

Financial review

Possible evolution in respect of the war in Ukraine

The crisis in the relationship between Russia and Ukraine that in February 2022 gave rise to the Russian military invasion and an open conflict on a large scale with violent armed clashes and tragic loss of human lives, constitutes a macroeconomic risk. Possible outcomes of this situation might include a prolonged armed conflict, a possible escalation in the military action, risks of expansion of the ongoing geopolitical crisis and a further tightening up of the economic sanctions against Russia. These factors could result in a scenario that could eventually sap consumers' confidence, deter investment decisions by operators and cripple industrial activities derailing the global recovery or, in the worst of the outcomes, triggering a new worldwide recession. This scenario would drive a reduction in hydrocarbons demands and of commodity prices and would adversely and significantly affect our results of operations and cash flow, as well as business prospects, with a possible lower remuneration of our shareholders.

Shortly after the outbreak of hostilities with the Russian invasion of Ukraine, the European Union, the USA, and the UK imposed a raft of stringent economic and financial sanctions against Russia, which have been added to those already in force since 2014.

The new restrictions have mainly targeted the Russian financial sector, precluding access to funding from US and EU-based financial institutions and several relevant Russian entities operating in the Oil & Gas sector. Currently, the new sanctions continue to permit the purchase of oil, natural gas and refined products exported by Russian entities, or the maintenance of business relationships with certain Russian entities; however, as long as the conflict continues, it is possible that increasingly tight sanctions could be imposed. Furthermore, the situation in the marketplace has evolved concurrently, as many Western traders, oil companies, refiners and brokers have begun reducing purchases of crude oil from Russia giving rise to a sort of a private market sanctioning system. Finally, the President of the USA signed an executive order to ban all imports of Russian energy products. Those developments have destabilized energy markets as evidenced by the material discount of the Ural Russian crude benchmark, triggering a spike in market volatility and propelling the Brent price at about 130 \$/bbl in the last days of February and

into early March 2022. Natural gas prices for the continental Europe spot benchmark surged to new all-time highs driven by fears of supply disruptions (approximately €200 Mwh).

This volatility could increase counterparty and margining risks (see the section "Risk factors and uncertainties").

Eni's current presence in Russia is insignificant. Exploration projects in the Russian upstream are in a shut-down phase, also due to certain sanctions already in force before the recent crisis, and the related costs have been entirely impaired in previous reporting periods. Eni holds a stake in the Blue Stream pipeline that transports russian-sourced gas across the Black Sea, jointly marketed by Eni and Gazprom to Turkey's state-owned company Botas. It represents a non-significant value in Eni's balance sheet. Management is considering different options for a possible sale of this stake.

The most significant transactions between Eni and its Russian counterparts concern the purchase of natural gas from the Russian state company Gazprom on the basis of the long-term take-or-pay contracts (in 2021 about 22 billion cubic meters for the Italian market). Eni's gas portfolio availability from other geographies, access to transport capacities, contracts flexibility and presence in the LNG segment (in particular through the Damietta plant) as well as long-term relations with producing countries (primarily Algeria and Libya) are all options that the Company can activate in the event of unpredictable scenarios of sanctions by the international community against Russian Oil & Gas.

As far as crude oil supplies are concerned, although Eni's refining system has always processed Ural crudes, plants flexibility and trading skills in the supply eventually allow us to replace this crude oil in our processes.

Furthermore, in certain upstream projects in different countries in the world the counterparties are Russian.

Any decision on such presence is on behalf of the State Companies of the Countries where these initiatives are located. Eni has taken the necessary measures to ensure that its activities are carried out in accordance with the applicable rules, ensuring continuous monitoring of the evolution of the sanctioning framework, to adapt its activities on an ongoing basis to the restrictions applicable from time to time.

Impacts of the COVID-19 pandemic

The macroeconomic environment has gradually improved during 2021 due to the effective vaccination campaigns against the COVID-19 disease, together with measures to contain the spread of the virus, particularly in OECD Countries, allowing for a phased reopening of the economic activities and increasing mobility of people. The expansionary monetary policies adopted by the central banks and the large scale fiscal stimulus launched by the governments supported consumptions and investments. In this context, the demand for hydrocarbons and the prices of commodities, main driver of the Group's financial results, recorded a significant rebound. Global energy demand first stabilized and then unexpectedly increased in the last quarter of the year, driven by an acceleration in the pace of the economic recovery, resulting in an increase in the average price of oil for the year by 70% vs. 2020 at about 71 \$/barrel, while natural gas prices recorded material increases (in the order of several hundreds percentage points) due to a particularly tight market. These trends were the basis of the strong recovery in profitability in the Exploration & Production and Global Gas & LNG Portfolio segments, and to a lesser extent a solid performance of the chemical business line, driven by a recovery in demand for commodities. The Refining & Marketing business has continued to be weighted down by the effects of the pandemic, due to

weak demands for jet fuel that penalized the profitability of traditional refineries by creating an oversupply of gasoil leading to significantly lower products spreads. The profitability was also affected by the higher costs of gas-indexed energy and plant utilities and the higher costs for the purchase of emission allowances to comply with the environmental obligations of the European ETS, which more than doubled due to a recovery in industrial activities and as consumption of coal increased significantly due to its cost-competitiveness against natural gas to fire power generation and to produce steam.

Overall, 2021 saw a significant rebound in consolidated results which closed with a profit of €5.82 billion compared to a loss of €8.64 billion in 2020 and an operating cash flow of €12.86 billion, which increased by approximately €8 billion compared to 2020.

Looking to the future, the main risks for the Group's financial performance are linked to the possibility of the spread of new vaccine-resistant variants of the virus, as well as the resumption of inflation driven by the spill-over effects through the supply chains of increased raw material costs as the ultimate, unintended effect of accommodative monetary policies and big tax measures adopted to help the economy recover from the fallout of the pandemic.

PROFIT AND LOSS ACCOUNT

	(€ million)	2021	2020	2019	Change	% Ch.
Sales from operations		76,575	43,987	69,881	32,588	74.1
Other income and revenues		1,196	960	1,160	236	24.6
Operating expenses		(58,716)	(36,640)	(54,302)	(22,076)	(60.3)
Other operating income (expense)		903	(766)	287	1,669	..
Depreciation, depletion, amortization		(7,063)	(7,304)	(8,106)	241	3.3
Net impairment reversals (losses) of tangible and intangible and right-of-use assets		(167)	(3,183)	(2,188)	3,016	94.8
Write-off of tangible and intangible assets		(387)	(329)	(300)	(58)	(17.6)
Operating profit (loss)		12,341	(3,275)	6,432	15,616	..
Finance income (expense)		(788)	(1,045)	(879)	257	24.6
Income (expense) from investments		(868)	(1,658)	193	790	47.6
Profit (loss) before income taxes		10,685	(5,978)	5,746	16,663	..
Income taxes		(4,845)	(2,650)	(5,591)	(2,195)	(82.8)
Tax rate (%)		45.3	..	97.3		
Net profit (loss)		5,840	(8,628)	155	14,468	..
attributable to:						
- Eni's shareholders		5,821	(8,635)	148	14,456	..
- Non-controlling interest		19	7	7	12	..

