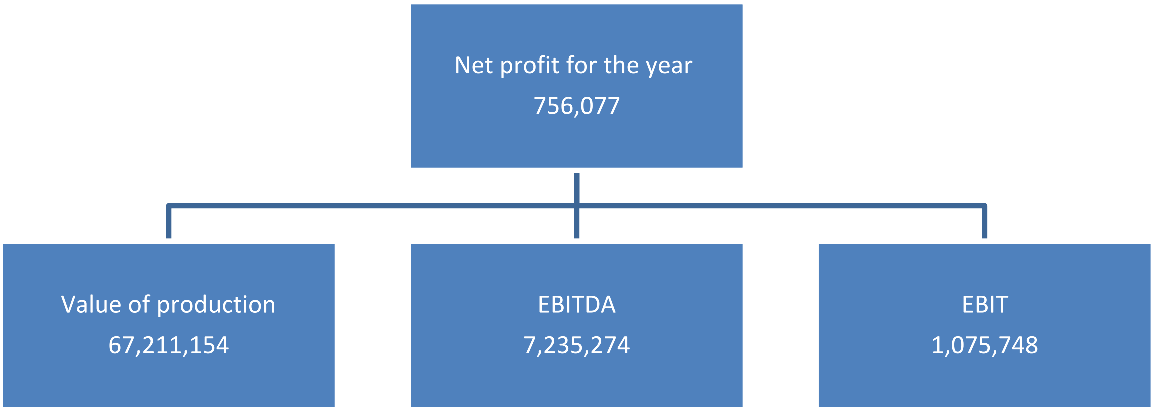
DIRECTORS' REPORT ON OPERATIONS
ACCOMPANYING THE 2020 FINANCIAL STATEMENTS

Dear Shareholders,

In accordance with the Articles of Association, we have convened a General Meeting to submit for your approval the financial statements for the year ended 31/12/2020 which report the following results:



For details of the method used to determine EBITDA and EBIT, reference should be made to the section containing analysis of the Company's income statement, balance sheet and cash flows.
We provide below the information about operating performance required by Article 2428 of the Italian Civil Code and by Italian Accounting Standards, as well as any other information considered necessary and appropriate.

This document is structured as follows:

- The first part contains a description of and commentary on the Company's overall operating performance, focusing on income statement, balance sheet and cash flow aspects, on capital expenditure and research and development activities;
- The second part describes the main operational decisions made and provides the other disclosures required by law or, in any case, considered necessary and/or appropriate;
- The third and final part focuses more on the future. It provides information about the new operating period and on any decisions already made in that regard.

OVERALL SUMMARY

Results for the year ended 31 December 2020 can be summarised as follows:

Balance sheet		2020	2019
Assets	Euro	100.890.864	92.280.306
Liabilities	Euro	47.308.082	39.071.230
Equity	Euro	53.582.782	53.209.076

Income Statements		2020	2019
A) Value of production	Euro	67.528.979	106.837.616
B) Cost of productions	Euro	66.453.231	100.184.009
Difference (A -B)	Euro	1.075.748	6.653.607
C) Financial income and expanses	Euro	-306.381	747
Profit before tax	Euro	769.367	6.654.354
Taxes on income	Euro	-13.290	-1.964.927
Net Profit (loss)	Euro	756.077	4.689.427

GENERAL ECONOMIC OVERVIEW

1) INTERNATIONAL SITUATION

The year started with international tensions, reflected on the markets, linked to the death of the Iranian general Qasem Suleimani in Baghdad on January 3, 2020.

Furthermore, the year 2020 was characterized by the unprecedented crisis associated with the pandemic outbreak of the COVID-19. The international scene began to be dominated by the escalation of the pandemic, with the first victim reported by the Chinese authorities on January 7, the first case outside China on January 13, and the OMS's declaration of global emergency on January 30. Starting from January, 23, Chinese authorities decreed the first massive lockdown in history in the Hubei region (about 60 million inhabitants).

In February, France and Italy reported the first victims for Covid, on 11th March OMS declared the existence of a pandemic, and from the same month in Italy, as in many other countries of the world, measures were imposed to limit mobility and suspend economic activities. They have been loosened in particular since May, but very serious impact on demand in many sectors continue and no improvements are expected in the short-term (this is the case, for example, of the air transport sector and in the wider sense of business mobility as well as tourism).

During the summer in Europe, the spread fell dramatically, while in the autumn France, Spain, Germany and subsequently Italy experienced a rise in the number of infections and a new crisis in hospitals, followed by a new long series of restrictive measures with depressing effects on the economy.

The International Monetary Fund (World Economic Outlook Update, January 2021), estimates that global economy contracted by 3.5% in 2020, while the so-called advanced economies collapsed by 4.9 pct, (in line with June projections 2020). According to the same source, Europe and India reported the most negative data: respectively -7.2 pct in the Euro area (with Italy at -9.2 pct) and -8.0 pct in India.

International trade and, above all, individual mobility have been significantly affected; according to WTO projections (press release 876, March 31, 2021), international trade declined by 5.3 pct in 2020 (a reduction lower than expected in the middle of last year) and is expected to go back to 8 pct in 2021.

In this context, policymakers' liquidity injection into markets is a major driver of the scenario that suggests a recovery that the IMF projects to 6 pct in 2021 (with a 4.4 pct attenuation in 2022).

Inflation was substantially zero in the year of the pandemic outbreak, with the average figure for the Euro area indicated at 0.25% (vs. 1.2% in 2019) and that for the G7 countries fell below 0.8% (it was 1.5%) (source: IMF, World Economic Outlook, APR. 2021). For the current year, the same source projects a significant rebound (1.4% Euro area, 1.7% G7).

After a first quarter of weakness, Euro has progressively strengthened against the American currency, opening 2020 with a ratio of 1.12 and falling below 1.07 at the end of March, bouncing in the following quarters until the end of the year to 1.22 (source. Reuters).

