandemic emergency, showed a significant recovery in Europe, averaging $11.1/bl in the last quarter, a double-digit level not seen since early 2020. These values, while on the rise, did not reach the pre-Covid levels of around $14/bl. In 2021, European air traffic recovered considerably, although not completely, thanks to vaccination campaigns, reaching 64% of pre-Covid levels in January, rising to 70% during the summer, and 78% in December[1].

In the second half of the year, however, the acceleration of consumption due to the post-pandemic recovery led to an unprecedented surge in raw material and energy commodity costs, driving gas, electricity and CO2 prices to record levels and offsetting some of the benefits derived from improved margins.

In this context, during the year, the Group continued to execute the cost efficiency and investment reduction plan adopted in 2020 with the aim of minimising the impact of the Covid-19 pandemic crisis. In particular, on the operating costs front, during 2021 the Company internalised, through its subsidiary Sartec, its engineering activities and continued its plan to contain labour costs, through the use of the redundancy fund which was adopted to a partial extent for all group employees and extended in the second half of the year, although in a reduced form, with the implementation of a plan for incentivised voluntary termination of employment.

In addition, the refinery's operations were modulated over the months according to the cost-effectiveness of processing the main refined products: in particular, the production of gasoline was maximised due to its higher profitability compared to diesel, especially in the first part of the year and, at the same time, although representing a secondary component of the yield, to be noted is the increase in the production of VLSFO, the fuel oil with a very low sulphur content, which showed a growing marginality during the year thanks to a recovering maritime traffic.

With regard to the power generation activity, on 21 April 2021, following Resolution no. 598/2020/R/EEL of 29 December 2020, which included the Sarlux S.r.l. IGCC combined cycle power plant among the plants essential for the safety of the electricity system for 2021, and following ARERA Resolution no. 152/2021/R/EEL of 13 April 2021, which defined the economic conditions for its operation in 2021, the transition from the CIP6/92 convention to the essentiality regime was finalised by adopting new technical and economic parameters.

At the same time, the Company continued to implement its plan to expand the Renewable segment, as set out in the Plan, with the acquisition in the second half of the year of an additional 45MW of installed wind power capacity, related to the acquisition of the wind farms of the two new acquired companies Energia Verde srl and Energia Alternativa srl. The two wind farms, net of some maintenance activities, began operations immediately.

In 2021, Group revenues amounted to EUR 8,636 million, compared to EUR 5,342 million last year. The change is primarily attributable to the significant appreciation of the main oil products compared to the same period of the previous year which, we should point out, had been characterised by a heavy slump in prices due to the effects of the pandemic; specifically, the average gasoline price in 2021 was $671/tonne (vs. $382/tonne in 2020), while the average diesel price was $579/tonne (vs. $362/tonne in 2020). Other factors that contributed positively to the increase in revenues were electricity sales due to the significant increase in the single national price, which averaged EUR 125/MWh in 2021 (vs. EUR 39/MWh in 2020) and higher processing and sales of petroleum products; in fact, it should be noted that in 2020, production was affected by the impact of the multi-year maintenance of the FCC plant and the adverse scenario conditions due to the Covid-19 pandemic.

The Group's reported that EBITDA in 2021 amounted to EUR 277.1 million, up from EUR -87.1 million in 2020. This positive change was due predominantly to the different impacts of commodity price trends on oil inventories. In 2021, the change in inventories (net of related hedging derivatives) benefited from an increase of EUR 226.5 million compared to a loss of EUR 32.2 million in the same period of 2020. In addition, for the remaining part of the improvement in EBITDA, there was an overall improvement in the impact of the oil scenario on margin generation and a negative impact from the increase in electricity and CO2 prices, which, starting from the second half of the year, increased variable costs (only partly offset by essential plant reimbursements). For other comments on operations, please refer to the "Segment Analysis" section.

The Group's reported Net Profit was EUR 9.3 million, compared to EUR -275.5 million in 2020. In addition to the EBITDA results, depreciation and amortisation decreased in 2021 compared to the previous year, as depreciation and amortisation in the previous year reported a reduction in the value of property, plant and equipment as a result of the impairment test pursuant to IAS 36, and a reduction in intangible assets due to the termination of the CIP6 contract; in addition, in 2021 there was an increase in net financial income and expenses due to the effects of foreign exchange hedges.

1 Source: EUROCONTROL (European Organization for the safety of Air navigation)

The Group's comparable EBITDA in 2021 stood at EUR 54.1 million, up from EUR -20.8 million recorded in 2020. With respect to reported EBITDA, this result does not include the above-mentioned positive effect of the scenario on changes in inventories (net of related hedging derivatives) from the beginning to the end of the period, includes the impacts of currency derivatives (reclassified under core business) and excludes non-recurring items mainly relating to CO2 pertaining to the previous year and to the write-down of trade receivables. It also includes the benefit of releasing the residual value of the provisions for charges related to incentives the termination of the employment. The higher result compared to 2020 is made up of a positive variance in both the "Renewables" and "Industrial & Marketing" segments, which will be described in more detail in the "Segment analysis" section.

The Group's comparable net loss for 2021 was EUR -136.0 million, compared to EUR -197.0 million in the same period last year.

Investments in 2021 amounted to EUR 77.8 million, significantly lower than 2020 levels. Investments relating to the Industrial & Marketing segment amounted to EUR 69.4 million, down compared to the previous year due to both the investment containment initiatives implemented to mitigate the impacts of the Covid-19 pandemic, and for the minor scheduled shutdown activities foreseen in the two periods. Investments relating to the Renewables segment amounted to EUR 8.4 million and mainly related to the completion of the reblading activities.

The following tables show the details on the calculation of EBITDA and comparable Net Result for the years 2021 and 2020.

DETAILS ON THE CALCULATION OF COMPARABLE EBITDA

EUR Million	2021	2020
Reported EBITDA	**277.1**	**(87.1)**
Gain / (Losses) on Inventories and on inventories hedging derivatives	(226.5)	32.2
Derivatives FOREX	(15.8)	5.3
Non-recurring items	19.3	28.8
Comparable EBITDA	**54.1**	**(20.8)**

DETAILS ON THE CALCULATION OF COMPARABLE NET PROFIT

EUR Million	2021	2020
Reported NET RESULT	**9.3**	**(275.5)**
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(163.3)	23.4
Non-recurring items net of taxes	18.0	**55.2**
Comparable NET RESULT	**(136.0)**	**(197.0)**

COMMENTS TO FOURTH QUARTER 2021 GROUP RESULTS

In the fourth quarter of 2021, Group revenues amounted to EUR 2,797 million, compared to EUR 1,382 million in the fourth quarter of last year. The significant change is due to the same trends highlighted in the commentary on the results for the year. Thus, referring to the prices of the main products, the average price of gasoline in the fourth quarter of 2021 was $751/tonne (vs. $397/tonne in 2020), while that of diesel was $678/tonne (vs. $365/tonne in 2020). Other factors that contributed positively to the increase in revenues were electricity sales due to the significant increase in the single national price, which stood at EUR 242/MWh in the fourth quarter of 2021 (vs. EUR 49/MWh in 2020) and to higher processing and sales of petroleum products and the improvement in scenario conditions.

The Group's reported EBITDA in the fourth quarter of 2021 was a positive EUR 163.6 million, up from EUR -9.0 million recorded in the fourth quarter of 2020. This change was due predominantly to the different impacts of commodity price trends on oil inventories. In the fourth quarter of 2021, the change in inventories (net of related hedging derivatives) benefited from an increase of EUR 120.7 million compared to an increase of EUR 51.5 million in the same period of 2020 (characterised by a more moderate increase in oil prices). In addition, for the remaining part of the EBITDA improvement, to be noted is a positive impact of the oil scenario on margin generation and a negative impact on variable costs due to the increase in electricity and CO2 prices (only partly offset by essential plant reimbursements). For other comments on operations, please refer to the "Segment Analysis" section.

The Group's reported Net Result was a profit of EUR 44.2 million, compared to a loss of EUR 101.5 million in the fourth quarter of 2020, mainly due to the same trends as in EBITDA, as well as a positive effect from the reduction in amortisation and depreciation and the increase in tax receivables, partly offset by the negative contribution from the increase in financial expenses.

The Group's comparable EBITDA amounted to EUR 43.5 million in the fourth quarter of 2021, compared to EUR -31.1 million in the fourth quarter of 2020. With respect to reported EBITDA, this result does not include the 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 certain non-recurring items. It also includes the benefit of releasing the residual value of the provisions for charges related to incentive the termination of the employment. In the fourth quarter, the deviation from the same period in 2020 is attributable to the improvement in both segments; for more details please refer to the section "Segment analysis".

The Group's comparable net loss for the fourth quarter of 2021 was EUR -26.3 million compared to EUR -86.0 million in the same period of the previous year. In addition to what has been highlighted at the level of comparable EBITDA, it should be noted that this result compared to the reported Net Profit does not include the adjustments in tax returns related to the period 2018-2020.

Investments in the fourth quarter of 2021 amounted to EUR 29.6 million, lower than the fourth quarter of the 2020 levels (EUR 32.2 million).

The following tables show the details on the calculation of the comparable EBITDA and the comparable Net Result for the years 2021 and 2020, and for the fourth quarter of the years 2021 and 2020.

Comparable EBITDA

EUR Million	FY 2021	FY 2020	Q4/21	Q4/20
Reported EBITDA	**277.1**	**(87.1)**	**163.6**	**(9.0)**
Gain / (Losses) on Inventories and on inventories hedging derivatives	(226.5)	32.2	(120.7)	(51.4)
Derivatives FOREX	(15.8)	5.3	(12.5)	4.2
Non-recurring items	19.3	28.8	13.1	25.1
Comparable EBITDA	**54.1**	**(20.8)**	**43.5**	**(31.1)**

Comparable Net Result

EUR Million	FY 2021	FY 2020	Q4/21	Q4/20
Reported NET RESULT	**9.3**	**(275.5)**	**44.2**	**(101.5)**
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	(163.3)	23.4	(87.1)	(37.0)
Non-recurring items net of taxes	18.0	55.2	16.6	52.6
Comparable NET RESULT	**(136.0)**	**(197.0)**	**(26.3)**	**(86.0)**

Net Financial Position

The Net Financial Position as of 31 December 2021, before the effect of applying IFRS 16, was negative by EUR 453 million, compared with a negative reported net financial position of EUR 505 million as of 31 December 2020. The Net Financial Position including the effects of IFRS16 (negative impact of EUR 41 million) was a negative EUR 495 million.