Eni's 2021 results were markedly influenced by the recovery in the energy commodity price scenario. In 2021 the average reference price of the Brent marker was 71 \$/bbl, +70% compared to 2020. The European gas market was characterized by extreme conditions due to the tight supply and uncertainties on supplies from Russia: spot price at the continental hub "TTF" reached an average of 46 €/MWh, increasing by more than 300%; aligned values for the Italian spot price "PSV".

Similar conditions were recorded in the wholesale electricity market with the Italian "PUN" price at an average 125 €/MWh, +86% compared to 2020, peaking at 440 €/MWh in the fourth quarter of the year. Eni's refining margin (Standard Eni Refining Margin) continued to fell during the last year with the average of the period falling to a negative -0.9 \$/bbl (a positive 1.7 \$/bbl in 2020).

The weak trend recorded during the year reached a further bearish acceleration in the last quarter of the year, particularly in the last month, due to the exceptional gas prices affecting both the cost of processing and refinery utilities, in addition to the pre-existing factors of recovery in the cost of the oil charge supported by OPEC + production management and weakness of some outlet markets depressing spreads of the products, in particular jet fuel and diesel, due to oversupply. In addition, recorded increased cost of emission allowances to comply with the European ETS.

2021 cracker margin, reference marker for the chemical business, declined by 11%; elastomers, styrenic and polyethylene spreads were steady.

	2021	2020	2019	% Ch.
Average price of Brent dated crude oil in U.S. dollars ^(a)	70.73	41.67	64.30	69.7
Average EUR/USD exchange rate ^(b)	1.183	1.142	1.119	3.6
Average price of Brent dated crude oil in euro	59.80	36.49	57.44	63.9
Standard Eni Refining Margin (SERM) ^(c)	(0.9)	1.7	4.3	(152.9)
PSV ^(d)	487	112	171	334.8
TTF ^(d)	486	100	142	386.0

(a) Price per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In \$/BBL FOB Mediterranean Brent dated crude oil. Source: Eni calculations. Approximates the margin of Eni's refining system in consideration of material balances and refineries' product yields.

(d) €/kcm.

Adjusted results and breakdown of special items

Net profit attributable to Eni's shareholders was €5,821 million in 2021 compared to a loss of €8,635 million in the previous year. Financial discipline and cost reduction initiatives implemented to withstand the enduring impact of COVID-19 enabled Eni to capture the full upside of 2021's strong economic recovery, allowing Eni to report excellent results in a more favourable environment and in an energy scenario with better fundamentals. Net profit recovered to pre-COVID

level, benefitting from the significant growth in operating profit to €12,341 million compared to the operating loss of €3,275 million in 2020, affected by lockdown measures to contain the spread of the COVID-19 pandemic. Finally, net income was positively impacted by a tax rate returned to values in line with the Group's historical averages.

The following tables report the breakdown of the operating profit by business:

	(€ million)	2021	2020	2019	Change	% Ch.
Exploration & Production		10,066	(610)	7,417	10,676	..
Global Gas & LNG Portfolio		899	(332)	431	1,231	..
Refining & Marketing and Chemicals		45	(2,463)	(682)	2,508	..
Plenitude & Power		2,355	660	74	1,695	..
Corporate and other activities		(816)	(563)	(688)	(253)	(44.9)
Impact of unrealized intragroup profit elimination		(208)	33	(120)	(241)	..
Operating profit (loss)		12,341	(3,275)	6,432	15,616	..

Management determines adjusted results excluding extraordinary gains/charges or special items, in order to improve understanding of the key businesses.

ADJUSTED RESULTS AND BREAKDOWN OF SPECIAL ITEM

	(€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)		12,341	(3,275)	6,432	15,616	..
Exclusion of inventory holding (gains) losses		(1,491)	1,318	(223)		
Exclusion of special items		(1,186)	3,855	2,388		
Adjusted operating profit (loss)		9,664	1,898	8,597	7,766	409.2
Breakdown by business segments:						
<i>Exploration & Production</i>		9,293	1,547	8,640	7,746	..
<i>Global Gas & LNG Portfolio</i>		580	326	193	254	77.9
<i>Refining & Marketing and Chemicals</i>		152	6	21	146	..
<i>Plenitude & Power</i>		476	465	370	11	2.4
<i>Corporate and other activities</i>		(593)	(507)	(602)	(86)	(17.0)
<i>Impact of unrealized intragroup profit elimination and other consolidation adjustments</i>		(244)	61	(25)	(305)	
Net profit (loss) attributable to Eni's shareholders		5,821	(8,635)	148	14,456	..
Exclusion of inventory holding (gains) losses		(1,060)	937	(157)		
Exclusion of special items		(431)	6,940	2,885		
Adjusted net profit (loss) attributable to Eni's shareholders		4,330	(758)	2,876	5,088	..

In 2021, the **adjusted operating profit** was €9,664 million, a recovery of significant proportions equal to an increase of €7.8 billion or over 400% from 2020. This performance was driven by the financial discipline and cost reduction initiatives implemented to withstand the enduring impact of COVID-19 and enabled Eni to capture the recovery in energy scenario due to a strong recovery in commodity prices driven by completely different market conditions, which turned to balanced/undersupplied compared to oversupplied markets a year ago impacted by the pandemic COVID-19, due to the reopening of the economies and a strong macroeconomic cycle which drove hydrocarbons demands and significant drawdowns at global oil and products inventories. Commodities supply was impacted by capex plan reduction of oil companies in response to the crisis of the COVID-19.

These trends resulted in robust price increases for all energy commodities (in the full year 2021, Brent price was 70.73 \$/bbl on average up 70%; the Italian reference spot price "PSV" of natural gas was up 487 €/kcm, or 335%).

For a detailed disclosure of business performance, see "Results by business segments".

In 2021 Eni Group reported an **adjusted net profit** of €4,330 million driven by a better operating performance and a lower tax rate (50% in 2021 compared to 175% in 2020).