Oil markets experienced an unprecedented collapse in international prices in the first part of the year, which occurred in March due to the combined effect of the price war between OPEC and other producing countries and the collapse of demand for the spread of Covid-19. On 3 March, the dated brent had a price in excess of USD 52/barrel, while on the first of April it reached USD 15/b (to then reach the minimum of USD 13.24/b on the 21st of the same month). In the same days, WTI futures prices fell into negative territory, marking an epochal record. The months of May and June recorded a steady recovery, with brent standing steadily above 40. However, the development of crude oil prices does not show the collapse of product quotations, as a result of the spread of lockdowns and restrictive measures (for example, fob oil prices in March were 0.90 of brent prices). Jet fuel consumption was almost zero in Europe and worldwide, while gasoline and diesel fuel consumption in Italy decreased by 31% and 25% respectively in the first half (UNEM survey). In May a phase of recovery began, in which the dated Brent recovered first fee 35 USD/b, to reach the level of 45.90 USD/b. on September 1, 2020. After a return below 40 until the end of October, there was a recovery to a steady increase of 50 USD/b from December 10, 2020. The combined effect of sanctions in Venezuela and Iran, OPEC cuts, and restrictions on some Mediterranean production have made sour crude oils even more expensive, steadily contracted at levels well above 80 % of Brent.

2) SITUATION IN ITALY

Italy was, among the European countries, the first to be heavily affected by the pandemic, suffering particularly significant shocks due to the fragility of the health system, the productive economic fabric and dependence on foreign countries.

The lockdown imposed in March and April 2020, which theoretically excluded some sectors considered essential, forced the closure of many links in the various supply chains, generating heavy impacts on the entire economic production; the substantial blocking of mobility and subsequent inter-regional constraints have generated a devastating domino effect on economic measures. According to ISTAT estimates (April 2021 estimates), the fall in GDP in the four quarters of 2020 was -5.8%, -18.1%, -5.2%, -6.6%, respectively.

The easing of restrictive measures and the expected impetus for infrastructure investment, together with measures to simplify access to credit by companies, provide support for the recovery. Domestic demand, however, is still strongly depressed and Confindustria's estimate (April 2021) for growth this year is limited to 4.1%.

3) OIL INDUSTRY PERFORMANCE

As mentioned earlier, the oil market experienced unprecedented volatility in 2020. The price of the old Brent, which opened the year above USD 66/b, was halved in the first quarter, to fall further in April in conjunction with one of the most dramatic phases of the pandemic explosion, reaching 28 pct of the quotation at the beginning of the year. In May and June a slow rise began, bringing the same prices to USD 40/b. In the following months, significant daily fluctuations (up to 7.5 pct) occurred around this level, while since mid-November there has been an upward trend on the basis of projections of international demand and news regarding the start of vaccination campaigns. Brent closed the year above the psychological threshold of 50 USD/barrel.

The refining margins in complex cycle refineries have experienced a year of intense drama, with the crack spreads of light and medium distillates extremely depressed and very low absolute values. The fall in jet fuel consumption (see below) has helped to increase the pressure on diesel fuel. The data below are extracted from UNEM statistics.

(A) Consumption

The release for consumption of petroleum products amounted to about 50 million tons, which corresponds to a loss of about 10 million tons compared to 2019. Of these, three million tons are attributable to jet fuel (which recorded a year-on-year decline of 65 pct), 1.5 million tons to gasoline (down of 21 pct), and approximately 4 million tons to diesel fuel (down of 17 pct).

(b) Refining industry

In 2020, Italian refineries processed a total of 60,6 million tons of raw material, down by 15.5% compared to 2019. The Italian refineries used the installed capacity on average for 67.5 pct. (it was 80.6 in 2019), as it was the result of temporary stops and runs at a technical minimum.

The global crisis and the refineries cuts reduced the volume of exported products, down below 24 million tons (down by 14.8 pct compared to the previous year).

(c) Imports

I. In 2020, 50,4 million tons of crude oil were imported (63 million tons in 2019 and 62 million tons in 2018), a decline of 20 % year on year.

II. The major suppliers of crude oil from Italian refineries were, in order:

- Azerbaijan, about 20 % (17.3 % in 2019);

- Iraq, about 17.3 % (20 % in 2019);

- Saudi Arabia accounts for 13.2% (7.9% in 2019);

- Russia, about 11.1 % (14.4 % in 2019);

- Libya, about 6.9 % (12.3 % in 2019).

Focus on the bitumen industry

The year 2020 strongly confirmed the signs of recovery in bitumen demand already anticipated in previous years. Despite the collapse of world GDP and the lockdowns imposed in Italy and Europe, domestic demand recorded an increase compared to the previous year, albeit limited to 12% (it was more than 10% in 2019), bringing total consumption to approximately 1.650 million tons. The confirmation of the favorable trend in Italy was not an isolated phenomenon, being part of a context in which demand has grown in almost all European countries and in particular in Central and Eastern Europe.

Internal demand for bitumen is even more because of the still extremely poor state of road maintenance and the announced future investment in major infrastructure linked to the recovery plan.

ANALYSIS OF THE COMPANY'S INCOME STATEMENT, BALANCE SHEET AND FINANCIAL SITUATION

Results for the year ended 31 December 2020 were positive despite the presence of economic and political factors that could have a decisive impact on our production.

This section is organised as follows:

- Review of reclassified income statement information;
- Review of balance sheet information;
- Analysis of income statement, balance sheet and financial results based on indexes and margins.