In 2021, operations, apart from the positive price changes in inventories, did not offset the disbursements related to the financing of investments and to financial expenses. As for the working capital, it should be noted that the trend in raw material prices generated an increase in trade payables that more than offset the increases related to inventory changes and the increase in trade receivables also induced by the performance of prices in finished products. It should be noted that trade receivables also include those relating to essential plant reimbursements.

It should also be noted that the additional credit lines granted and not used by the Group at 31 December 2021 (both medium- and short-term) amounted to approximately EUR 500 million. As regards medium and long-term bank loans, amounting to approximately EUR 258 million mainly referable to the SACE credit line, despite being contractually medium-term, they were classified among short-term loans. This is in application of the IAS1 accounting standard, which provides for this type of situation where potential breaches of commitments occur that could jeopardize the stability of the loan until its natural maturity. For more details, please refer to the Notes to the Consolidated Financial Statements.

For more details, please refer to the Explanatory Notes in section 5.3.1 Short-term financial liabilities and 5.4.1 Long-term financial liabilities.

EUR Million	2021	2020
Medium/long-term bank loans	(6)	(399)
Bonds	0	(199)
Other medium/long-term financial liabilities	(5)	(13)
Other medium/long-term financial assets	4	6
Medium-long-term net financial position	**(7)**	**(606)**
Short term loans	(375)	(19)
Short term bonds	(200)	-
Medium/long-term bank loans (maturity date within 12 months)	0	0
Banks overdrafts	(163)	(456)
Other short term financial liabilities	(114)	(39)
Fair value on derivatives and realized net differentials	(9)	(6)
Other financial assets	58	62
Cash and Cash Equivalents	367	559
Short-term net financial position	**(436)**	**101**
Total net financial position ante lease liabilities ex IFRS 16	**(453)**	**(505)**
Financial lease liabilities ex IFRS 16	(41)	(40)
Total net financial position post lease liabilities ex IFRS 16	**(495)**	**(545)**

Reference Market and Margins

Oil Market and Refining Margins

The most recent estimates in the International Monetary Fund's (IMF) World Economic Outlook confirmed that global GDP grew by 5.9% in 2021, thanks to anti-Covid vaccination campaigns and strong economic support policies adopted by many countries. In particular, Europe with 5.2% growth at the end of the year returned fully to pre-crisis levels, while Italy's 6.2% growth brought GDP back to 0.5 percentage points below its peak in the last quarter of 2019.

Global oil demand averaged 100.2 mb/d in the last quarter of 2021, a level in line with that of 2019. In addition, the shortage of natural gas, LNG and coal supplies caused by the strong recovery in energy demand has increased the demand for fuel oil, crude oil and middle distillates as alternatives in power generation processes, particularly in Europe, where additional consumption has reached up to approx. 250÷300 kb/d in the fourth quarter of 2021 compared to a normal seasonal trend.

However, looking at the global refining industry, the market was still weak in the first half of the year, and a recovery was only recorded from the summer period onwards, especially in terms of margins and processing. Refinery processing, which had declined globally by 7.2 mb/d in 2020, increased by around 3 mb/d in 2021, averaging 77.8 mb/d in the year and reaching 79.9 mb/d in the fourth quarter of 2021. In addition to growing demand, impacting the performance of refining margins, was the reduction in global refining capacity which, during 2021, fell for the first time in 30 years, by more than 0.7 mb/d, with almost 1.6 mb/d of capacity permanently closed or converted to biorefineries over the year, compared to 0.85 mb/d of new capacity coming on stream. However, the surge in energy costs occurring globally, but particularly in the second half of the year in Europe, largely offset the benefits derived from the improved oil scenario.

Here below there is a short analysis of the trends followed by crude oil quotations, by the crack spreads of the main refined oil products, and also by the reference refining margin (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.

Average annual values 1	2021	2020	2019
Crude Oil ($/bl)			
Price of Dated Brent (FOB Med)	70.9	41.8	64.2
Price of Urals (CIF Med)	69.8	42.1	63.8
Heavy-light price differential	-1.1	+0.2	-0.4
Refined Products ($/tonne)			
ULSD price	579.4	362.1	585.6
Gasoline 10ppm	670.7	381.8	594.6
HSFO	375.3	214.5	324.0
Crack spreads ($/bl)			
ULSD crack spread	6.8	6.7	14.3
Gasoline crack spread	9.5	3.9	7.0
HSFO crack spread	-11.3	-7.8	-12.8
Other indicators of profitability			
EMC Benchmark margin ($/bl)	-0.2	-0.5	+1.1
$/EUR forex	1.183	1.141	1.195

(1) Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the reference refining margin EMC Benchmark.

Crude Oil Prices

In 2021, **Brent dtd quotations** rose by more than 50%, from a quotation of $50/bl at the start of the year to around $78/bl at the end of the year, and an average quotation over the twelve months of $70.9/bl ($41.8/bl in 2020).

In the first quarter alone, quotations rose from $50/bl to over $69/bl in mid-March, buoyed not only by the optimism triggered by the vaccination campaigns, but also by the production discipline of Opec+Russia countries, which maintained in the first months of the year the same levels of production quotas set for 2020.

In late March and early April, the upturn in the infection curve and a slowdown in the supply of vaccines to EU countries led to new restrictions, and quotations momentarily fell to $62-63/bl. Brent prices therefore averaged $61.1/bl in the first quarter,

Between May and June, the increase in vaccinations and the relaxation of restrictive measures led to an increase in global oil demand by more than 3 million barrels per day to 98 million barrels per day. Average quotations for the second quarter thus stood at $69/bl. Fears of stronger-than-expected demand with the onset of the summer period, unsupported by a gradual easing of production cutbacks, led Brent prices to exceed $76/bl at the end of June, reaching their highest values since 2018.

The Opec+Russia countries showed difficulty in reaching an agreement on the modulation of the recovery, which was only reached in July with the decision to increase production by 400,000 bl/day every month from August, despite requests from

the main consumer countries for a more substantial increase. These tensions were worsened by the uncertainties surrounding a possible resolution of the US-Iran nuclear deal negotiations, resulting in a return of Iranian crude exports, and the production reductions in the US triggered by Hurricanes Ida and Nicholas, which hit the Gulf of Mexico, halting production for weeks at a time during the summer months.

In the third quarter, the very positive economic outlook, with consumption and mobility data recovering strongly, led to the highest average Brent price recorded since 2018, at $73.5/bl (+6.5% compared to the second quarter of $69/bl). The increase in oil prices was also affected by the shortage of natural gas and coal from the second half of the year onwards, which increased the demand for fuel oil, crude oil and middle distillates by up to 500k/bl per day for power plants in many countries, including China, Japan and Pakistan in Asia; Germany and France in Europe; and Brazil.

At the beginning of October, the OPEC+Russia countries confirmed the strategy adopted in mid-July - despite requests from the main consumer countries for a more substantial increase - foreseeing no production cuts only at the end of 2022, also declaring some difficulties in meeting the target quotas, also due to underinvestment in previous years by some member countries, including Angola, Nigeria and Malaysia.

In November, however, uncertainties over demand related to the onset of the Omicron Covid variant and the effects of inflation on economic growth led to a temporary downturn in prices, which then rebounded sharply at the end of the year: after rising in October by more than $9/bl in a single month, due to concerns over energy supply and ongoing stock drawings, prices fell by around 15%, or around $15-17/bbl, in November. This situation continued for several weeks, with producers and refiners forced to cope with the uncertainties of fluctuating demand due to new Covid-related emergencies and changes in the economic environment. Prices remained under pressure until 20 December, when the oil and financial markets gradually gained a better understanding of Omicron's impact, and Brent quickly returned to values above $75/bl, resuming a bullish trend and ending the fourth quarter with an average price of $79.8/bl.

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

The heavy-light differential in 2021 returned to negative values, averaging a discount of $-1.1/bl, compared to an average of $+0.2/bl in 2020 (and an average of $+0.6/bl in 2019), when the production cuts implemented by OPEC+Russia countries, which mainly affected medium-heavy high-sulphur crude oils, had driven the entire *sour* basket sharply upwards. The differential returned to negative territory in the first quarter of 2021 at $-0.5/bl, in a context of increased exports from Russia and still weak demand, and gradually widened in the second quarter to $-1.2/bl, thanks to an initial and partial reduction in OPEC+Russia production cuts, and also as a result of lower utilisation by Russian refineries engaged in maintenance cycles. The "heavy-light" differential widened further in the third quarter as a result of unfavourable margins for middle distillates - which process sour crude oils - and reduced buying interest from Eastern buyers. Conversely, the reduction in planned Russian exports in September resulted in a compression of the discount. The average for the third quarter therefore stood at $-1,8/bl. The Ural therefore strengthened in the last two months of the year, due to delays in supplies from the Black Sea caused by unfavourable weather conditions, which brought the average for the last quarter to $-1/bl.

"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 2021 averaged $9.5/bl compared to $3.9/bl in 2020, a value in line with pre-Covid multi-year averages ($8.8/bl the 2017-19 average; $7/bl the 2019 average), which benefited from a particularly significant increase in demand at the end of the summer period. After a major recovery in the first quarter with an average of $6.2/bl (compared to $3.4/bl in the fourth quarter of 2020), gasoline margins benefited from a robust increase in car traffic with the start of the summer season, averaging in the second quarter $8.9/bl. In addition, between late August and mid-September, hurricanes Ida and Nicholas hit the west coast of the USA, blocking refineries and platforms in the Gulf of Mexico for weeks. This has offered further support, with the gasoline margins in mid-September exceeding $17/bl, with a $12.6/bl average in the third quarter. In November, in addition to the rebalancing due to the end of the summer period, the crack saw a downturn due to concerns over the release of the new Omicron variant. However, in December a rapid recovery, due both to the decline in crude oil and to contingent problems that reduced gasoline exports from Northern European refineries, resulted in an average fourth-quarter gasoline crack price of $10.1/bl, a high level in view of the seasonality and the switch to winter specification.