Breakdown of special items

Net profit includes special items consisting of net gains of €431 million, relating to the following:

i) the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as

- ii) reversals of previously recognized impairment losses for €1,244 million relating to gas fields in Italy and fields in Congo, Libya, the USA and Algeria, driven by an improved hydrocarbon pricing environment;
- iii) impairment losses at refineries (approximately €900 million) relating to the book value of operated plants and managed through JV in Italy and in Europe, driven by expected decreasing cash flows reflecting lowered outlook for refining margins and the forecast of higher expenses for emission allowances, as well as the write-down of capital expenditure relating to certain Cash Generating Units in the R&M business. These units were impaired in previous reporting periods and continued to lack any profitability prospects (for an overall impact of approximately €300 million);
- iv) the impairment of exploration projects (€247 million) due to the refocusing of the portfolio with the exiting from marginal areas;
- v) the impairment of Chemical assets due to a deteriorated margin scenario (€163 million);
- vi) the difference between the value of gas inventories accounted for under the weighted-average cost method provided by IFRS and management's own measure of inventories, which moves forward at the time of inventory drawdown the margins captured on volumes in inventories above their normal levels leveraging the seasonal spread in gas prices net of the effects of the associated commodity derivatives (gains of €352 million);

- vii) environmental provisions (€271 million) mainly in the R&M and Chemical segment;
- viii) provisions for redundancy incentives (€193 million);
- ix) risk provisions (€142 million);
- x) an allowance for doubtful accounts relating to receivables net of finance expense (€109 million) in the E&P segment;
- xi) charges of €405 million relating to the JV Vår Energi, mainly driven by impairment losses recorded at Oil & Gas assets due to delays in the start-up of certain projects and increasing opex as well as accrued currency translation differences at finance debt denominated in a currency other than the reporting currency for which the reimbursement cash outflows are expected to be matched by highly probable cash inflows from the sale of production volumes, in the same currency as the finance debt as part of a natural hedge relationship;
- xii) the alignment of raw material and products inventories to their net realizable values at period end, impairments and extraordinary charges at ADNOC Refining, for a total charges of €244 million;
- xiii) Eni's share of non current charges/impairments relating to Saipem.

BREAKDOWN OF SPECIAL ITEMS

	(€ million)	2021	2020	2019
Special items of operating profit (loss)		(1,186)	3,855	2,388
- environmental charges		271	(25)	338
- impairment losses (impairments reversal), net		167	3,183	2,188
- impairment of exploration projects		247		
- net gains on disposal of assets		(100)	(9)	(151)
- risk provisions		142	149	3
- provision for redundancy incentives		193	123	45
- commodity derivatives		(2,139)	440	(439)
- exchange rate differences and derivatives		183	(160)	108
- other		(150)	154	296
Net finance (income) expense		(115)	152	(42)
of which:				
- exchange rate differences and derivatives reclassified to operating profit (loss)		(183)	160	(108)
Net (income) expense from investments		851	1,655	188
of which:				
- gains on disposal of assets				(46)
- impairments / revaluation of equity investments		851	1,207	148
Income taxes		19	1,278	351
Total special items of net profit (loss)		(431)	6,940	2,885

The breakdown by segment of the adjusted net profit is provided in the table below:

	(€ million)	2021	2020	2019	Change	% Ch.
Exploration & Production		5,543	124	3,436	5,419	..
Global Gas & LNG Portfolio		169	211	100	(42)	(19.9)
Refining & Marketing and Chemicals		62	(246)	(42)	308	..
Plentitude & Power		327	329	275	(2)	(0.6)
Corporate and other activities		(1,576)	(1,205)	(866)	(371)	(30.8)
Impact of unrealized intragroup profit elimination and other consolidation adjustments ^(a)		(176)	36	(20)	(212)	
Adjusted net profit (loss)		4,349	(751)	2,883	5,100	..
attributable to:						
- Eni's shareholders		4,330	(758)	2,876	5,088	..
- Non-controlling interest		19	7	7	12	..

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of end of the period.

PROFIT AND LOSS ANALYSIS

REVENUES

	(€ million)	2021	2020	2019	Change	% Ch.
Exploration & Production		21,742	13,590	23,572	8,152	60.0
Global Gas & LNG Portfolio		20,843	7,051	11,779	13,792	195.6
Refining & Marketing and Chemicals		40,374	25,340	42,360	15,034	59.3
- Refining & Marketing		36,501	22,965	39,836	13,536	58.9
- Chemicals		5,590	3,387	4,123	2,203	65.0
- Consolidation adjustments		(1,717)	(1,012)	(1,599)		
Plenitude & Power		11,187	7,536	8,448	3,651	48.4
- Plenitude		7,452	6,020	6,424	1,432	23.8
- Power		3,996	1,894	2,476	2,102	..
- Consolidation adjustments		(261)	(378)	(452)		
Corporate and other activities		1,698	1,559	1,676	139	8.9
Consolidation adjustments		(19,269)	(11,089)	(17,954)	(8,180)	
Sales from operations		76,575	43,987	69,881	32,588	74.1
Other income and revenues		1,196	960	1,160	236	24.6
Total revenues		77,771	44,947	71,041	32,824	73.0

Total revenues amounted to €77,771 million, reporting an increase of 73% from 2020.

The acceleration of the global recovery, driven by the re-opening of the world's economies, spurred a pent-up demand for all kinds of energy commodities across all geographies, determining the boost in all commodity prices.

Sales from operations in the full year of 2021 (€76,575 million) increased by €32,588 million or up by 74.1% from 2020, with the following breakdown:

- ▶ revenues generated by the Exploration & Production segment (€21,742 million) increased by 60% due to a better price scenario, reflected on hydrocarbon realizations (up by 78% on average from 2020);
- ▶ revenues generated by the Global Gas & LNG Portfolio segment (€20,843 million) increased by €13,792 million or

up by 196%, reflecting higher spot prices for natural gas, significantly improved in the fourth quarter of 2021, due to short supply and uncertainty on flows of supplied gas as well as higher volumes marketed, in particular of LNG;

- ▶ revenues generated by the Refining & Marketing and Chemicals segment (€40,374 million) increased by €15,034 million (up by approximately 60%) due to higher prices of refined products (fuel up by 76% and gasoil up by 60%) and plastics commodities, reflecting the economic recovery;
- ▶ revenues generated by the Plenitude & Power segment (€11,187 million) increased by €3,651 million or up by 48%, due to increased commodity prices following the economic recovery, the acquisition of Aldro Energía and the positive performance of the extracommodity business and the increase in the number of customers.