RECLASSIFIED INCOME STATEMENT

Descrizione	2020	2019	Δ	Δ %
Revenue from sales	67.211.154	104.761.913	-37.550.759	-35,8%
Change in inventories and increased in fixed assets due to capitalisation of internal costs	-2.352.682	261.411	-2.614.093	1000,0%

Other operating income	2.670.507	1.814.292	856.215	47,2%
Value of production	**67.528.979**	**106.837.616**	**-39.308.637**	**-36,8%**
Consumption of raw materials and goods	-43.400.990	-76.159.559	-32.758.569	-43,0%
External costs	-10.016.636	-10.511.960	-495.324	-4,7%
Other operating costs	-425.011	-533.632	-108.621	-20,4%
Gross Value added	**13.686.342**	**19.632.465**	-5.946.123	-30,3%
Personnel costs	-6.451.067	-6.504.695	-53.628	-0,8%
EBITDA	**7.235.275**	**13.127.770**	**-5.892.495**	**-44,9%**
EBITDA %	**10,8%**	**12,5%**		
Depreciation	-6.159.526	-6.130.163	29.363	0,5%
Provisions and impaiment adjustments	0	-344.000	-344.000	100,0%
EBIT	**1.075.749**	**6.653.607**	**-5.577.858**	**-83,8%**
EBIT %	**1,6%**	**6,4%**		
Finalcial income (expenses)	-146.227	-21.168	-125.059	590,8%
Exchange gains (losses)	-160.154	21.915	182.069	830,8%
Profit before non-recurring income/(expenes) and taxes	**769.368**	**6.654.354**	**-5.884.986**	**-88,4%**
Profit before taxes	**769.368**	**6.654.354**	**-5.884.986**	**-88,4%**
Taxes on income	-13.290	-1.964.927	-1.951.637	-99,3%
Net profit	**756.078**	**4.689.427**	**-3.933.349**	**-83,9%**

Consumption of raw materials and goods was obtained as the sum of purchase costs of raw materials and goods (line item B6 in the Statutory Income Statement) and the change in inventories of raw materials and goods (line item B11 in the Statutory Income Statement).

External costs include costs for services (line item B7 in the Income Statement) and lease and rental costs (line item B8 in the Income Statement).

EBITDA was calculated by adding back to EBIT (the difference between value and cost of production per the Income Statement) depreciation and amortization (line Item B10a and B10b) of the income statement) and impairment adjustments (line item B10d of the Income Statement).
It should be noted that “EBITDA” is not specifically defined by Italian and International Accounting Standards. Therefore, it should not be considered an alternative means of assessing the Company’s results. It should also be noted that the method used by the Company to determine EBITDA might not be consistent with those used by other companies and/or groups in the industry and, consequently, the figures obtained might not be suitable for comparison.

RECLASSIFIED BALANCE SHEET

Description		2020	2019	Δ absolute	Δ %
ASSETS					
FIXED ASSETS	(FA)	49.480.719	46.891.687	2.589.032	5,5%
INVENTORIES	(I)	6.938.717	10.502.783	-3.564.066	-33,9%
DEFFERED LIQUIDITY	(DL)	12.163.989	17.500.289	-5.336.300	-30,5%
IMMEDIATE LIQUIDITY	(IL)	32.307.439	17.385.547	14.921.892	85,8%
CURRENT ASSETS		51.410.145	45.388.619	6.021.526	13,3%
TOTAL ASSETS		**100.890.864**	**92.280.306**	**8.610.558**	**9,3%**
LIABILITIES					
NET CAPITAL	(NC)	53.582.782	53.209.076	373.706	0,7%
NON CURRENT LIABILITIES	(NCL)	21.102.151	12.478.317	8.623.834	69,1%
PERMANENT CAPITAL		74.684.933	65.687.393	8.997.540	13,7%
CURRENT LIABILITIES	(CL)	26.205.931	26.592.913	-386.982	-1,5%
TOTAL LIABILITIES		**100.890.864**	**92.280.306**	**8.610.558**	**9,3%**

STRUCTURAL OR MARGINS ANALYSIS	2020	2019	Δ absolute	Δ %
STRUCTURAL MARGIN (SM=NC-FA)	4.102.063	6.317.389	-2.215.326	-35,1%
GROSS WORKING CAPITAL (GWC=IL+DL+I)	51.410.145	45.388.619	6.021.526	13,3%
NET WORKING CAPITAL (NWC=[IL+DL+I]-CL)	25.204.214	18.795.706	6.408.508	34,1%
TREASURY MARGIN (TM=[IL+DL]-CL)	18.265.497	8.292.923	9.972.574	120,3%

Fixed assets include those assets destined to "return" to liquid form in the medium/long-term while current assets include those assets whose return to liquid form is expected in the short-term.

Permanent capital includes liabilities due in the medium-long term, while current liabilities include liabilities due in the short term.

Financial ratios and indexes

SOLVENT RATIOS				
Description	**Calculation method**	**2020**	**2019**	**Δ**
FIXED ASSET COVER WITH LONG-TERM SOURCES OF FINANCE	$\frac{(NC+NCL)}{FA}$	150,94%	140,08%	10,86%
INDICE DI COPERTURA DELLE IMMOB. CON CAPITALE PROPRIO	$\frac{CN}{AF}$	108,29%	113,47%	-5,18%
INDICE DI INDIPENDENZA DAI TERZI (LEVA FINANZIARIA)	$\frac{CN}{(PC+PF)}$	113,26%	136,18%	-22,92%

LIQUIDITY RATIOS	-	-		
Description	**Calculation method**	**2020**	**2019**	**Δ**
CURRENT RATIO	(IL+DL+I) / CL	196,18%	170,68%	25,50%
ACID TEST RATIO - ATR	(IL+DL) / CP	169,70%	131,18%	38,52%