The **diesel crack** in 2021 averaged $6.8/bl in line with the average recorded in 2020 of $6.7/bl, still below the average of $14.3/bl recorded in 2019. In the first half of the year, margins were still very weak, averaging $4.3/bl and then $4.8/bl in the first and second quarters respectively, particularly affected by reduced demand for jet fuel. In the third quarter, starting in September, a first real improvement was observed thanks to an increase in air traffic in both the US and Europe, supported by a drop in the volume of imported middle distillates, as a result of the aforementioned shutdown of US refineries due to Hurricane Ida. Inventories quickly hit values below historical averages, and the diesel crack averaged $7/bl in the third quarter. In the fourth quarter, the effects of economic recovery, despite concerns about new waves of contagion, further reduced stocks of middle distillates to their **lowest levels in recent years** and, thanks in part **to a partial recovery in domestic and international air traffic and** a temporary drop in crude oil prices recorded in December, diesel crack averaged $11.1/bl, a double-digit level not seen since early 2020.

Jet fuel crack increased to an average of $4.1/bl in 2021 from $1.2/bl in 2020. In 2019, the average stood at $13.1/bl. **The demand for jet fuel, while still remaining well below pre-Covid levels (averaging 65% of pre-Covid levels according to the latest IEA estimates) in the second half of the year benefited from a more substantial recovery in air traffic on a national and international scale.** In particular, during the summer season, the increase in flights made a substantial contribution to the demand for jet fuel, which in the third quarter recorded an average margin value of $4.1/bl (compared to an average of $2/bl in the second quarter and $1.6/bl in the first quarter). In the fourth quarter, despite a setback caused by fears over the spread of the Omicron variant, and also thanks to the use of kerosene as a heating fuel in several Asian countries, the average crack more than doubled to $8.7/bl.

The **VLSFO crack** averaged $2/bl in 2021 (vs. $3.8/bl in 2020). After having continued, at the beginning of the year, the recovery recorded at the end of 2020, with an average in the first quarter of $4.5/bl, from the second quarter onwards the VLSFO crack showed a significant compression, in particular between May and June, with values just above zero, due to the rise in crude oil prices and maritime traffic still below the usual seasonal levels. The average for the second quarter therefore stood at $1.3/bl. After having reached negative values in July, the recovery of maritime traffic, especially dry-bulk and containers, made it possible to reach values of $2/bl between August and September. The average VLSFO crack in the third quarter was therefore $0.8/bl. In the last quarter, the recovery of maritime traffic, and increased consumption of fuel oil for power generation to replace gas, resulted in an average of $1.6/bl.

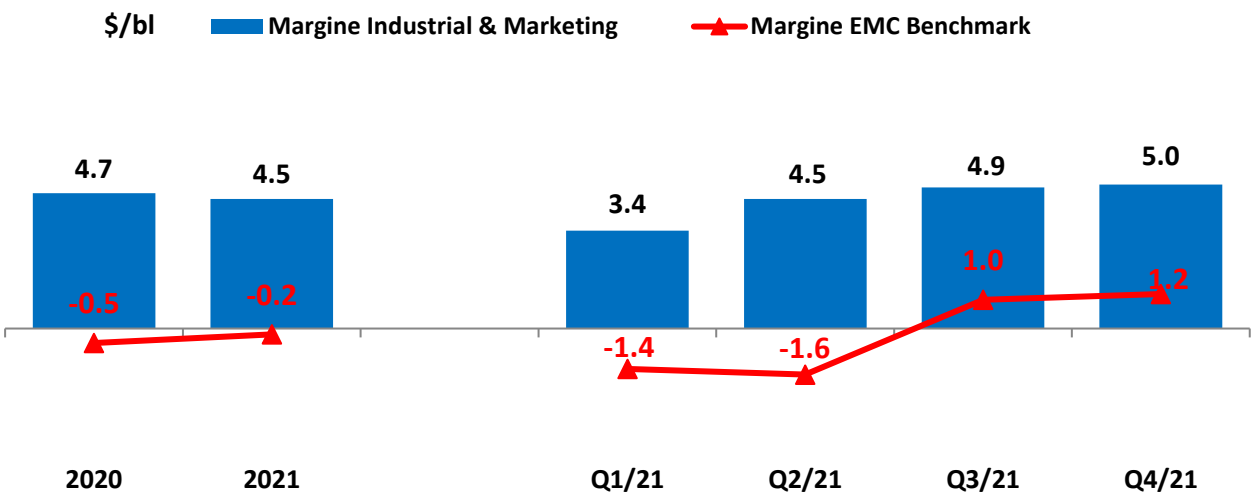
The **crack of the LSFO,** used as blendstock in the formulation of the VLSFO, averaged negative $-0.2/bl in 2021, compared to an average of $1.3/bl in 2020.

The **HSFO crack** averaged $-11.3/bl in 2021 (vs. $-7.8/bl in 2020). Although the reduction in OPEC+Russia production cuts contributed to an increase in ATZ crude production, helping to bring the **HSFO crack** down to lower and closer to pre-pandemic levels, high natural gas prices have diverted a significant portion of HSFO volumes to power generation in some Asian and Middle Eastern countries.

Reference refining margin

With regard to the analysis of the profitability of the Industrial & Marketing segment, Saras traditionally uses the refinery margin calculated by EMC (Energy Market Consultants) as a reference for a medium complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made up of 50% Brent and 50% Urals crude oils.

As shown in the graph below, the Industrial & Marketing segment of the Saras Group achieves a higher margin than the EMC Benchmark margin. The variability of the margin is dependent upon specific market conditions, as well as the performance of industrial and commercial operations in each individual quarter.



In 2021, the EMC Benchmark recorded a still negative average value of $-0.2/bl ($-0.5/bl in 2020), showing positive values only from the second half of the year onwards.

Compared to EMC, in 2021 Saras showed an average integrated I&M segment margin of $4.5/bl (including a Marketing channel contribution of $0.6/bl) compared to a margin of $4.7/bl in 2020 (including a Marketing channel contribution of $0.5/bl).

Saras' premium over the EMC benchmark therefore stood at $4.7/bl (including $0.6/bl contribution from the Marketing channel) compared to a premium of $5.2/bl in 2020 (including $0.5/bl from the Marketing channel), slightly higher than the guidance of $4.3-4.5/bl (including $0.5/bl contribution from the Marketing channel) provided last quarter. The value of the premium must also be considered on the basis of the runs of the period, equal to 94.7 million barrels in 2021 compared to only 83 million barrels in 2020.

The reasons for the higher premium of around $+0.3/bl compared with the guidance are described in the "Segment Analysis"/"Industrial & Marketing" chapter and are attributable to the performance in the fourth quarter and in particular: $+0.1/bl to a higher contribution from the marketing channel, thanks to higher-than-expected margins in both Italy and Spain; $+0.2/bl to the positive effect of the improvement in the oil scenario, which more than offset the appreciation in energy costs.

It should be noted that, in some exceptional market conditions, the EMC may not be a correct proxy to measure the performance of the Saras refinery, as happened in the second half of 2021, when variable energy costs were very high compared to historical averages. Energy costs considered in the EMC[4] benchmark are in fact included into the variable costs which are determined on the basis of a fixed percentage of the LSFO price per barrel[2], and therefore do not incorporate the actual appreciation of electricity and CO2 that impacted Saras' margins.

In particular, with reference to electricity, it should be noted that the PUN in the third quarter recorded an average value of EUR 125/MWh and in the fourth quarter an average value of EUR 242/MWh, compared to an average of approximately EUR 80/MWh in June. Similarly, CO2 permit prices averaged EUR 57 and EUR 68/tonne in the third and fourth quarters respectively, compared to a June average of EUR 50/tonne.

These increases had an impact on Saras' margin, estimated on the basis of processing and electricity requirements, of $-0.5/bl in in the third quarter and $-1.6/bl in the fourth quarter, respectively. Including this impact, EMC would have recorded a lower value of $+0.5/bl (instead of $1/bl) in the third quarter, and $-0.3/bl (instead of $+1.2/bl) in the fourth quarter, with an average annual value of $-0.7/bl instead of $-0.2/bl, compared to which the Saras Industrial & Marketing premium would have been $5.2/bl (instead of $4.7/bl).

Electricity

In 2021, accelerating consumption for the post-pandemic recovery has led to an unprecedented surge in the cost of raw materials and energy commodities, creating tensions in key supply markets and driving prices to record levels.

The January 2022 IEA semi-annual report on the electricity market notes that, driven by more extreme weather conditions than in 2020, including a colder-than-average winter, the increase in global electricity demand last year was 6%, the highest in percentage terms since 2010. In absolute terms, last year's increase of more than 1,500 terawatt hours was the highest ever recorded. About half of the increase was due to the demand from China which grew by about 10%. This has triggered a build-up of natural gas, LNG and coal stocks and a surge in energy prices in the world's major economies. In particular, the growth in demand for gas from Asia to Russia has led to less availability in Europe.

In Italy in particular, the spot price of natural gas at the TTF (the European reference market for natural gas) increased in 2021 by almost 500% from an average of EUR 21/MWh in January to an average of EUR 120/MWh in December 2021. This exponential increase in the price of gas - on which more than 40% of Italy's electricity production depends - was immediately reflected in the price of wholesale electricity, the SNP (Single National Price), which, from a historical average over the period 2015-2020 of around EUR 50/MWh, rose by almost 400% in 2021, from an average of EUR 61/MWh in January to an average of EUR 288/MWh in December.

This increase was particularly evident in the second half of the year, when the SNP rose from an average value of EUR 75/MWh in the second quarter, to an average of EUR 125/MWh in the third quarter and then to EUR 242/MWh in the fourth quarter, setting new all-time highs. The 2021 annual average stood at EUR 125.5/kWh compared to the historical minimum of EUR 38.9/kWh in 2020.