OPERATING EXPENSES

	(€ million)	2021	2020	2019	Change	% Ch.
Purchases, services and other		55,549	33,551	50,874	21,998	65.6
Impairment losses (impairment reversals) of trade and other receivables, net		279	226	432	53	23.5
Payroll and related costs		2,888	2,863	2,996	25	0.9
of which: provision for redundancy incentives and other		193	123	45		
		58,716	36,640	54,302	22,076	60.3

Operating expenses for 2021 (€58,716 million) increased by €22,076 million from 2020, up by 60%. Purchases, services and other (€55,549 million) were up by 66% vs. 2020, mainly reflecting higher costs for hydrocarbon supplies (gas under long-term supply contracts and refinery and

chemical feedstocks). Payroll and related costs (€2,888 million) were almost unchanged from 2020 (up by €25 million, or by 0.9%), mainly due to the appreciation of the euro against the USD, partly offset by higher provision for redundancy incentives.

DEPRECIATION, DEPLETION, AMORTIZATION, IMPAIRMENTS (REVERSALS) AND WRITE-OFF

	(€ million)	2021	2020	2019	Change	% Ch.
Exploration & Production		5,976	6,273	7,060	(297)	(4.7)
Global Gas & LNG Portfolio		174	125	124	49	39.2
Refining & Marketing and Chemicals		512	575	620	(63)	(11.0)
- Refining & Marketing		417	488	530	(71)	(14.5)
- Chemicals		95	87	90	8	9.2
Plenitude & Power		286	217	190	69	31.8
- Plenitude		241	172	135	69	40.1
- Power		45	45	55		
Corporate and other activities		148	146	144	2	1.4
Impact of unrealized intragroup profit elimination		(33)	(32)	(32)	(1)	
Total depreciation, depletion and amortization		7,063	7,304	8,106	(241)	(3.3)
Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net		167	3,183	2,188	(3,016)	(94.8)
Depreciation, depletion, amortization, impairments and reversals, net		7,230	10,487	10,294	(3,257)	(31.1)
Write-off of tangible and intangible assets		387	329	300	58	17.6
		7,617	10,816	10,594	(3,199)	(29.6)

Depreciation, depletion and amortization (€7,063 million) decreased by 3.3% or €241 million from 2020, in particular in the Exploration & Production segment mainly due to the lower book value of Oil & Gas assets as consequence of impairments recorded in 2020, lower production volumes as well as the appreciation of the euro vs. the USD, partially offset by start-up and ramp-up of new projects.

Net impairment losses (impairment reversals) of tangible and intangible and right of use assets amounted to €167 million and the disclosure is provided under the paragraph "special items". The breakdown by segment is provided below:

	(€ million)	2021	2020	2019	Change
Exploration & Production		(1,244)	1,888	1,217	(3,132)
Global Gas & LNG Portfolio		26	2	(5)	24
Refining & Marketing and Chemicals		1,342	1,271	922	71
Plenitude & Power		20	1	42	19
Corporate and other activities		23	21	12	2
Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net		167	3,183	2,188	(3,016)

Write-off charges amounted to €387 million and mainly related to the E&P segment. In 2021, exploration and appraisal activities comprised write-offs of unsuccessful exploration wells costs for €331 million mainly in Gabon, Montenegro, Myanmar, Bahrain, Egypt and Angola.

Write-offs of €35 million related to exploration licenses due mainly to the exiting from marginal areas due to geopolitical or environmental issues.

FINANCE INCOME (EXPENSE)

	(€ million)	2021	2020	2019	Change
Finance income (expense) related to net borrowings		(849)	(913)	(962)	64
- Interest expense on corporate bonds		(475)	(517)	(618)	42
- Net income from financial activities held for trading		11	31	127	(20)
- Interest expense for banks and other financing institutions		(94)	(102)	(122)	8
- Interest expense for lease liabilities		(304)	(347)	(378)	43
- Interest from banks		4	10	21	(6)
- Interest and other income from receivables and securities for non-financing operating activities		9	12	8	(3)
Income (expense) on derivative financial instruments		(306)	351	(14)	(657)
- Derivatives on exchange rate		(322)	391	9	(713)
- Derivatives on interest rate		16	(40)	(23)	56
Exchange differences, net		476	(460)	250	936
Other finance income (expense)		(177)	(96)	(246)	(81)
- Interest and other income from receivables and securities for financing operating activities		67	97	112	(30)
- Finance expense due to the passage of time (accretion discount)		(144)	(190)	(255)	46
- Other finance income (expense)		(100)	(3)	(103)	(97)
		(856)	(1,118)	(972)	262
Finance expense capitalized		68	73	93	(5)
		(788)	(1,045)	(879)	257

Net finance expenses were €788 million, a decrease of €257 million from 2020. The main drivers were: (i) recognition of income on exchange rate (+€936 million) offset by the negative change of fair-valued currency derivatives (down by €713 million) lacking the formal criteria to be designated as hedges under IFRS 9; (ii) decrease of interest expense (+€42 million) reflecting a reduction cost of finance debt due to a

lower benchmark interest rates, as well as the positive change in the fair value of interest rate derivatives (+€56 million) lacking the formal criteria to be designed as hedges; (iii) lower interest expenses for lease liabilities due to exchange rate effects (+€43 million). Other finance expense increased by €97 million mainly due to a discounted receivable in the E&P segment.

NET INCOME FROM INVESTMENTS

2021	(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	Plenitude & Power	Corporate and other activities	Group
Share of gains (losses) from equity-accounted investments		8		(333)		(766)	(1,091)
Dividends		171		59			230
Net gains (losses) on disposals		1					1
Other income (expense), net			(5)	3	(3)	(3)	(8)
		180	(5)	(271)	(3)	(769)	(868)

Net expense from investments amounted to €868 million related to:

- ▶ a loss of €1,091 million due to the share of losses at equity-accounted entities, mainly: (i) ADNOC Refining, due to the accounting of extraordinary charges; and (ii) Eni's interest of the JV Saipem losses;
- ▶ dividends of €230 million paid by minor investments in certain entities which were designated at fair value through OCI under IFRS 9 except for dividends which are recorded through profit. These entities mainly comprised Nigeria LNG (€144 million) and Saudi European Petrochemical Co. (€54 million).

The table below sets forth a breakdown of net income/loss from investments:

	(€ million)	2021	2020	2019	Change
Share of gains (losses) from equity-accounted investments		(1,091)	(1,733)	(88)	642
Dividends		230	150	247	80
Net gains (losses) on disposals		1		19	1
Other income (expense), net		(8)	(75)	15	67
Income (expense) from investments		(868)	(1,658)	193	790

INCOME TAXES

In 2021, income taxes amounted to €4,845 million, an increase of €2,195 million, with a profit before income taxes of €10,685 million (a loss before income taxes of €5,978 million in 2020).