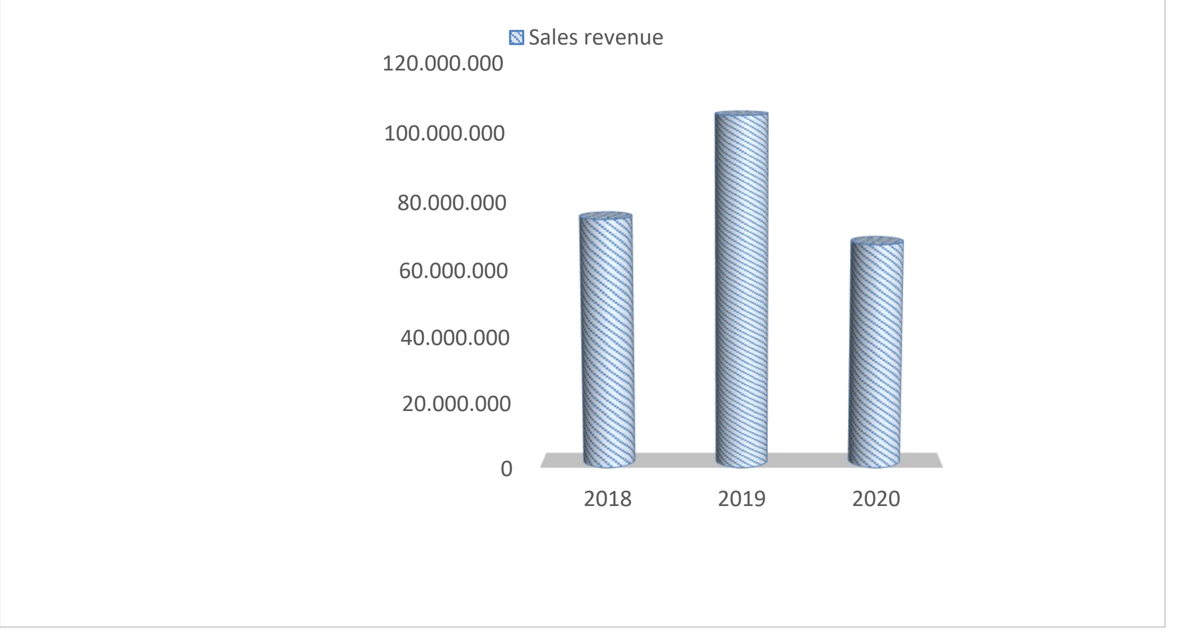
WORKING CAPITAL INDEXS	-	-		
Description	**Calculation method**	**2020**	**2019**	**Δ**
INVENTORY TURNOVER (IT)	CoS / I	6,25	7,25	-1,00
RECEIVABLES TURNOVER (RT)	SALES / DL	5,53	5,99	-0,46
PAYABLES TURNOVER (PT)	CoS / CL	1,66	2,86	-1,20
NET WORKING CAPITAL TURNOVER (NWCT)	SALES / NWC	2,67	5,57	-2,90
TURNOVER OF TOTAL ASSET (ToTA)	SALES / TA	0,67	1,14	-0,47
INVENTORY LIFE CYCLE (IN DAYS)	360 / IT	58	50	8
RECEIVABLES LIFE CYCLE (IN DAYS)	360 / RT	65	60	5
PAYABLES LIFE CYCLE (IN DAYS)	360 / PT	217	126	91
NET WORKING CAPITAL LIFE CYCLE (IN DAYS)	360 / NWCT	135	65	70
TOTAL ASSETS LIFE CYCLE (IN DAYS)	360 / ToTa	540	317	223

EFFICIENCY RATIOS	-	-		
Description	**Calculation method**	**2020**	**2019**	**Δ**
REVENUE PER EMPLOYEE	SALES / N. EMPL.	790.719	1.262.192	-471.472
RETURN ON EMPLOYEES	SALES / C. PERS.	10,42	16,11	-5,69
RETURN ON MATERIALS	SALES / C. MAT.	1,59	1,36	0,23

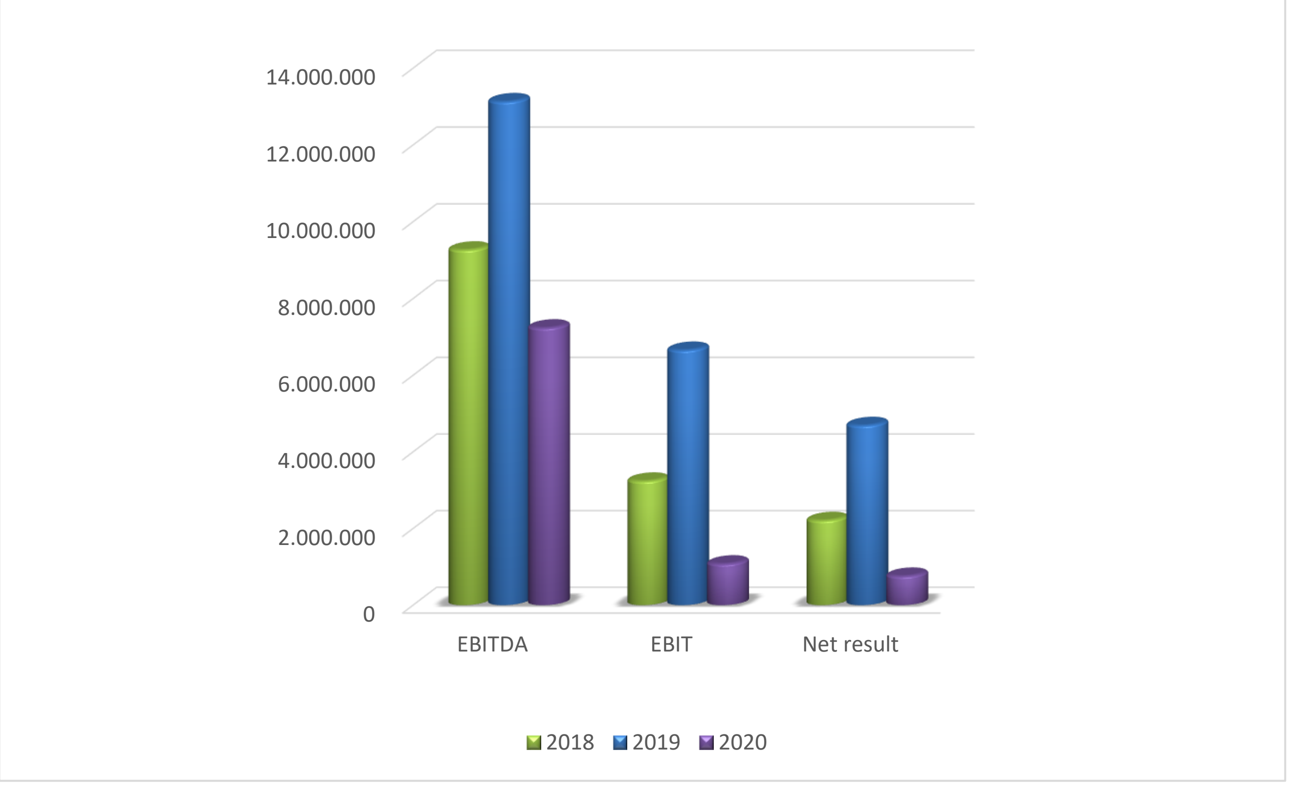
PROFIT RATIOS	-	-		
Description	**Calculation method**	**2020**	**2019**	**Δ**
RETURN ON EQUITY (ROE)	NR / NC	1,41%	8,81%	-7,40%
RETURN ON INVESTED CAPITAL (ROI)	EBIT / TA	1,07%	7,58%	-6,52%
RETURN ON SALES (ROS)	EBIT / SALES	1,60%	6,68%	-5,08%
RETURN ON DEBTS (ROD)	OF / (CL+NCL)	0,48%	0,14%	0,34%
ROI - ROD (SPREAD)	(ROI-ROD)	0,58%	7,44%	-6,86%
EFFECT OF LEVERAGE OR RISK RATE	(CL+NCL) / NC	88,29%	73,43%	14,86%
EBITDA ON SLAES	EBITDA / SALES	10,76%	12,53%	-1,77%
FINALCIAL EXPENSES ON REVENUE	FIN. EXP. / SALES	0,34%	0,05%	0,29%