The values of "EUA" CO2 emission allowances, traded in the European Emission Trading Scheme (ETS), also more than doubled in 2021 from an average of EUR 33 to EUR 79/tonne, recording an annual average of EUR 53.2/tonne. These values can be compared with a historical pre-Covid average of about EUR 20/tonne.

The increase in EUAs stems from a number of factors, including the start of "phase 4" of the ETS from 2021 to 2030, for which the European Union expects a greater reduction in the total quantity of emission allowances at an annual rate of 2.2% compared to the previous 1.74%. This helps to reduce oversupply, with consequent upward pressure on prices, together

[2] When calculating the EMC margin, variable costs, including electricity, are determined on the basis of a fixed percentage of the LSFO, according to the following formula: EMC Variable Costs ($/bl) = 2%*LSFO price $+0.3/bl.

with another mechanism set up by the European Union with the same objective: the so-called "market stabilisation reserve", a fund where excess carbon emission allowances flow, most of which will be phased out from 2023 onwards.

On 14 July, the European Commission also approved the "Fit for 55" climate package, providing for a series of measures aimed at reducing greenhouse gas emissions by at least 55% (from the previous 40%) compared to 1990 levels by 2030, with the aim of supporting the ecological transition process envisaged in the Green Deal. These measures cover different sectors, from economy to transport, from renewable energy to energy efficiency; in the manufacturing industry the reduction will be 62% (compared to the previous 43%).

Finally, the sudden post-pandemic recovery contributed to this trend. Indeed, the continuing high cost of gas has led to increased use of coal in power generation processes, which produces about twice as much CO2 emissions as gas-fired plants. According to the IEA, the return to more polluting sources of electricity increased global carbon dioxide emissions from electricity production by 7% in 2021, reaching a new all-time high after falling in the previous two years.

Last but not least, there is a speculative component not related to hedging one's position under the ETS Directive, based on the expectation that the price may rise further, at least in the short term. The presence of Investment Funds has grown dramatically since mid-2020, from around 150 to 250 by June 2021, four times the presence of obliged parties[3].

Last but not least, there is a speculative component not related to hedging one's position under the ETS Directive, based on the expectation that the price may rise further, at least in the short term. The presence of Investment Funds has grown dramatically since mid-2020, from around 150 to 250 by June 2021, four times the presence of obliged parties[4].

Renewable Energy

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

The new "Fit for 55" climate package approved by the European Commission on 14 July introduced, with regard to renewable energy, a revision of the RED Directive, increasing the minimum target of 32% to 38-40%, further incentivising the deployment of renewables in the energy, heating and cooling and transport sectors, and promoting a better use of waste heat and a better integration of renewables in buildings. The Fit for 55 legislative process provides that any proposal must first go through the scrutiny of the European Parliament and the Council and then through inter-institutional negotiations for the definition of the compromise text and subsequent approval. The first approvals are expected between the last quarter of 2022 and the first quarter of 2023.

In Italy, the share of energy from renewable sources in gross final energy consumption is now about 18%, compared to 19.7% for the EU as a whole, in 2019.

According to the RES Observatory carried out by ANIE Rinnovabili, an association of ANIE Federazione, on the basis of Terna's Gaudì data in the first nine months of 2021 photovoltaic, wind and hydroelectric installations reached a combined total of connected power of 809MW (+30% compared to the same period in 2020), with different trends for the three sectors: positive for photovoltaic, with an installed capacity of 607MW (+20%), and wind, with an installed capacity of 179MW (+229%), and negative for hydro, with an installed capacity of e 22MW (-63%).

According to WindEurope at European level, 17GW (11GW in the EU-27) of new wind capacity were be installed in 2021, of which 81% coming from onshore installations. These figures compare with the 2020 figures of 14.8GW of new installed capacity over the full year and the 2019 pre-pandemic figures of 15.5GW of new installed capacity.

Sweden, Germany and Turkey have built most of the onshore wind power. The UK has the highest total of new wind installations, accounting for the majority of new offshore wind installations.

Europe currently has 236GW of wind power capacity and will install 18GW per year between 2022 and 2026, but in order to reach Europe's 2030 target of 40% renewable energy, at least 30GW per year will have to be installed.

Data produced by Terna show that wind power in Italy produced 20,619GWh in 2021, an increase of 10.8% compared to 2020, with greater windiness and installed capacity, covering 7.4% of national electricity production (compared to 6.8% in 2020) also thanks to favourable weather conditions, which allowed for greater use of the plants.

[4] Source NE Numisma Energia

SEGMENT REVIEW

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

INDUSTRIAL & MARKETING MARGIN

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 centre of the Mediterranean and has a processing capacity of 15 million tonnes/year, corresponding to about 17% of the total distillation capacity in Italy, and an installed power generation capacity of 575MW.

As regards power generation activities, on 21 April 2021, following AREA Resolutions 598/2020/R/EEL of 29 December 2020, which ordered the inclusion of the Sarlux S.r.l. IGCC combined-cycle power plant among the plants essential for the safety of the electricity system for 2021, and 152/2021 of 13 April 2021, the transition from the CIP6/92 convention to the essentiality regime was finalised and the resulting change in the technical and the economic parameters to be considered for its operation was implemented.

In particular, Resolution 152/2021 of 13 April 2021 defined the economic conditions for the operation of the plant for 2021, i.e. the reintegration component of the fixed costs strictly necessary for electricity production, the amortisation and remuneration of invested capital, and for essential electricity production, the integration of variable costs with respect to what is collected from sales on the market at the reference zonal price.

The production set-up of the IGCC power plant takes into account the requirements defined by Terna related to the safe operation of the electricity system, compatibly with the operational constraints of the SARLUX plant.

It should be noted that for the "Industrial & Marketing" segment, the results include the sum of the "Refining", "Power", "Marketing" and "Other Activities" segments, as defined from the Quarterly Report at 31 March 2021.

EUR Million	FY 2021	FY 2020	Change %	Q4/21	Q4/20	Change %
Reported EBITDA	243.7	93.8	n.s.	146.1	(11.7)	n.s.
Comparable EBITDA	**20.7**	**(28.3)**	**n.s.**	**25.2**	**(34.5)**	**n.s.**
of which relative to Marketing sales	34.9	21.6	62%	10.2	3.2	216%
Reported EBIT	52.6	(341.3)	n.s.	96.1	(107.4)	n.s.
Comparable EBIT	**(170.4)**	**(239.9)**	**-29%**	**(24.8)**	**(94.3)**	**-74%**
CAPEX	**69.4**	**248.2**	**-72%**	**29.6**	**26.3**	**12%**

Margins and refinery runs

		FY 2021	FY 2020	Change %	Q4/21	Q4/20	Change %
CRUDE RUNS	*Tons (thousand)*	12,978	11,369	14%	3,489	3,036	15%
	Barrels (million)	94.7	83.0	14%	25.5	22.2	15%
	Bl/day (thousand)	260	229	14%	277	241	15%
COMPLEMETARY FEEDSTOCK	*Tons (thousand)*	809	702	15%	227	129	75%
ELECTRICITY PRODUCTION	*GWh*	3,524	4,071	-13%	1070	1,064	1%
TOTAL SALES	*Tons (thousand)*	3,336	2,956	13%	840	787	7%
of which: in Italy	*Tons (thousand)*	2,156	1,909	13%	567	515	10%
of which: in Spain	*Tons (thousand)*	1,180	1,048	13%	273	272	1%
EMC BENCHMARK MARGIN	*$/bl*	(0.2)	(0.5)	-63%	1.2	(1.0)	n.s.
SARAS IND & MKTG MARGIN	*$/bl*	4.5	4.7	-4%	5.0	2.7	85%

Comments on the results for 2021

Crude oil processing at the refinery in 2021 amounted to 13.0 million tonnes (11.4 million tonnes in 2020), corresponding to 94.7 million barrels (83.0 million barrels in 2020) and 260 thousand barrels/day (229 thousand barrels/day in 2020), up 14% from 2020. Processing of complementary charges to crude oil was 0.8 million tonnes, compared to 0.7 million tonnes in 2020. This trend is primarily attributable to the different maintenance cycle planned for the two years (it should be noted that 2020 was affected by significant maintenance of the Topping T1 plant and the FCC unit in the first half of the year); in addition, the changed scenario conditions (especially in the second half of the year) and the different set-ups introduced by the two operating regimes of the power generation plant (operated under the essentiality regime in 2021 compared to the CIP 6 regime that characterised the 2020 operation) also contributed.

Electricity production amounted to 3,524GWh, down 13% compared to 2020, mainly due to a number of significant production shutdown involving power generation plants in the first half of 2021 and the changed production set-ups required under the new essentiality regime.

Comparable EBITDA in 2021 was positive at EUR 20.7 million, with a Saras Industrial & Marketing margin of $4.5/bl, within which the contribution of the Marketing channel was $0.6/bl (as usual, already net of the impact of the maintenance activity carried out in the period). This is against a comparable EBITDA of EUR -28.3 million and a Saras Industrial & Marketing margin of $+4.7/bl (within which the contribution of the Marketing channel was $0.5/bl) in the same period of the previous year.

More specifically, when analysing the more purely industrial component, the comparison must take into account: market conditions, the specific performance of the Saras Group (in terms of both operations and commercial management) and the method according to which the costs governed by the applicable legislation for plants essential to the security of the electricity system (i.e. in essentiality regime) are reintegrated. It should be noted that this scheme provides that, where the revenues generated from the sale of essential electricity are lower than the costs incurred in its production (including raw material procurement costs, other variable costs, fixed costs and the share relating to return on capital), these must be supplemented by an appropriate reimbursement by the competent authorities. Conversely, in cases where the revenues generated from the sale of electricity are higher than those costs, the higher margin generated is retroceded in accordance with current regulations.

As far as market conditions are concerned, the impact on margin generation was positive by approximately EUR 60 million, to be mainly attributable to the strengthening of the gasoline crack $9.5/bl in 2021 (vs. $3.9/bl in 2020), partly offset by the strengthening of the Brent price and the EUR /$ exchange rate, which averaged 1.18 (vs. 1.14 in 2020). It should be noted that under the regulations concerning the part of the plant governed by essentiality, the cost-recovery mechanism requires that changes in the prices of electricity for sale and raw materials for purchase be adjusted.