In 2021, the Group's tax rate was 45% (compared to disproportionate value in 2020). The main driver of this trend was the normalization of the E&P tax rate, which was driven by a better geographical mix of profits on the back of

a strengthened scenario, which lowered the relative weight of jurisdictions characterized by higher tax rates, as well as the fact that the 2020 reporting period was affected by a number of tax dis-optimizations resulting in a particularly high tax rate.

Adjusted tax rate was 50% due to the same drivers disclosed in the reported tax rate disclosure.

Results by business segments¹

EXPLORATION & PRODUCTION

	(€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)		10,066	(610)	7,417	10,676	..
Exclusion of special items:		(773)	2,157	1,223		
- environmental charges		60	19	32		
- impairment losses (impairment reversals), net		(1,244)	1,888	1,217		
- impairment of exploration projects		247				
- net gains on disposal of assets		(77)	1	(145)		
- provision for redundancy incentives		60	34	23		
- risk provisions		113	114	(18)		
- exchange rate differences and derivatives		(3)	13	14		
- other		71	88	100		
Adjusted operating profit (loss)		9,293	1,547	8,640	7,746	..
Net finance (expense) income ^(a)		(313)	(316)	(362)	3	
Net income (expense) from investments ^(a)		681	262	312	419	
of which: Vår Energi		425	193	122		
Income taxes ^(a)		(4,118)	(1,369)	(5,154)	(2,749)	
Adjusted net profit (loss)		5,543	124	3,436	5,419	..
Results also include:						
Exploration expenses:		558	510	489	48	9.4
- prospecting, geological and geophysical expenses		194	196	275	(2)	(1.0)
- write-off of unsuccessful wells ^(b)		364	314	214	50	15.9
Average realizations						
Liquids ^(c)	(\$/bbl)	66.62	37.06	59.26	29.56	79.8
Natural gas	(\$/kcf)	6.64	3.76	4.94	2.88	76.6
Hydrocarbons	(\$/boe)	51.49	28.92	43.54	22.57	78.0

(a) Excluding special items.

(b) Also includes write-off of unproved exploration rights, if any, related to projects with negative outcome.

(c) Includes condensates.

(1) Other alternative performance indicators disclosed are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information, see the section "Alternative performance measures" of this Annual Report at subsequent pages.

In 2021, Exploration & Production reported an **adjusted operating profit** of €9,293 million, up by €7,746 million y-o-y, or 500% from 2020 which was affected by the pandemic. This recovery was driven by an ongoing recovery in the oil scenario. Against this backdrop, Eni's realized prices of liquids increased by 80%, whereas natural gas realized prices increased by 77% compared to 2020.

These effects were partly offset by lower production volumes.

Adjusted operating profit excluded **special gains** of €773 million.

Adjusted net profit of €5,543 million reported a substantial increase compared to net profit of €124 million of 2020, benefitting from a reduction in the tax rate due to recovery in

the upstream scenario and a more favorable geographic mix of profits (in terms of a reducing share of taxable income in Countries with a higher tax rate), as well as to the fact that the 2020 reporting period was affected by a number of drivers leading to tax dis-optimizations.

In 2021, Eni's gas realizations for the full year increased on average by 77% in dollar terms, driven by a recovery in trading environment. Those were reduced on average by 0.1 \$/kcf due to the impact of hedges activated in the final months of 2021 on the sale of about 12 bcf. These transactions were part of an hedging program relating to the sale of 157 bcf out of the Company's natural gas proved reserves in the period December 2021 to December 2022.

The following table reports the impact of cash flow hedge derivatives as described above:

	2021
Natural gas	(billion cubic feet)
Sale volumes	1,446
Sale volumes hedged by derivatives (cash flow hedge)	12
Total price excluding derivatives	(\$/kcf) 6.71
Realized gains (losses) on derivatives	(0.07)
Total average price	6.64

GLOBAL GAS & LNG PORTFOLIO

	(€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)		899	(332)	431	1,231	..
Exclusion of special items:		(319)	658	(238)		
- impairment losses (impairment reversals), net		26	2	(5)		
- provision for redundancy incentives		5	2	1		
- commodity derivatives		(207)	858	(576)		
- exchange rate differences and derivatives		206	(183)	109		
- other		(349)	(21)	233		
Adjusted operating profit (loss)		580	326	193	254	77.9
Net finance (expense) income ^(a)		(17)		3	(17)	
Net income (expense) from investments ^(a)			(15)	(21)	15	
Income taxes ^(a)		(394)	(100)	(75)	(294)	
Adjusted net profit (loss)		169	211	100	(42)	(19.9)

(a) Excluding special items.

In 2021, the Global Gas & LNG Portfolio segment reported an **adjusted operating profit** of €580 million, a robust growth compared to 2020 (up by €254 million, or 78%). The positive performance leveraged on the continuous initiatives of portfolio optimization and renegotiations as well as higher gas volumes sold. These positives were partially offset by higher provisions due to an increased nominal value of trade receivables, and a higher counterparty risks due to the financial difficulties of

industrial accounts pressured by rising energy costs, as well as provisions for contractual claims.

Adjusted operating profit excluded **special gains** of €319 million.

Adjusted net profit was €169 million (net profit of €211 million in 2020).

REFINING & MARKETING AND CHEMICALS

	(€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)		45	(2,463)	(682)	2,508	..
Exclusion of inventory holding (gains) losses		(1,455)	1,290	(318)		
Exclusion of special items:		1,562	1,179	1,021		
- environmental charges		150	85	244		
- impairment losses (impairment reversals), net		1,342	1,271	922		
- net gains on disposal of assets		(22)	(8)	(5)		
- risk provisions		(4)	5	(2)		
- provision for redundancy incentives		42	27	8		
- commodity derivatives		50	(185)	(118)		
- exchange rate differences and derivatives		(14)	10	(5)		
- other		18	(26)	(23)		
Adjusted operating profit (loss)		152	6	21	146	..
- Refining & Marketing		(46)	235	289	(281)	..
- Chemicals		198	(229)	(268)	427	..
Net finance (expense) income ^(a)		(32)	(7)	(36)	(25)	
Net income (expense) from investments ^(a)		(4)	(161)	37	157	
of which: ADNOC Refining		(76)	(167)	23		
Income taxes ^(a)		(54)	(84)	(64)	30	
Adjusted net profit (loss)		62	(246)	(42)	308	..

(a) Excluding special items.

The **Refining & Marketing** business reported an **adjusted operating loss** of €46 million, compared to an operating profit of €235 million in 2020, due to the sharply decline of refining margins, the worst of the last ten years and higher expenses for the purchase of emission allowances. These negatives were partly offset by plant optimizations and higher volumes sold by the marketing business benefitting from the recovery in products demand, the reopening of the economy and increased people mobility.