Income Statement highlights

Descrizione	2020	2019	2018
Value of productions	67.528.979	106.837.616	101.501.514
EBITDA	7.235.275	13.127.770	9.265.429
EBIT	1.075.749	6.653.607	3.237.161
Net profit (loss)	756.078	4.689.427	2.208.834



Profit



THE COMPANY'S OPERATING PERFORMANCE

The company's activity is carried out at our plant (refinery) located in Via Baiona 195 fraction Porto Corsini Municipality of Ravenna.

1) PROCUREMENT OF RAW MATERIALS, RESIDUE AND SEMI-FINISHED PRODUCTS

In 2020 the Refinery received the following raw materials:

a) Around 74,000 tonnes of crude oil sourced abroad;

b) Around 182,000 tonnes of crude oil sourced Italy;

c) Around 140,000 tonnes of heavy residues and semi-finished products, partly sourced abroad, used to power the plants;

d) Around 16,000 tonnes of other residue for various uses.

2) REFINERY PROCESSING

Around 394,000 tonnes were processed in 2020. This was around 37,000 tonnes lower than 2019, (-8,6%).

3) SHIPMENTS MADE BY THE COMPANY

A) Product shipments

According of the figures reported above, on the raw materials introduced and on processing, in 2020 the following shipments of finished goods and semi-finished products were made:

Light finished goods and semi-finished	around 128,000 tonees (-5% on 2019)
All types of bitumen	around 280,000 Tonn. (-13% on 2019)

Therefore, in 2020, the plant shipped a total of around 408,000 tonnes of finished products and semi-finished products with an decrease of around 50,000 tonnes on prior year (around 11%).

4) OTHER IMPORTANT MATTERS THAT HAVE AFFECTED OPERATIONS

A) Business organisation

In 2020, the Company continued to develop and consolidate its already efficient business structures. It perfected appropriate procedures and took action designed to improve the organisation.

B) Certifications

During 2020, the following independent checks were performed by the DNV and RINA certification bodies:

• Quality certification maintenance (ISO 9001:2015) in June 2020;

• Environmental certification maintenance (ISO 14001:2015) in June 2020;

• Safety certification maintenance (and contextual transition to ISO 45001:2018) in October 2020;

• Renewal of Road bitumen/asphalt FPC certification (EN 12591 and EN 13924) in October 2020;

• Audit for EU-ETS in January 2020 (for 2019 audit).

C) Safety

Some of the most significant improvements with regard to Security-related issues were as follows:

- Improvement of fire-fighting system for the unloading of raw materials and internal bitumen loading;
- Outstanding S3 tank maintenance;
- Operating instruction for handling extraordinary weather events.

The following main training courses were organised in 2020 with assistance from internal and external trainers: use of fork-lift, fire prevention, Fire & Gas central thermal system, plant electricity distribution, electrical work permits, D.Lgs. 105/15 “Seveso ter”, first aid, update for workers’ safety representatives.

In 2020, health and safety monitoring did not identify any professional illnesses and the biological monitoring performed produced satisfactory results almost identical to those recorded in 2019.

D) Environment

The most significant improvements made in relation to Environmental issues include the following:

- Revamping of the thermal power station;
- Construction of off-ground piping for water of type 2 to SAI;
- Displacement and simultaneous extension of the temporary waste storage area;
- Presentation of a plan to reduce emissions from tanks.

E) Covid-19 pandemic

Following the pandemic, the following main measures were taken to contrast and limit the spread of the Covid-19 virus in the workplace:

- Information activity before access to the company for employees and workers coming from external firms.
- Regulation of the way in and out of the company.
- Measurement of the body temperature of all workers entering the company.
- Modulation of the working hours aimed at the input and output scheduling, both for employees and for workers from external companies.
- Redefinitions Rules for the use of the waiting room for haulers.
- Definition of distancing rules at the changing rooms of employees and external companies.
- Redefinition of rules for the use of sanitary services outside firms.
- Rules of use and distancing automatic vending machines for drinks and snacks.
- Implementation of supplementary daily sanitation activities across all business premises.
- Implementation of weekly sanitation activities for some premises.
- Redefinition of canteen use by regulating entry and exit times for employees; at the same time the service for workers of external companies has been suspended.
- Provide all personnel with face masks, latex gloves and sanitizing solutions.
- Maximization of smart-working mode.
- Minimization of face-to-face meetings, business trips and meeting with external parties.
- Maximize information and training in e-learning and/or video conferencing.
- Performing antigenic verification buffers at a accredited facility.