In terms of operating performance in 2021, compared to the same period in 2020, it was approximately EUR -5 million lower, with the impact of the lower performance almost entirely offset by the return on capital guaranteed by the essentiality.

The commercial contribution (which relates to the procurement of crude oil and complementary raw materials, the sale of finished products, tanker charter costs, and inventory management, including mandatory stocks quantities), although positive, compared to what was achieved in 2020 contributed negatively by approximately EUR -45 million; this variance is

due to the particularly positive performance that the trading, the sale of products by ship and the sale of compulsory stocks had generated in 2020, (also due to the specific characteristics of the market that cannot be replicated in the changed context of 2021).

Production planning (which consists of optimising the mix of crude oils brought in for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) made a slightly lower contribution than in the previous year, despite a more unfavourable context characterised by limited availability of certain types of crude oil and a deterioration in the characteristics of certain qualities used.

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) was slightly worse than in 2020. Where the potential benefits of a less onerous maintenance plan were substantially offset by a lower production performance.

Variable costs of an industrial nature, net of the components relating to the essentiality regime, increased by approximately EUR 105 million in 2021. This increase is attributable for about EUR 59 million to the increase in the cost of electricity and for about EUR 41 million to the increase in the cost of CO2.

In 2021, industrial fixed costs, thanks to the cost containment initiatives launched starting from the fourth quarter of 2020, recorded a reduction of approximately EUR 38 million compared to the values of the previous year. It should also be noted that, within the final costs, approximately EUR 45 million is the amount subject to reimbursements relating to the essentiality regime not present in the previous year.

Before analysing in detail the contribution made by the sales of the Marketing channel, it is necessary to highlight some relevant market trends.

In Italy, according to data collected by Unione Energie per la Mobilità (UNEM), oil consumption in 2021 was 9.8% higher than in 2020, but still 8.2% lower than the pre-pandemic levels. In particular, the consumption of transport fuels (gasoline and diesel) amounted to 30.1 million tonnes, an increase of 17.2% compared to 2020 (increase of 21.7% for gasoline and 15.9% for diesel). New car registrations in 2021 showed an increase of 5.8%, although the comparison was affected by the lock down in the first part of the previous year. Gasoline-powered cars accounted for 29.7% of the total (vs. 37.5% in 2020), diesel-powered cars for 22.6% (vs. 33.1% in 2020), and hybrid cars for 29% (vs. 15.5% in 2020). In this context, the Saras Group recorded a sales volume of 2.156 million tonnes, an increase of 13% compared to the previous year.

Continuing with the analysis of the Spanish market, data compiled by CORES show that in 2021 the consumption of automotive fuel increased by 7.3% compared to 2020, with a more evident increase for gasoline (+17.5%) than for diesel (+5.1%). In this context, the Spanish subsidiary Saras Energia recorded a sales volume of 1.180 million tonnes, up 13% compared with the previous year.

The contribution of the marketing channel to the comparable EBITDA amounted to EUR 34.9 million, versus EUR 21.6 million in 2020. This variance is mainly due to the higher marginality of sales both in Italy (due to increased volumes) and in Spain (due to increased volumes and unit margins). This contribution should be considered together with the industrial one because their technical and commercial expertise, on which the Group's business model is based, is closely coordinated.

Comments to Fourth Quarter 2021 results

Crude oil processing in the fourth quarter of 2021 was 3.49 million tonnes (25.5 million barrels, corresponding to 277 thousand barrels/day) higher than in the same period of 2020. Processing of complementary charges to crude oil was 0.23 million tonnes, up from 0.13 million tonnes in the fourth quarter of 2020.

Electricity production amounted to 1,070GWh in line with the production of the fourth quarter of 2020. The quarter was characterised by an increase in essential power demand and consequently the level of production was higher than in previous quarters.

Comparable EBITDA stood at EUR 25.2 million in the fourth quarter of 2021, with a Saras Industrial & Marketing margin of $+5.0/bl, within which the contribution of the Marketing channel was $0.7/bl (as usual, already net of the impact of the maintenance activity carried out in the period). This against a comparable EBITDA of EUR -34.5 million and a Saras Industrial & Marketing margin of $+2.7/bl (within which the contribution of the Marketing channel was $0.3/bl) in the same period of the previous year.

As far as market conditions are concerned, the impact on margin generation was positive by approximately EUR 75 million. This positive result is mainly attributable to the strengthening of diesel crack of $11.1/bl (vs $4.8/bl in 2020) and gasoline of $10.1/bl (vs $3.4/bl in 2020) only partly offset by the strengthening of Brent prices. It should be noted that under the

regulations concerning the part of the plant governed by essentiality, the cost-recovery mechanism requires that changes in the prices of electricity for sale and raw materials for purchase be adjusted.

Operating performance in the fourth quarter of 2021, compared to the same period in 2020, was approximately EUR 12 million higher, including the impact of the return on guaranteed capital.

This change is due to the lower sales contribution (which concerns the procurement of crude oil and complementary raw materials, the sale of finished products, tanker charter costs, and inventory management, including compulsory stocks) which, although positive in the year, if compared with the results achieved in 2022, represents a negative contribution of approximately EUR 18 million; this deviation is mainly due to the lower results achieved in trading, sales by ship and inventory management.

Production planning (consisting of the optimisation of the mix of raw materials brought in for processing, of the management of semi-finished products, and the production of finished products, including those with special formulations) made a negative contribution of approximately EUR 6 million, mainly in connection with the optimisation of the product mix.
The performance of production activities (which takes into account penalties related to maintenance, both scheduled and unscheduled, and higher consumption with respect to the technical limits of certain "utilities" such as fuel oil, steam, electricity and fuel gas) outperformed last year by approximately EUR 7 million due to lower impacts related to maintenance shutdowns.

Variable costs of an industrial nature, net of the components relating to the essentiality regime, increased by approximately EUR 55 million in in the fourth quarter of 2021. This increase is attributable for about EUR 34 million to the increase in the cost of electricity and for about EUR 16 million to the increase in the cost of CO2.

In the fourth quarter of 2021, industrial fixed costs, thanks to the cost containment initiatives launched, recorded a reduction of approximately EUR 5 million compared to the values of the previous year. It should also be noted that, within the final costs, approximately EUR 16 million is the amount subject to reimbursements relating to the essentiality regime not present in the previous year.

The contribution of the Marketing channel sales against the *comparable EBITDA*, amounted to EUR 10.2 million, higher than the EUR 3.2 million recorded in the fourth quarter of 2020. This change is mainly due to higher margins generated in Italy and Spain.

Crudes processed and yields of finished products

The mix of crude oils that the Sarroch refinery processed in 2021 had an average density of 33.9°API, lower than the average density processed in 2020. A more detailed analysis of the classes of used crude oils shows an increase in the percentage of light crude oils with a very low sulphur content ("light extra sweet") (an effect attributable to the above-mentioned maintenance work on the FCC plant and the lightening of some types of crude oils typically used), as opposed to a reduction in medium sour and heavy crude oils with both a low and high sulphur content ("heavy sour/sweet"), mainly due to the shutdowns involving the gasification cycle and the different production set-ups of the plant required by the essentiality regime.

An analysis of the mix of raw materials by origin shows that in 2021 the share of raw materials from North Africa decreased by 14% (vs 22% in 2020) and that from the Middle East by 26% (vs 31% in 2020); reductions were offset by an increase in raw materials from the Caspian and North Sea. These changes are due to different conditions concerning market availability and convenience.

		FY 2021	FY 2020	Q4/21
Light extra sweet		42%	26%	39%
Light sweet		7%	15%	10%
Medium sweet/extra sweet		5%	4%	2%
Medium sour		28%	32%	35%
Heavy sour/sweet		18%	24%	14%
Average crude gravity	°API	33.9	33.6	34.0

With regard to the yields of finished products, to be noted is that in 2021 the yield of light distillates (29.0%) increased compared to 2020 (26%), the yield of middle distillates (48%) decreased compared to 2020 (50%), while the yield of fuel oil (8%) increased compared to 2020 (7%). These changes are due to the different plant structures between the two periods, as well as to changed market conditions.

		FY 2021	FY 2020	Q4/21
GPL	migliaia di tons	269	210	58
	resa (%)	2.0%	1.7%	1.6%
NAPHTHA + BENZINE	migliaia di tons	4,026	3,139	1,091
	resa (%)	29.2%	26.0%	29.4%
DISTILLATI MEDI	migliaia di tons	6,681	6,082	1,815
	resa (%)	48.5%	50.4%	48.8%
OLIO COMBUSTIBILE & ALTRO	migliaia di tons	1,035	847	245
	resa (%)	7.5%	7.0%	6.6%

Note: The balance to 100% of the production is the "Consumption and Losses" of the Site (related to refining activities and electricity production)

Renewables

The Saras Group has historically been active in the production and sale of electricity from renewable sources through its subsidiary Sardeolica S.r.l., which manages a wind farm located in Ulassai and Perdasdefogu (Sardinia), and, starting from the year 2021 through the newly acquired companies Energia Verde srl and Energia Alternativa srl, which own two wind farms located in the area of Macchiareddu (Cagliari).

It should be noted that for the "Renewables" segment, the 2020 results correspond to the "Wind" segment, as defined in the 2020 Financial Statements.

In the 2021 financial year, Saras' production from renewable sources amounted to 258,453MWh, which corresponds to the annual electricity needs of around 186,337 people. The use of renewable wind power has therefore saved 331,028 barrels of oil and reduced CO2 emissions by around 167,475 tonnes. Furthermore, cumulatively, from the time it became operational until 31 December 2021, the park's electricity production reached 2,928,100 MWh.