In 2021, the **Chemical business** reported an **adjusted operating profit** of €198 million, a sharp improvement compared with a loss of €229 million in 2020, due to a global economic recovery

that supported demands and margins of plastic commodities softening competitive pressure, higher plant availability as well as certain contingent issues reducing imports from non-EU countries leading product shortages in the area, enabling the business to capture market opportunities.

Adjusted operating profit of the **R&M and Chemicals** segment of €152 million, excluded **special items** of €1,562 million and inventory holding gains of €1,455 million.

On a net basis, the positive result of €62 million reported in 2021, compared to a loss of €246 million in 2020, due to the better performance of the Chemical business.

PLENITUDE & POWER

	(€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)		2,355	660	74	1,695	..
Exclusion of special items:		(1,879)	(195)	296		
- environmental charges			1			
- impairment losses (impairment reversals), net		20	1	42		
- net gains on disposal of assets		(2)				
- risk provisions			10			
- provision for redundancy incentives		(5)	20	3		
- commodity derivatives		(1,982)	(233)	255		
- exchange rate differences and derivatives		(6)		(10)		
- other		96	6	6		
Adjusted operating profit (loss)		476	465	370	11	2.4
- Plenitude		363	304	256	59	19.4
- Power		113	161	114	(48)	(29.8)
Net finance (expense) income ^(a)		(2)	(1)	(1)	(1)	
Net income (expense) from investments ^(a)		(3)	6	10	(9)	
Income taxes ^(a)		(144)	(141)	(104)	(3)	
Adjusted net profit (loss)		327	329	275	(2)	(0.6)

(a) Excluding special items.

In 2021, **Plenitude** reported solid and growing performances with an adjusted operating profit of €363 million, an increase of €59 million (up by 19% compared to 2020), leveraging on gains in the extra-commodity business, as well as benefits from the integration of the distributed photovoltaic business (Evolvere), marketing initiatives in Italy, the growth in customer base following expansion in Greece, the acquisition of Aldro Energía in Spain, and lower than expected credit losses, following an improved economic cycle.

The **Power** business reported an adjusted operating profit of €113 million (down by €48 million vs. 2020, or 30%), mainly due to lower one-off items.

The **Plenitude & Power** segment reported an **adjusted operating profit** of €476 million, which includes a negative adjustment for special item of €1,879 million.

The **Plenitude & Power** segment reported an **adjusted net profit** of €327 million, substantially unchanged from the 2020 result (adjusted net profit of €329 million).

CORPORATE AND OTHER ACTIVITIES

	(€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)		(816)	(563)	(688)	(253)	(44.9)
Exclusion of special items:		223	56	86		
- environmental charges		61	(130)	62		
- impairment losses (impairment reversals), net		23	21	12		
- net gains on disposal of assets		1	(2)	(1)		
- risk provisions		33	20	23		
- provision for redundancy incentives		91	40	10		
- other		14	107	(20)		
Adjusted operating profit (loss)		(593)	(507)	(602)	(86)	(17.0)
Net finance (expense) income ^(a)		(539)	(569)	(525)	30	
Net income (expense) from investments ^(a)		(691)	(95)	43	(596)	
Income taxes ^(a)		247	(34)	218	281	
Adjusted net profit (loss)		(1,576)	(1,205)	(866)	(371)	(30.8)

(a) Excluding special items.

The results of Corporate and other activities mainly include costs of Eni's headquarters net of services charged to operational companies for the provision of general purposes services, administration, finance, information technology, human resources management, legal affairs, international

affairs, as well as operational costs of decommissioning activities pertaining to certain businesses which Eni exited, divested or shut down in past years, net of the margins of captive subsidiaries providing specialized services to the business (insurance, financial, recruitment).

SUMMARIZED GROUP BALANCE SHEET

The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which considers the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized group balance sheet is useful information in

assisting investors to assess Eni's capital structure and to analyse its sources of funds and investments in fixed assets and working capital. Management uses the summarized group balance sheet to calculate key ratios such as the return on invested capital (adjusted ROACE) and the financial soundness/equilibrium (gearing and leverage).

SUMMARIZED GROUP BALANCE SHEET^(a)

	(€ million)	December 31, 2021	December 31, 2020	Change
Fixed assets				
Property, plant and equipment		56,299	53,943	2,356
Right of use		4,821	4,643	178
Intangible assets		4,799	2,936	1,863
Inventories - Compulsory stock		1,053	995	58
Equity-accounted investments and other investments		7,181	7,706	(525)
Receivables and securities held for operating purposes		1,902	1,037	865
Net payables related to capital expenditure		(1,804)	(1,361)	(443)
		74,251	69,899	4,352
Net working capital				
Inventories		6,072	3,893	2,179
Trade receivables		15,524	7,087	8,437
Trade payables		(16,795)	(8,679)	(8,116)
Net tax assets (liabilities)		(3,678)	(2,198)	(1,480)
Provisions		(13,593)	(13,438)	(155)
Other current assets and liabilities		(2,258)	(1,328)	(930)
		(14,728)	(14,663)	(65)
Provisions for employee benefits		(819)	(1,201)	382
Assets held for sale including related liabilities		139	44	95
CAPITAL EMPLOYED, NET		58,843	54,079	4,764
Eni shareholders' equity		44,437	37,415	7,022
Non-controlling interest		82	78	4
Shareholders' equity		44,519	37,493	7,026
Net borrowings before lease liabilities ex IFRS 16		8,987	11,568	(2,581)
Lease liabilities		5,337	5,018	319
- of which Eni working interest		3,653	3,366	287
- of which Joint operators' working interest		1,684	1,652	32
Net borrowings post lease liabilities ex IFRS 16		14,324	16,586	(2,262)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		58,843	54,079	4,764
Leverage		0.32	0.44	
Gearing		0.24	0.31	

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes".

As of December 31, 2021, **fixed assets** of €74,251 million increased by €4,352 million from December 31, 2020: capital expenditures and acquisitions during the year and the positive impact of exchange rate differences were partly offset by DD&A (the period-end exchange rate of EUR vs. USD was 1.133, down 7.7% compared to 1.227 at December 31, 2020).

Net working capital (-€14,728 million) was substantially unchanged compared to December 31, 2020: the increased value of oil and product inventories due to the weighted-average cost method of accounting in an environment of rising prices were partly offset by the recognition of income taxes for the year of €1,480 million and by the increase of the other current assets and liabilities (€930 million).