F) Personal data protection

The Company has incorporated into its procedures the requirements of EU Regulation no 679 of 27 April 2016 ("GDPR"), Legislative Decree no 196 of 30 June 2003 ("Privacy Code"), as updated by Legislative Decree no 101 of 10 August 2018, and other applicable regulations on personal data protection. Alma Petroli S.p.A. has also adopted all appropriate technical and organizational measures in order to protect personal data relating to employees, collaborators, suppliers and third parties in general, as obtained during the course of its activities, in order to avoid the risk of loss or destruction and the risk of unauthorized access or processing

Following the pandemic events, Alma Petroli has to process personal data that would not otherwise have been processed, in relation to regulatory obligations imposed both as an employer and as a host company for people from outside who went to the company's offices for work purposes. Specifically, personal data have been treated tout court, not belonging to *particular categories* of data, such as surname, first name, telephone numbers, e-mail addresses, data relating to contacts and personal movements, as well as any personal data belonging to *the particular categories* of data, such as body temperature, traced using specific detection equipment, as well as the results of any medical checks and quarantine requirements necessary to allow access at corporate locations. For the treatment of personal data that is necessary for pandemic purposes, Alma Petroli with the clear intention of favoring a rapid elimination of the same as soon as no longer necessary and, with specific reference to personal data related to its employees, a dedicated procedure has been defined.

G) <u>Code of Ethics and Organizational Model</u>

During the meeting of the Board of Directors on 16 October 2020, the updating of the organizational model ex D.L. 231/01 was approved. In December 2020, an ad hoc training session was held for all Area Directors and Managers (4/12/2020)

H) <u>CO2 Emissions</u>

In March 2021, the inspections body appointed to certify CO2 emission quotas audited the actual 2020 quotas. In light of the satisfactory inspection results, the quotas were input to the European Commission's trading platform and the return operation was later completed. For 2020, there was a small percentage increase in CO2 emissions per tonnes processed due to less processing in the period resulting from the effects of the Covid-19 pandemic. In 2020 the third ETS period (2013-2020) ended, which substantially did not generate any charges for Alma Petroli.

During 2020, further verifications confirmed the strong reductions in free allocation of CO2 quotas for Alma Petroli for the fourth ETS period (2021-2030), which must be offset by the purchase of CO2 quotas, generating significant charges from the 2021 financial year. In this regard, it is worth highlighting the significant increase in the cost of CO2, which has risen from around 24 €/ton in January 2020, to around 31 €/ton in December 2020 and which in the first months of this year has exceeded 45 €/ton.

I) Participation in gas and electricity purchasing consortia

In 2020, thanks to its positive experience in previous years, the Company again continued to participate in the CURA (electricity purchases) and CEM (methane purchases) consortia. During the year, the cogeneration plant has successfully operated by limiting the costs of purchasing electricity.

J) Works performed or in progress, studies and projects

The Investments Committee continued its activities regarding studies and projects to explore new business segments and relaunch traditional ones.

Several existing projects continued and/or were completed in 2020 while other new ones commenced, as summarised below:

(A) the improvement and modification of the OMP 15000 furnace to the best control and safety technologies already applied on the newly installed OMP 12500 furnace continued for the thermal power plant.

(b) the project for the new modified bitumen production plant (PMB) has been stopped due to significantly increased manufacturing costs. Action was taken to re-train the project and the foundations for detailed engineering were revised. As a result of these actions, the reconsideration of the investment was positive and the activities resumed with the forecast of a "turnkey" contract to be relied on within the first months of 2021 (which has happened on time). These activities will continue throughout the financial year 2021 and in the first part of the financial year 2022.

(c) during the year, the fire protection upgrade works in the raw exhaust and transfer room areas (PR4-PR10) and those of the new Tip.1 wastewater line were completed.

D) the revamping activities of the tank 8 (one of the largest tanks dedicated to the containment of the refinery's Raw materials) continued, which involved the partial renovation of the civil work, the replacement of all the bottom sheets, the reworking of the heating coils (suitable for the use of hot water as well as steam) and the insertion of a new stirring system. These activities continue in the first part of the financial year 2021.

E) the revamping of the tank 3 (the most important tank dedicated to the storage of the bitumen of the refinery) was completed, which involved the partial replacement of the bottom sheets, the remaking of the heating coils with diathermic oil and the insertion of a new stirring system.

(f) in addition to the relevant process studies carried out at the end of the financial year

2019, the detailed engineering activities for changes in the atmospheric section and the replacement of the column of the empty section began in 2020. These planning activities, due to various difficulties of the continuation of the assignment due to the Covid-19, were put on stand-by at about mid-year 2020. These projects for the revamping of the distillation plant, of which the first phase was practically completed, were re-planned for the following financial years.

G) during 2020 the important acquisition of a large area equipped with lines and storage tanks was completed within the multi-company site of the petrochemical plant in Ravenna. The acquisition of these assets will allow the possibility to increase the stocks available to the refinery in order to reduce bottlenecks linked to cargo size for Raw materials and semi-finished products. This ambitious project will continue for the next few years, having to restructure the plants and obtain new authorizations.

(H) with regard to studies or projects undertaken in previous years, the Company shall re-update the following:

1. the railway connection remains in stand-by for the same reasons as those given in 2015;
2. The acid water washing plant called unit 300, of which the beneficial costs have been reassessed, has been resceduled for the next few years.

K) Personnel

During 2020, there were no major issues in terms of overall relations with personnel such as strike action or major requests by the unions.

The company’s staff at 31/12/2020, consisted of 86 employees, divided into:

5 Senior managers;

14 Managers;

32 White Collars;

35 Blue Collars.

There were 2 new hires and 1 termination.

There have been no accidents at work in the year.

As far as training is concerned, a total of 77 courses have been provided, for approximately **2.516** hours of training and information, plus hours of on the job training as well as training delivered through E-Learning Performa.

The hours of training and information provided during the year are divided as follows:

- 885 hours in the field of safety, to which is added the training provided in PERFORMA E-learning;
- 2 hours in the field of environment-quality, to which is added the training provided in PERFORMA E-learning;
- 1.629 hours as optional, technical and managerial training.

There is an overall residual holiday and an average annual hourly reduction of 9,9 days.

There is an average employee seniority of 46,5 years and an average service seniority of 17 years.