EUR million	FY 2021	FY 2020	Change %	Q4/21	Q4/20	Change %
Reported EBITDA	33.4	6.7	n.s.	17.5	2.7	n.s.
Comparable EBITDA	**33.4**	**7.4**	**n.s.**	**18.2**	**3.4**	**n.s.**
Reported EBIT	25.9	0.2	n.s.	15.4	1.1	n.s.
Comparable EBIT	**25.9**	**0.9**	**n.s.**	**16.1**	**1.8**	**n.s.**
CAPEX	**8.4**	**7.5**	**n.s.**	**0.0**	**5.9**	**n.s.**

		FY 2021	FY 2020	Change %	Q4/21	Q4/20	Change %
ELECTRICITY PRODUCTION	MWh	258,453	225,530	15%	82,841	76,173	9%
POWER TARIFF	EURcent/KWh	12.2	3.7	228%	23.3	4.9	376%
INCENTIVE TARIFF	EURcent/KWh	10.9	9.9	10%	10.9	9.9	10%

Comments on the results for 2021

The Renewables segment's comparable EBITDA in 2021 was EUR 33.4 million, compared to EUR 7.4 million in 2020. It is worth mentioning that in 2020, the difference from the reported EBITDA, which amounted to EUR 6.7 million in the year, was due to costs related to redundancy incentives in the subsidiary Sardeolica.

This variation is attributable for approximately EUR 6 million to the contribution of the wind farms acquired during 2021 and for approximately EUR 20 million to the higher EBITDA generated by the existing wind farm, mainly due to the increase in the average sale price, which in 2021 was 12.2 euro cents per KW/h compared to 3.7 euro cents per KW/h in 2020. The Incentive Tariff was 1.0 euro cent/kWh higher than in 2020 and incentivised production accounted for around 8% of volumes in 2021 (in line with 2020).

Production volumes in the period were 15% higher than in the same period of the previous year, mainly due to the production impact of the newly acquired wind farms.

On 4 June 2021, Sardeolica S.r.l. acquired 100% of the shares of Energia Verde S.r.l. and Energia Alternativa S.r.l., owners of two wind farms located in Macchiareddu, Cagliari (Sardinia), with a total installed capacity of 45MW, from GWM Renewable Energy S.p.A., bringing the Group's total installed capacity to 171MW. 50% of the newly installed capacity benefits from an overall incentive tariff (GRIN), which in 2020 averaged EUR 9.9/KWh, for a period of 6 years (until 2027).

The pipeline of projects that will lead to the acquisition of additional wind and photovoltaic capacity for a total of 500MW by 2025 was also established during the year.

Comments on the fourth quarter 2021 results

In the fourth quarter of 2021, the Renewables segment's comparable EBITDA amounted to EUR 18.2 million, higher than the EUR 3.4 million achieved in 2020. This variation is attributable to the contribution of the newly acquired wind farms for about EUR 2 million and to the contribution of the existing wind farms for about EUR 13 million due to increases in the electricity tariff.

In the fourth quarter, production was 9% higher than in the fourth quarter of 2020 (of which approximately 9GWh was attributable to production from the new farms). The energy sales tariff benefited from an increase of 18.4 euro cent/kWh

compared to 2020, while the incentive tariff increased by 1.0 euro cent/kWh compared to 2020. It should be noted that the share of incentivised production in Q4 2021 was around 8% of the total.

Investments by sector of activity

EUR Million	12M 2021	12M 2020	Q4/21	Q4/20
INDUSTRIAL & MARKETING	**69.4**	**248.2**	**29.6**	**26.3**
RENEWABLES	**8.4**	**7.5**	**0.0**	**5.9**
Total	**77.8**	**255.7**	**29.6**	**32.2**

The investments made by the Saras Group in 2021 amounted to EUR 77.8 million, down from EUR 255.7 million in 2020.

For the Industrial & Marketing segment, investments in 2021 amounted to EUR 69.4 million, a significant reduction compared to the EUR 248.2 million in 2020, both due to the initiatives to contain investments, put in place to mitigate the impacts of the Covid-19 pandemic, and the reduced planned shutdown activities in the two periods.

Investments in the Renewables segment in 2021 amounted to EUR 8.4 million. Such investments mainly concerned the reblading activities, which were completed in the third quarter of 2021.

Outlook

The International Monetary Fund indicated in late January GDP growth of +4.4% globally and +3.9% in Europe in 2022, with all member states back to pre-pandemic levels by the end of the year. Looking ahead to 2023, the IMF estimated another year of growth of +3.8%, provided the healthcare situation in most countries finally normalises by the end of this year.

The IEA's estimates in its mid-February monthly oil market report, **also indicated a higher global oil demand** at the end of 2022 than before the pandemic, with consumption averaging 100.6 million barrels per day per year, about 300kb/d more than in 2019.

The geopolitical crisis in Russia and Ukraine has dramatically changed the reference scenario, particularly in Europe, leading to unprecedented volatility in oil and energy commodity prices, the short-term evolution of which is currently difficult to predict and it will require time to recover a normal condition.

The scenario adopted in the Saras Group's financial outlook is therefore aimed at identifying the most reasonable forecast in an "ordinary" market condition.

With respect to the price of the benchmark oil, **Brent Dtd**, the assumptions adopted in the 2022 budget saw a price between $85-90/bl in the first half of the year, gradually declining between the first and second quarters, with a further rebalancing in the second half of the year to values close to $70/bl; the annual average was $80/bl. Furthermore, the expected end of OPEC+Russia cuts, allowed to assume the gradual return of greater availability of *sour* crude oils, and to assume for 2022 a ***heavy light* differential,** i.e. a Ural-Brent dtd discount of $-1.2/bl on average.

When looking at the **margins of the main refined products**, namely gasoline and diesel, the projections adopted in the 2022 budget would have led to the assumption of an improvement in crack prices compared to the average values of the fourth quarter of 2021, supported by high demand, the normalisation of demand for jet fuel and the expected reduction in Brent prices. An average gasoline crack of $11.1/bl ($10.1/bl in Q4 2021) and an average diesel crack of $12.8/bl ($11.1/bl in Q4 2021) were therefore considered for 2022. The risks considered in the budget assumptions on the demand side were mainly related to the possibility of a resurgence of a new Covid variant, and too high a level of inflation, with a possible increase in interest rates that could slow down the growth of oil demand.

In terms of **energy costs, and in particular electricity costs**, the assumptions adopted envisaged an average PUN in 2022 of EUR 171/MWh and an average EUA permit price of EUR 80/tonne. More specifically with regard to electricity, after a first half still under pressure, a partial rebalancing of the price of gas and with it the value of the PUN had been considered due to the end of the winter season, as well as a possible opening of the NordStream2 pipeline - no longer to be expected -, an increase in imports from other countries already connected by pipelines, and an increase in domestic production.

By the same token, the assumptions adopted on the quotations of **CO2 emission** permits would have incorporated a gradual rebalancing of quotations compared to current values from the second half of the year onwards, due to less upward pressure from the price of gas, at an average annual value of EUR 80/tonne.

These assumptions have therefore led to the consideration of an **average EMC in 2022 of approx. $1.6/bl**, on the basis of which management has estimated an average annual **premium for the Industrial & Marketing segment of between $4.0 ÷ $4.5/bl in 2022.** The profitability of the Group was assumed to further improve over the period 2023-24 thanks to robust level of oil demand, a progressive decrease of Brent dated prices and in part also of those of electricity.

With regard to the operational targets, the goals of continuing, and to some extent consolidating, certain measures to make the industrial cost structure more efficient and to contain investments are confirmed. These measures will be continuously adapted to the evolution of the macroeconomic context and to any operational and commercial opportunities that may arise.

The outbreak of the conflict between Russia and Ukraine has generated a high volatility of oil and energy commodity prices, mainly in Europe. In many circumstances the need to ensure diversification of oil and energy supply sources has emerged.

In this context, Saras's strategic role has strengthened and become more crucial - thanks to its positioning in the centre of the Mediterranean – in guaranteeing the safety of refined products supplies as well as the production of essential electricity for the Sardinian territory throughout its operational continuity.

As already described, as a consequence of the conflict between Russia and Ukraine, the uncertainty related to these assumptions has strongly increased, mainly on the supply side, where the attention now is entirely focused on the impacts that the upcoming developments could have on the access to the Oil&Gas Russian market.

The high risk of supply affecting imports from the country has in fact caused a collapse in demand and prices for Russian

Ural crude, the discount on which - at the time of writing - has exceeded $-20/bl, in preference to alternative sour crude oils, and an immediate rise in Brent prices, which have exceeded $120/bl. OPEC+ countries also initially agreed to continue with the gradual restoration of production interrupted during the pandemic, moderately increasing production by 400,000 barrels per day in April, pointing out that "oil price volatility is linked to contingent geopolitical factors, while market fundamentals indicate a well-balanced market". The next OPEC+ meeting is scheduled for 31 March.

The margins on diesel surged dramatically to over $25/bl at the time of writing, mainly reflecting fears of a drastic reduction in supply, as well as increased demand for diesel as a substitute for gas.

Gas prices on the TTF market peaked at EUR 295/MWh and the SNP exceeded EUR 500/MWh, while CO2 showed a reduction to EUR 65/tonne.

This volatility does not currently allow forecasts to be made on the short and medium to long-term economic and financial impacts. More specifically, it is not possible to predict the trend in certain variables that are fundamental to the calculation of the Saras margin, such as the prices of Brent and URAL crude, as well as on PUN and CO2 prices.

Furthermore, it must be highlighted that the EMC benchmark itself in light of the current prices could not be considered a reliable proxy of the Saras margin: in fact, the EMC is based on a different and simplified crude oil slate of 50% Ural and 50% Brent (Brent DTD prices). As it has already been noted that the URAL crude today shows an extraordinary wide - and therefore not representative - discount vs Brent Dtd. It should also be noted that the EMC is not representative under market conditions of extreme high prices of electricity and CO2: in the EMC these costs are in fact included into the variable costs which are determined on the basis of a fixed percentage of the LSFO price per barrel[5]. Lastly, the variable costs of EMC do not include the cost of CO2.

In the current scenario characterized by high volatility, however, that still shows extremely high crack margins and a solid oil product demand, any short- and medium-term forecast could not be consistent.

As regards the **Renewables segment**, the valorisation of the segment's production must take 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 EUR 62/MWh, to be applied to the non-incentivised production sections, amounting to around 92% of total production.

Still in the Renewables area, the authorisation process for the development of new *greenfield* plants continues namely, the authorisation process for the installation of 80MW of photovoltaic plants has been favourably completed and new authorisations for the development of further wind and photovoltaic capacity are expected to be obtained in 2023.