COMPREHENSIVE INCOME

	(€ million)	2021	2020
Net profit (loss)		5,840	(8,628)
Items that are not reclassified to profit or loss		149	33
Remeasurements of defined benefit plans		119	(16)
Change of minor investments at fair value with effects to other comprehensive income		105	24
Share of "Other comprehensive income" on equity-accounted investments		2	
Tax effect		(77)	25
Items that may be reclassified to profit or loss		1,902	(2,813)
Currency translation differences		2,828	(3,314)
Change in the fair value of cash flow hedging derivatives		(1,264)	661
Share of "Other comprehensive income" on equity-accounted investments		(34)	32
Tax effect		372	(192)
Total other items of comprehensive income (loss)		2,051	(2,780)
Total comprehensive income (loss)		7,891	(11,408)
attributable to:			
- Eni's shareholders		7,872	(11,415)
- Non-controlling interest		19	7

CHANGES IN SHAREHOLDERS' EQUITY

	(€ million)	
Shareholders' equity at January 1st, 2020		47,900
Total comprehensive income (loss)	(11,408)	
Dividends distributed to Eni's shareholders	(1,965)	
Dividends distributed by consolidated subsidiaries	(3)	
Net issue of perpetual subordinated bonds	2,975	
Other changes	(6)	
Total changes		(10,407)
Shareholders' equity at December 31, 2020		37,493
attributable to:		
- Eni's shareholders		37,415
- Non-controlling interest		78
Shareholders' equity at January 1st, 2021		37,493
Total comprehensive income (loss)	7,891	
Dividends distributed to Eni's shareholders	(2,390)	
Dividends distributed by consolidated subsidiaries	(5)	
Payments on perpetual subordinated bonds	2,000	
Coupon of perpetual subordinated bonds	(61)	
Costs for the issue of perpetual subordinated bonds	(15)	
Buy-back program	(400)	
Other changes	6	
Total changes		7,026
Shareholders' equity at December 31, 2021		44,519
attributable to:		
- Eni's shareholders		44,437
- Non-controlling interest		82

Shareholders' equity (€44,519 million) increased by €7,026 million compared to December 31, 2020 due to the net profit for the period (€5,840 million), the issuance in May 2021 of hybrid bonds for €2 billion and positive foreign currency translation differences (+€2,828 million) reflecting the appreciation of the US dollar vs. the euro as of December

31, 2021 vs. December 31, 2020, partly offset by the distribution of dividends to Eni shareholders (balance of the 2020 dividend of €857 million and the 2021 interim dividend of €1,533 million), the buy-back (€400 million) as well as a negative change in the cash flow hedge reserve of -€1,264 million reflecting trends in gas prices.

LEVERAGE AND NET BORROWINGS

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-

controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

	(€ million)	December 31, 2021	December 31, 2020	Change
Total finance debt		27,794	26,686	1,108
- Short-term debt		4,080	4,791	(711)
- Long-term debt		23,714	21,895	1,819
Cash and cash equivalents		(8,254)	(9,413)	1,159
Securities held for trading		(6,301)	(5,502)	(799)
Financing receivables held for non-operating purposes		(4,252)	(203)	(4,049)
Net borrowings before lease liabilities ex IFRS 16		8,987	11,568	(2,581)
Lease Liabilities		5,337	5,018	319
- of which Eni working interest		3,653	3,366	287
- of which Joint operators' working interest		1,684	1,652	32
Net borrowings post lease liabilities ex IFRS 16		14,324	16,586	(2,262)
Shareholders' equity including non-controlling interest		44,519	37,493	7,026
Leverage before lease liability ex IFRS 16		0.20	0.31	0.11
Leverage after lease liability ex IFRS 16		0.32	0.44	0.12

As of December 31, 2021, net borrowings were €14,324 million decreasing by €2,262 million from 2020.

Total finance debt of €27,794 million consisted of €4,080 million of short-term debt (including the portion of long-term debt due within twelve months of €1,781 million) and €23,714 million of long-term debt.

The increase in **financing receivables held for non-operating purposes** was due to the material increase in commodity prices and in commodity derivatives exposure which triggered requests from financial counterparts and commodity exchanges to adjust the financial deposits to

secure the derivatives transactions (margin calls). Those deposit will be reimbursed to the Company upon settlement of the underlying transactions.

When excluding the lease liabilities, net borrowings were re-determined at €8,987 million reducing by €2,581 million from 2020.

Leverage² – the ratio of the borrowings to total equity – was 0.32 at December 31, 2021. The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for 4 points. Excluding the impact of IFRS 16 altogether, leverage would be 0.20.

SUMMARIZED GROUP CASH FLOW STATEMENT

Eni's Summarized Group Cash Flow Statement derives from the statutory statement of cash flows. It enables investors to understand the connection existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred in the reporting period. The measure which links the two statements is represented by the "free cash flow" which is calculated as difference between the cash flow generated from operations and the net cash used in investing activities. Starting from free cash flow it is possible to

determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; and (ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences.

(2) Other alternative performance indicators disclosed are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information, see the section "Alternative performance measures" of this Annual Report at subsequent pages.

SUMMARIZED GROUP CASH FLOW STATEMENT^(a)

	(€ million)	2021	2020	2019	Change
Net profit (loss)		5,840	(8,628)	155	14,468
<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>					
- depreciation, depletion and amortization and other non monetary items		8,568	12,641	10,480	(4,073)
- net gains on disposal of assets		(102)	(9)	(170)	(93)
- dividends, interests, taxes and other changes		5,334	3,251	6,224	2,083
Changes in working capital related to operations		(3,146)	(18)	366	(3,128)
Dividends received by investments		857	509	1,346	348
Taxes paid		(3,726)	(2,049)	(5,068)	(1,677)
Interests (paid) received		(764)	(875)	(941)	111
Net cash provided by operating activities		12,861	4,822	12,392	8,039
Capital expenditure		(5,234)	(4,644)	(8,376)	(590)
Investments and purchase of consolidated subsidiaries and businesses		(2,738)	(392)	(3,008)	(2,346)
Disposals of consolidated subsidiaries, businesses, tangible and intangible assets and investments		404	28	504	376
Other cash flow related to investing activities		289	(735)	(254)	1,024
Free cash flow		5,582	(921)	1,258	6,503
Net cash inflow (outflow) related to financial activities		(4,743)	1,156	(279)	(5,899)
Changes in short and long-term financial debt		(244)	3,115	(1,540)	(3,359)
Repayment of lease liabilities		(939)	(869)	(877)	(70)
Dividends paid and changes in non-controlling interests and reserves		(2,780)	(1,968)	(3,424)	(812)
Net issue (repayment) of perpetual hybrid bond		1,924	2,975		(1,051)
Effect of changes in consolidation and exchange differences of cash and cash equivalent		52	(69)	1	121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(1,148)	3,419	(4,861)	(4,567)
Adjusted net cash before changes in working capital at replacement cost		12,711	6,726	11,700	5,985