The Covid-19 pandemic situation has led to the need to use the Integration Fund, which was used and applied out of strict necessity only for 2 months (April and May 2020).

The Covid-19 pandemic situation, starting from March 2020, has also required the implementation of forms of work remotely, for the types of tasks compatible with the performance of the service in this way, to ensure distance work.

L) Organization

In view of the fact that Alma Petroli will be engaged in the next few years in the realization of important innovation and investment plans that will also have an impact on the Organization of Business areas following the acquisition of the so-called Isola 21, the Board of Directors on 1 December 2020, Following on from what started with the organizational design called “Power Steering”, to ensure the development of people and business processes, skills enhancement, specialization and focus approved the integration and modification of the delegation of powers to the employer ex D.Lgs. 81/2018 and Manager ex D.Lgs. 105/2015 and D.Lgs. 152/2006.

In October 2020, an in-depth project for the protection of company information and the protection of the “Alma Petroli” brand was concluded, which led to the registration of the Alma Petroli brand.

M) Treasury management

In the light of the revised investment plan, the financing platform was redesigned to differentiate short-term financing (in support of operations) from medium-long sources to support investment.

The plan enabled investment support – by their nature long-term – to be guaranteed without the relevant funding being subject to withdrawal and release from possible scenario effects

Availability and conditions for financing Alma Petroli's development.

The plan mentioned above was therefore realized through the opening of a mortgage-rio with the Ravenna Fund of 5 million Euro to support the purchase of the industrial complex known as "Isola 21" and the procurement of 10 million Euro with the issue of a minibond located at UniCredit.

It is also pointed out that in July the bond loans subscribed by SAI Associates were renegotiated.

N) Mandatory stocks

Unfortunately, the sale of stock tickets related to the raw and semi-finished products sector continues to shrink in a rather turbulent market.

In fact, a turnover of about 32.000 Euro was achieved, a decrease of 60% compared to the previous year.

Information about general business risks

The risks to the organisation and its operations – based on the Enterprise Risk Management (E.R.M.) matrix drawn up by the Committee of Sponsoring Organizations of the Treadway Commission (C.O.S.O.) - may be of external or internal origin.

"External" risks mainly consist of the Country risk which, in turn, depends on socio-political change, on laws and regulations and on economic trends regarding consumption and prices.

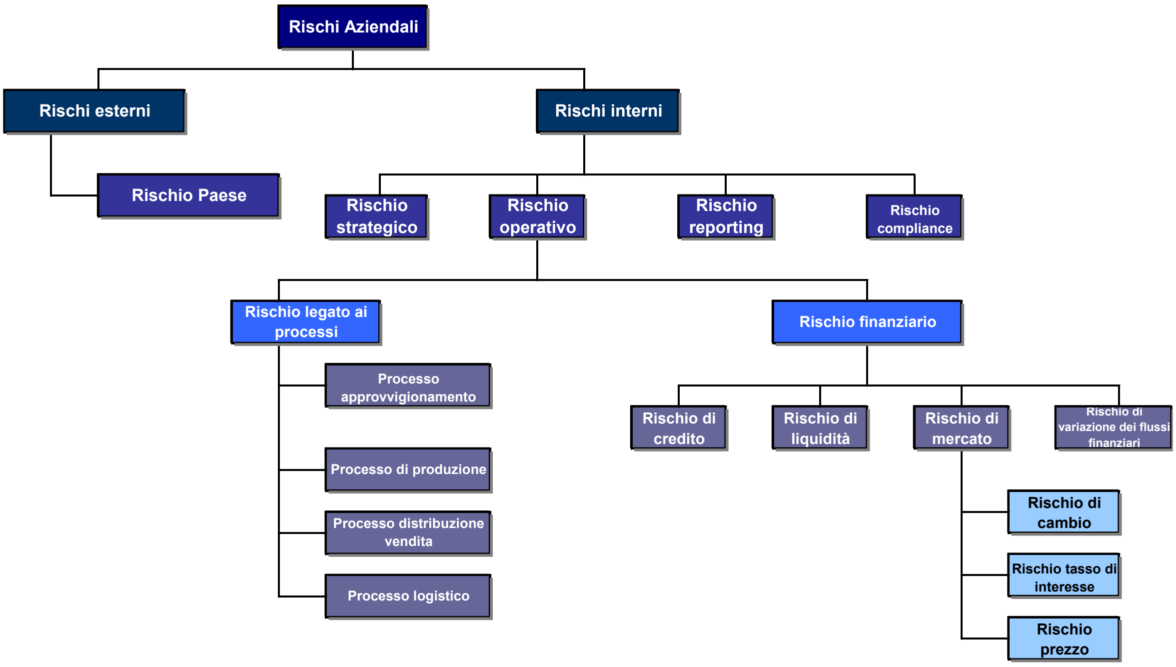
Meanwhile, **"Internal" risks** include the strategic risk, the operational risk, the reporting risk and the compliance risk.

Strategic risks include factors that influence the threats and opportunities resulting from the system e.g. product life cycles, market position, organisational structure, planning and distribution of resources, mergers, acquisitions, alliances, etc.

The operational risk regards the effective, efficient employment of business resources. In turn, this risk may be broken down into the "risk regarding business processes" and the "financial risk". The former regards the conduct of the following business processes: procurement, production, distribution-sale and logistics. Meanwhile, in accordance with Italian Accounting Standard OIC 3, the latter includes the credit risk, the liquidity risk, the risk of changes in cash flows, the market risk, the exchange rate risk, the interest rate risk and the price risk.

The reporting risk regards the reliability of information provided by internal and external reporting, including accounting and non-accounting information.

Finally, the compliance risk is the risk of legal or regulatory penalties, significant financial losses or reputational damage that may be incurred by the Company as a result of its inability to comply with laws, secondary regulations, laws, company standards and codes of conduct.



The main business risks are described below together with details of their probability, the Company's exposure to the risks and any action that has been taken to reduce the risks.

Country Risk

The Company does not operate with countries that are unstable from a socio-political or economic perspective without using financial instruments such as confirmed, irremovable letters of credit. Therefore, it is not exposed to the country risk.