At the same time, the activities aimed at reaching an installed capacity of 500MW in 2025 are in progress.

These objectives will be achieved through the development of a pipeline of greenfield wind and photovoltaic projects that can contribute to the achievement of the ambitious new capacity development targets, ensuring higher returns than the acquisition of existing assets. Furthermore, the assessment for the launch of any new partnerships continues with the aim of creating sustainable value in the long term.

In this context, to accelerate the implementation of the initiatives described and to seize new opportunities deriving from the changed conditions of the sector in accordance with the provisions of the Integrated National Plan for Energy and Climate 2030 and the European Green Deal, the implementation of this plan will take considering the best options, including the opportunity for new partnerships with the aim of creating long-term sustainable value.

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, is designed to supply green hydrogen to the Saras refinery through the use of an approximately 20MW electrolyser, powered exclusively by renewable energy. For this reason Sardhy Green Hydrogen S.r.l., a subsidiary owned 50% by Saras S.p.A. and 50% by Enel Green Power Italia S.r.l., was incorporated in the last quarter of 2021.

In 2022, the electrolys plant is expected to commence the initial authorisation process and, if the funding requested under the European IPCEI (Important Projects of Common European Interest) programme is secured, the construction of the electrolyser and related hydrogen works will also commence.

[5] When calculating the EMC margin, variable costs, including electricity, are determined on the basis of a fixed percentage of the LSFO, according to the following formula: EMC Variable Costs ($/bl) = 2%*LSFO price $+0.3/bl.

With respect to the Carbon Capture and Storage project, the first phase aimed at evaluating various plant solutions for capturing CO2 was completed in 2021. Further evaluations are underway to proceed with a second phase, in order to achieve a better definition of the whole development chain including logistics and transport aspects, together with an estimate of costs and timeframe.

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

As far as the Group's investments are concerned, an amount of EUR 150 million is expected. In the Industrial & Marketing segment in particular, investments of EUR 123 million are planned, which are necessary, after the reduction in expenditure in 2021, to maintain the level of efficiency and competitiveness of the refinery's plants. In the Renewable segment, investments of EUR 27 million are planned, mainly for the development of the 80MW photovoltaic park in the Macchiareddu area.

Finally, with regard to the expected trend of the Group's Net Financial Position, in 2022, on the basis of the hypotheses described and today subject to high market volatility, the level of debt was expected to be partially reduced compared to that at the end of 2021. In this context, the reduction in electricity prices and the improvement in refining margins would have allowed a gradual repayment of debt also due to the development plan in the Renewables area. Recent events of a geopolitical nature do not allow us to predict the evolution of the scenario nor to quantify the short-term impacts reliably, although on the one hand they have a positive impact that is currently not quantifiable on margins and working capital due to the effect of appreciation of crude oils and petroleum products, and on the other a negative impact deriving from higher energy costs.

To pursue the Group's sustainable development path, and in line with its ESG strategy, Saras updated its environmental, social and governance KPIs and related targets for 2022. In recent years, these performance indicators have proved to be valuable tools for keeping the organisation focused and for regularly measuring progress in each of the areas identified.

As an example, the main indicators refer to:

- Emissions of greenhouse gases (GHG) and air pollutants
- Increase in energy efficiency
- Reduction in water consumption by industrial associations
- Reduction in waste production
- Co-processing of vegetable oils at the refinery
- Increase in electricity production from renewable sources
- Reduction of the accident frequency index
- Regular training of Group employees
- Promotion of gender diversity
- Audits on the implementation of the Group's Internal Control System
- Engagement with stakeholders (external and internal)

Main events after the end of the of 2021

As reported in the press release of February 26, 2022, the Group reports that, from news published in a local newspaper, it appears that the Public Prosecutor's Office at the Court of Cagliari has formulated the request for indictment of the managers and Saras involved in the investigation relating to the purchase of raw Kurdish origin, already disclosed in previous press releases. To date, no such act has been notified to the interested parties. In any case, Saras confirms the full extraneousness of the Company and the managers involved in any unlawful conduct, and full confidence in the work of the judicial authority.

As is known, the Russian-Ukrainian military conflict broke out in February 2022 following the invasion by the Russian army of the Ukrainian sovereign territory. The state of tension generated on the political-military level and the consequent economic sanctions adopted by the international community against Russia, have determined significant effects and turbulence on globalized markets, both on the financial front and on the prices and exports of raw materials, in consideration of the significant role that Russia and Ukraine assume in the international economic chessboard. The Group confirms that it does not have production activities or personnel located in Russia, Ukraine or geo-politically aligned countries and that it

has interrupted commercial and / or financial relations with these countries. There are no materially significant restrictions in the execution of financial transactions through the banking system, also following the exclusion of Russia from the international swift payment system. However, in a market already characterized by restrictions in the oil & gas market, it is not excluded that the situation of political-economic tension induced by the current conflict may exacerbate these difficulties and affect, in a form that cannot be estimated or predicted to date, on capacity. to source the Group. To date, the Company is unable to estimate any material negative effects on the economic, financial and equity prospects of subsequent years should the situation continue significantly.

Shareholders' Meeting

The Board of Directors has given a mandate to the Chairman to convene the Ordinary and Shareholders' Meeting on first call on 27 April 2022 - as also indicated in the calendar of corporate events for the 2022 financial year. The notice convening the meeting and the related documentation will be published within the terms and in the manner prescribed by the law and regulations in force.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at: 31st December 2021

Thousands of EUR	31/12/2021	31/12/2020
ASSETS		
Current financial assets	**2,284,904**	**1,841,050**
Cash and cash equivalents	366,680	558,997
Other financial assets	115,268	153,677
Trade receivables from third parties	546,511	256,641
of which with related parties:	*88*	*87*
Inventories	1,169,172	737,389
Current tax assets	32,954	14,289
Other assets	54,319	120,057
Non-current assets	**1,414,691**	**1,529,138**
Property, plant and equipment	1,227,395	1,310,794
Intangible assets	41,510	47,225
Right-of-use of leased assets	44,585	42,801
Other investments	507	502
Deferred tax assets	96,555	121,844
Other financial assets	4,139	5,972
Total assets	**3,699,595**	**3,370,188**
LIABILITIES AND EQUITY		
Current liabilities	**2,683,506**	**1,676,426**
Short-term financial liabilities	928,683	611,441
Trade and other payables	1,580,564	916,594
Tax liabilities	110,397	80,499
Other liabilities	63,862	67,892
Non-current liabilities	**222,371**	**909,240**
Long-term financial liabilities	51,845	652,064
Provisions for risks and charges	159,718	244,165
Provisions for employee benefits	6,883	8,901
Deferred tax liabilities	3,734	3,730
Other liabilities	191	380
Total liabilities	**2,905,877**	**2,585,666**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	718,828	994,482
Net result	9,334	(275,516)
Total parent company equity	**793,718**	**784,522**
Third-party minority interests	-	-
Total equity	**793,718**	**784,522**
Total liabilities and equity	**3,699,595**	**3,370,188**

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for 2021

Consolidated Statement of Income for the period 1st January - 31st December 2021

Thousands of EUR	1st January 31st December 2021	*of which non-recurring*	1st January 31st December 2020	*of which non-recurring*
Revenues from ordinary operations	8,561,324		5,184,875	
Other income	75,124		157,409	
of which with related parties:	*159*		*199*	
Total returns	**8,636,448**	***0***	**5,342,284**	**0**
Purchases of raw materials, consumables and supplies	(7,183,639)		(4,745,491)	
Cost of services and sundry costs	(1,033,218)		(520,375)	
of which with related parties:	*1,075*		*517*	
Personnel costs	(142,570)		(163,497)	
Depreciation/amortisation and write-downs	(198,525)		(254,032)	
Total costs	**(8,557,952)**	***0***	**(5,683,395)**	***0***
Operating result	**78,496**	***0***	**(341,111)**	***0***
Financial income	64,217		68,601	
Financial charges	(110,505)		(82,419)	
Result before taxes	**32,208**	***0***	**(354,929)**	***0***
Income tax	(22,874)		79,413	
Net result	**9,334**	***0***	**(275,516)**	***0***
Net result attributable to:				
Shareholders of the parent company	9,334		(275,516)	
Third-party minority interests	0		0	
Net earnings per share – base (euro cents)	**0.99**		**(29.25)**	
Net earnings per share – diluted (euro cents)	**0.99**		**(29.25)**	

Consolidated Statement of Comprehensive Income for the period 1st January - 31st December 2021

Thousands of EUR	1st January 31st December 2021	1st January 31st December 2020
Net result (A)	**9,334**	**(275,516)**
Items that may be reclassified subsequently to profit or loss		
Effect of translation of the financial statements of foreign operations	(751)	(466)
Items that will not be reclassified to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits		(215)
Other profit/(loss), net of the fiscal effect (B)	**(751)**	**(681)**
Total consolidated net result (A + B)	**8,583**	**(276,197)**
Total consolidated net result attributable to:		
Shareholders of the parent company	8,583	(276,197)
Third-party minority interests	0	0

Consolidated Statement of Changes in Equity for 2021

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) Financial year	Total Equity attributable to the Parent Company	Third-party Minority Interests	Total Equity
Balance at 31/12/219	**54,630**	**10,926**	**967,129**	**26,154**	**1,058,839**	**0**	**1,058,839**
Allocation of previous year result			26,154	(26,154)	0		0
Dividend Distribution			0		0		0
Conversion effect balances in foreign currency			(466)		(466)		(466)
Actuarial effect IAS 19			(215)		(215)		(215)
Reserve for stock option plan			1,880		1,880		1,880
Net result				(275,516)	(275,516)		(275,516)
Total net result			*(466)*	*(276,197)*	*276,197*	*0*	*276,197*
Balance at 31/12/2020	**54,630**	**10,926**	**994,482**	**(275,516)**	**784,522**	**0**	**784,522**
Allocation of previous year result			(275,516)	275,516	0		0
Conversion effect balances in foreign currency			(751)		(751)		(751)
Actuarial effect IAS 19			613		613		613
Net result				9,334	9,334		9,334
Total net result			*(751)*	*9,334*	*8,583*	*0*	*8,583*
Balance at 31/12/2021	**54,630**	**10,926**	**718,828**	**9,334**	**793,718**	**0**	**793,718**