Strategic risks

The Company has developed and adopted strategies to defend its competitive advantages by positioning itself in a segment for the production of high value added products that cannot be easily made by other competitors. It should also be noted that in 2020 the company carried out a study on its positioning, related risks and strategic development guidelines, relying on a highly competent consulting company.

Operational risks

- **Process-related risks**

  There are no procurement related risks because, over the years, the Company has sought to modulate its operating capacity by adapting itself to a mix of raw materials and semi-finished products sourced from a varied list of approved suppliers.

- **Risks relating to finance**
  - **Credit risk**

    Looking back, there have been no significant cases of default by customers. Under Company practice, customers are normally subjected to credit worthiness checks. The account statement of each customer is prepared and reviewed every month. The credit limit is updated based on specific circumstances regarding the customer relationship and may be suspended in case of default.
  - **Liquidity risk**

    The liquidity risk may manifest itself in the inability to raise, on favourable terms and conditions, the financial resources needed for Company operations.

    Liquidity requirements are monitored constantly. The Board of Directors believes that the funds and credit facilities currently available, together with those that will be generated by operating and financing activities, will enable the Company to satisfy the requirements of investing activities, working capital management and debt repayment on maturity.
  - **Risk of changes in cash flows**

    Given the nature of its activities, the Company is not currently subject to this type of risk.
  - **Market risk**

    Market risk is assessed based on specific information, including:
    - **Exchange rate risk**

      The Company makes purchases and sales on an international scale and is, therefore, exposed to the risk of exchange rate fluctuation for the currencies used (mainly the USD). It is Company policy to manage the exchange rate risk by making forward currency purchases as necessary to manage any fluctuations until the time as the related liability is settled.
    - **Interest rate risk**

      The Company uses third party finance in the form of bank loans for very short periods of time.

Company policy is based on a constant assessment of its self-financing capacity and its financing structure. As required, it seeks to grasp the best opportunities to optimise the cost of borrowing.

- **Price risk**

  In order to ensure that its exposure to financial risks regarding exchange rate fluctuation and/or fluctuation in the price of a commodity – directly or indirectly related to the business – is measured as efficiently and effectively as possible, the Company has drawn up a Policy that establishes the instruments and methods that may be used to hedge/cover such risks. The Policy also sets out roles and responsibilities within the organisation in relation to financial risk management, as described in detail in the Notes to the Financial Statements.

Reporting risk

The Company has implemented and continues to implement administrative, accounting and management procedures that help reduce this risk.

Legal compliance risk

The attention paid to environmental protection and to workplace health and safety has already been covered in detail. With regard to other compliance risks (tax, contractual and general legal), significant attention is paid to compliance with current laws and regulations. This involves assistance and collaboration from trusted professionals from outside the business.

Given the above, we do not believe there is any need to provide quantitative information on exposure to the above risks as they are not significant for the Company.

Corporate governance

The Board of Directors has full powers in relation to the ordinary and extraordinary management of the Company and can take all actions that are not strictly reserved for the Shareholders' General Meeting whether by law or by the Articles of Association.

At the reporting date, the Company is managed by a Board of Directors composed of nine members, in person of:

Chairman	Antonio Serena Monghini
Deputy Chairman	Enrico Baracca
Chief Executive Officer	Sergio Bovo

Director	Andrea Serena Monghini
Director	Emanuele Serena Monghini
Director	Massimo Masini
Director	Giovanni Mezzadri Majani
Director	Stefano Baracca
Director	Claudio Spinaci

Information requested by Article 2428(2)(3-4) of the Italian Civil Code

We note that:

- The Company does not hold any treasury shares or shares or quotas of parent companies, either directly or through any fiduciary companies or other persons;
- During the period, no treasury shares or shares or quotas of parent companies were purchased or sold, either directly or through fiduciary companies or other persons.

Significant events after the reporting period

The first quarter recorded a significant increase in the prices of spirits, which supported the turnover at the beginning of the year.

Demand for bitumen, both in Italy and in tax markets, has confirmed a more than good state of health and vitality. On the other hand, the crack spreads of the distillates still depressed and the decrease in the demand for bunkers (linked to the substantial zeroing of the cruises and the significant contraction of the operation of the ferries) have made the conversion plants unprofitable, reason why refiners who had the flexibility maximized bitumen production. This has helped to reduce the prices of both road and industrial products, which are much less charged than the oil raw material.

The last week of February 2021, due to the isolation and quarantine of a large part of the production area staff, the Alma Petroli refinery was stopped and the restart took place in the second decade of March, with a significant reduction in machining compared to budget projections for the first quarter.

Personal data protection

It is acknowledged that the Company has kept its attention to the procedures foreseen by the current privacy legislation, providing for a continuous monitoring and development of the measures to be implemented and improved, measures partly modified and integrated in relation to the alleged need for the processing of personal data, which would not otherwise have been treated, as a result of pandemic events; treatment required in relation to the regulatory obligations imposed both as an employer and as a host company for persons coming from outside the company for work purposes.

Business outlook

In accordance with and for the purposes of the provisions of point 6 of the third paragraph of Article 1. 2428 of the Civil Code, it should be noted that the prospects for the bitumen market have been maintained on a particularly favorable level. The projections indicate a further strengthening of the markets, with increases in construction sites for both standard and modified bitumen (impulse to construction, large works and infrastructure).

On the other hand, difficulties remain in the supply of raw materials, and in particular heavy sour flocks, which, owing to the combined effect of the continued sanctions on Venezuela and Iran and the cuts in production by OPEC countries, are significantly increased. This situation is expected to persist throughout the current year, resulting in strong pressure on refining margins.

The Company is also implementing Plan 2021-25, drawn up on the guidelines indicated by strategic guidelines and risk mapping, with projects of great importance and commitment related to new bitumen development, waste management, control systems, planning, skills and people development, credit management, Review of maintenance processes (a key part of the process and cost review activity called Zero Base).

Ravenna, there April 30, 2021

The Chairman of the Board of Directors

Antonio Serena Monghini