Consolidated Statements of Cash Flow for 2021

Thousands of EUR	1/1/2021-31/12/2021	1/1/2020-30/11/2020
A - Initial cash and cash equivalents	**558,997**	**431,463**
B - Cash flow from (for) operating activities		
Net result	9,334	(275,516)
Unrealised exchange rate differences on bank current accounts	(14,178)	(3,082)
Amortisation, depreciation and write-downs of assets	198,525	254,032
Net change in risk provisions	(84,447)	49,887
Net change in provision for employee benefits	(2,018)	(957)
Net change in deferred tax liabilities and deferred tax assets	25,293	(90,735)
Net interest	19,708	(1,239)
Income tax set aside	(2,419)	11,322
Change in the fair value of derivatives	9,117	39,875
Other non-monetary components	(138)	1,199
Profit (loss) for the year before changes in working capital	**158,778**	**(15,214)**
(Increase)/Decrease in trade receivables	(289,870)	94,898
(Increase)/Decrease in inventories	(431,783)	303,453
(Increase)/Decrease in trade and other payables	663,970	(732,142)
Change other current assets	47,073	107,574
Change other current liabilities	28,287	(25,062)
Interest received	47	1,239
Interest paid	(19,755)	0
Change other non-current liabilities	(190)	(25,724)
Total (B)	**156,557**	**(290,978)**
C - - Cash flow from (for) investment activities		
(Investments) in tangible and intangible assets	(100,050)	(252,327)
(Investments) in Right-of-use of leased assets	(11,146)	(2,064)
(Increase)/Decrease in other financial assets and other shareholding	97,889	(10,136)
Change non-current assets held for sale	0	7,038
Total (C)	**(13,307)**	**(257,489)**
D - - Cash flow from (for) financing activities		
Increase/(decrease) m/l-term financial payables	(600,219)	397,360
Increase/(decrease) short-term financial payables	250,473	275,559
Total (D)	**(349,746)**	**672,919**
E - Cash flows for the period (B+C+D)	**(206,496)**	**124,452**
Unrealised exchange rate differences on bank current accounts	14,178	3,082
F - Disponibilità liquide finali	**366,679**	**558,997**

SARAS SPA FINANCIAL STATEMENTS

Saras SpA Statement of Financial Position as at 31st December 2021

Thousands of EUR	31/12/2021	31/12/2020
ASSETS		
Current financial assets	**2,604,079**	**1,973,874**
Cash and cash equivalents	301,172	517,620
Other financial assets	682,332	611,182
of which with related parties:	639,131	*551,187*
Trade receivables from third parties	585,847	241,048
of which with related parties:	409,440	*181,300*
Inventories	990,348	585,398
Current tax assets	17,584	7,602
Other assets	26,796	11,024
di cui con parti correlate:	*4239*	*0*
Non-current assets	**533,980**	**725,299**
Property, plant and equipment	8,591	9,511
Intangible assets	2,390	2,727
Right-of-use of leased assets	3,466	5,284
Equity investments measured at cost	496,412	684,713
Other investments	500	495
Deferred tax assets	19,577	19,191
Other financial assets	3,044	3,378
Total assets	**3,138,059**	**2,699,173**
LIABILITIES AND EQUITY		
Current liabilities	**2,470,723**	**1,462,504**
Short-term financial liabilities	861,056	640,469
of which with related parties:	*55,825*	*417,267*
Trade and other payables	1,404,987	731,957
of which with related parties:	*287,600*	*117,311*
Tax liabilities	71,091	67,011
Other liabilities	133,589	23,067
of which with related parties:	*119,326*	*12,398*
Non-current liabilities	**18,398**	**621,245**
Long-term financial liabilities	10,808	612,199
Provisions for risks and charges	5,914	7,060
Provisions for employee benefits	1,676	1,986
Deferred tax liabilities	0	0
Other liabilities	0	0
Total liabilities	**2,489,121**	**2,083,749**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	553,324	615,066
Net result	30,058	(65,198)
Total equity	**648,938**	**615,424**
Total liabilities and equity	**3,138,059**	**2,699,173**

Saras SpA Statement of Income for 2021 and Statement of Comprehensive Income for 2021

Thousands of EUR	1st January 31st December 2021	of which non-recurring	1st January 31st December 2020	of which non-recurring
Revenues from ordinary operations	7,592,114		4,658,299	
of which with related parties:	*823364*		*534,707*	
Other income	53,270		65,142	
of which with related parties:	*37711*		*40,694*	
Total returns	**7,645,384**	***0***	**4,723,441**	***0***
Purchases of raw materials, consumables and supplies	(6,657,398)		(4,369,592)	
of which with related parties:	*(1,170,357)*		*(851,248)*	
Cost of services and sundry costs	(609,542)		(376,183)	
of which with related parties:	*(277,257)*		*(217,155)*	
Personnel costs	(35,281)		(38,200)	(3,912)
Depreciation/amortisation and write-downs	(4,808)		(5,879)	
Total costs	**(7,307,029)**	***0***	**(4,789,854)**	***(3,912)***
Operating result	**338,355**	***0***	**(66,413)**	***(3,912)***
			(60,534)	
Net income (charges) from equity investments	(188,301)		(15,620)	
of which with related parties	*(188,301)*		*(15,620)*	
Financial income	80,013		70,597	
of which with related parties	*10,377*		*7,760*	
Financial charges	(103,169)		(71,459)	
of which with related parties	*(11)*		*(77)*	
Result before taxes	**126,898**	***0***	**(82,895)**	***(3,912)***
Income tax	(96,840)		17,697	939
Net result	**30,058**	***0***	**(65,198)**	***(2,973)***

SARAS S.p.A. - Statement of Comprehensive Income for the period 1st January - 31st December 2021

	1 GENNAIO 31 DICEMBRE 2021	1 GENNAIO 31 DICEMBRE 2020
Net result (A)	**30,058**	**(65,198)**
Items that may be reclassified subsequently to profit or loss		
Items that will not be reclassified to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits	(142)	(53)
Other profit/(loss), net of the fiscal effect (B)	**(142)**	**(53)**
Consolidated net result (A + B)	**29,916**	**(65,251)**
Consolidated net result for the period attributable to:		
Shareholders of the parent company		(65,251)
Third-party minority interests		0

Saras SpA Statement of Changes in Equity for 2021

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) for the year	Total equity
Balance at 31/12/2019	**54,630**	**10,926**	**535,736**	**77,503**	**678,795**
Period 1/1/2020 - 31/12/2020					
Allocation of previous year result			77,503	(77,503)	0
Dividend Distribution			0		0
Employee share plan reserve			1,880		1,880
Actuarial effect IAS 19			(53)		(53)
F.T.A. effect IFRS 9					0
Net result				(65,198)	(65,198)
Total net result			*(53)*	*(65,198)*	*(65,251)*
Balance at 31/12/2020	**54,630**	**10,926**	**615,066**	**(65,198)**	**615,424**
Period 1/1/2021 - 31/12/2021					
Allocation of previous year result			(65,198)	65,198	0
Employee share plan reserve			3,598		3,598
Actuarial effect IAS 19			(142)		(142)
Net result				30,058	30,058
Total net result			*(142)*	*30,058*	*29,916*
Balance at 31/12/2020	**54,630**	**10,926**	**553,324**	**30,058**	**648,938**

Saras SpA Statement of Cash Flow 2021

Migliaia di Euro	1/1/2021 - 31/12/2021	1/1/2020 - 31/12/2020
A - Initial cash and cash equivalents	**517,620**	**271,637**
B - Cash flow from (for) operating activities		
Net result	30,058	(65,198)
Unrealised exchange rate differences on bank current accounts	(6,438)	(3,082)
Amortisation, depreciation and write-downs of assets	4,808	5,879
Provision for doubtful receivables fund	5,552	0
Net income (charges) from equity investments	188,301	15,620
of which with related parties:	*188,301*	*15,620*
Net change in provisions for risks	(1,146)	5,364
Net change in provision for employee benefits	(310)	(370)
Net change in deferred tax liabilities and deferred tax assets	(386)	(20,972)
Net interest	5,308	4,034
Income tax set aside	97,226	50,202
Change FV financial assets for trading and financial liabilities	9,003	38,609
Other non-monetary components	3,456	1,827
Profit (loss) of operating activities before monetary and non-monetary differences in working capital	**335,433**	**31,913**
(Increase) Decrease in trade receivables	(350,351)	85,597
of which with related parties:	*(228,140)*	*(68,101)*
(Increase) Decrease in inventories	(404,950)	273,506
(Increase) Decrease in trade and other payables	673,030	(502,224)
of which with related parties:	*(170,289)*	*(24,020)*
Change other current assets	(25,754)	52,930
of which with related parties:	*(4,239)*	*0*
Change other current liabilities	17,376	15,506
of which with related parties:	(106,928)	10,396
Interest received	10,368	8,938
of which with related parties:	*10,377*	*7,760*
Interest paid	(15,676)	(12,972)
of which with related parties:	*(11)*	*(77)*
Income taxes paid	0	(69,346)
Change other non-current liabilities	0	0
Total (B)	**239,475**	**(116,152)**
C - Cash flow from (for) investment activities		
(Net investments) in tangible and intangible assets	(1,733)	(1,410)
Change investments	(5)	(3,100)
(Increase) / decrease in other financial assets	(50,437)	(372,644)
Total (C)	**(52,175)**	**(377,154)**
D - Cash flow from (for) financing activities		
Increase / (decrease) m/l-term financial payables	(285,040)	397,777
Increase / (decrease) short-term financial payables	(125,146)	338,430
of which with related parties:	*(361,442)*	*350,116*
Total (D)	**(410,186)**	**736,207**
E - Cash flows for the period (B+C+D)	**(222,886)**	**242,901**
Unrealised exchange rate differences on bank current accounts	6,438	3,082
F - Final cash and cash equivalents	**301,172**	**517,620**