Change in net borrowings

	(€ million)	2021	2020	2019	Var. ass.
Free cash flow		5,582	(921)	1,258	6,503
Repayment of lease liabilities		(939)	(869)	(877)	(70)
Net borrowings of acquired companies		(777)	(67)		(710)
Net borrowings of divested companies				13	
Exchange differences on net borrowings and other changes		(429)	759	(158)	(1,188)
Dividends paid and changes in non-controlling interest and reserves		(2,780)	(1,968)	(3,424)	(812)
Net issue (repayment) of perpetual hybrid bond		1,924	2,975		(1,051)
CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES		2,581	(91)	(3,188)	2,672
IFRS 16 first application effect				(5,759)	
Repayment of lease liabilities		939	869	877	
Inception of new leases and other changes		(1,258)	(239)	(766)	
Change in lease liabilities		(319)	630	(5,648)	
CHANGE IN NET BORROWINGS AFTER LEASE LIABILITIES		2,262	539	(8,836)	

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes".

Net cash provided by operating activities for the full year of 2021 was €12,861 million, an increase of €8,039 million compared to the full year of 2020, driven by a better scenario in the upstream segment.

The cash flow benefitted from trade receivables (about €2 billion) due in subsequent reporting periods divested to financing institutions, up by approximately €0.7 billion

compared to the fourth quarter 2020.

The outflow related to the working capital of €3,146 million was due to the change in the value of inventory holding, the use of advances received by Egyptian state-owned companies for financing the Zohr project, which were netted against invoices for gas supplies and the adjustment of the derivatives fair value.

The dividends received by equity investments mainly related to Vår Energi.

Cash flow from operations before changes in working capital at replacement cost was €12,711 million. This non-GAAP measure includes net cash provided by operating activities before changes in working capital excluding inventory holding gains or losses relating to oil and products and provisions for extraordinary credit losses and other charges, as well as the fair value of commodity derivatives lacking the formal criteria to be designated as hedges.

Net financial borrowings before IFRS16 decreased by €2,581 million mainly due to issuances of hybrid bonds for €2,000

million and the free cash flow provided by operating activities (€5,582 million), partly offset by the payment of dividends to Eni's shareholders of approximately €2,358 million (the 2020 balance dividend of €0.24 per share for a total amount of approximately €854 million and the 2021 interim dividend of €0.43 per share for a total amount of €1,504 million), the €400 million buy-back program, the payment of lease liabilities for €939 million and the consolidation of debt of acquired subsidiaries (€777 million).

A reconciliation of **cash flow from operations before changes in working capital at replacement cost** to net cash provided by operating activities for the full year of 2021, 2020 and 2019 is provided below:

	(€ million)	2021	2020	2019	Change
Net cash provided by operating activities		12,861	4,822	12,392	8,039
Changes in working capital related to operations		3,146	18	(366)	3,128
Exclusion of commodity derivatives		(2,139)	440	(439)	(2,579)
Exclusion of inventory holding (gains) losses		(1,491)	1,318	(223)	(2,809)
Provisions for extraordinary credit losses and other charges		334	128	336	206
Adjusted net cash before changes in working capital at replacement cost		12,711	6,726	11,700	5,985

CAPITAL EXPENDITURE AND INVESTMENTS

	(€ million)	2021	2020	2019	Var. ass.	Var. %
Exploration & Production ^(a)		3,940	3,472	6,996	468	13.5
- acquisition of proved and unproved properties		17	57	400	(40)	(70.2)
- exploration		391	283	586	108	38.2
- oil and gas development		3,443	3,077	5,931	366	11.9
- CCUS and agro-biofeedstock projects		37			37	..
- other expenditure		52	55	79	(3)	(5.5)
Global Gas & LNG Portfolio		19	11	15	8	72.7
Refining & Marketing and Chemicals		728	771	933	(43)	(5.6)
- Refining & Marketing		538	588	815	(50)	(8.5)
- Chemicals		190	183	118	7	3.8
Plenitude & Power		443	293	357	150	51.2
- Plenitude		366	241	315	125	51.9
- Power		77	52	42	25	48.1
Corporate and other activities		187	107	89	80	74.8
Impact of unrealized intragroup profit elimination		(4)	(10)	(14)	6	
Capital expenditure^(a)		5,313	4,644	8,376	669	14.4
Investments and purchase of consolidated subsidiaries and businesses		2,738	392	3,008	2,346	..
Total capex and investments and purchase of consolidated subsidiaries and businesses		8,051	5,036	11,384	3,015	59.9

(a) Includes reverse factoring operations in 2021.

Cash outflows for capital expenditure and investments

were €8,051 million, increasing by 60% from 2020 and include the consideration relating the following acquisitions:

(i) Be Power, a company engaged in the installation and management of a network of charging stations for electric vehicles for which half of the price will be paid in 2022; (ii) a 20% stake in the Dogger Bank A/B offshore wind project in the North Sea; (iii) the 100% stake in Aldro Energía in the retail gas business; (iv) the 100% stake in Fri-El Biogas Holding engaged in the bioenergy business in Italy; (v) the management control of Finproject by exercising the purchase option on the remaining 60% share of the share capital, following the initial investment of the 40% interest in 2020; and (vi) a portfolio of renewables assets operational/under construction in Italy (wind power assets) and in Spain, France and the United States (including wind and photovoltaic assets).

Net of the above-mentioned non-organic items and of utilization of trade advances cashed by Egyptian partners

in previous reporting periods in relation to the financing of the Zohr project (approximately €500 million), net capital expenditures amounted to €5.8 billion. Net capex were fully funded by the adjusted cash flow.

In 2021, **capital expenditure** amounted to €5,313 million (€4,644 million in the full year of 2020) mainly related to:

- ▶ Oil & Gas development activities (€3,443 million) mainly in Egypt, Angola, the United States, Mexico, the United Arab Emirates, Italy, Indonesia and Iraq;
- ▶ refining activity in Italy and outside Italy (€390 million) mainly relating to the activities to maintain plants' integrity and stay-in-business, as well as HSE initiatives; marketing activity (€148 million) for regulation compliance and stay-in-business initiatives in the retail network in Italy and in the rest of Europe;
- ▶ initiatives relating to gas and power marketing in the retail business and renewables activities (€366 million).

Non-GAAP measures (Alternative performance measures)

Management evaluates underlying business performance on the basis of Non-GAAP financial measures, which are not provided by IFRS ("Alternative performance measures"), such as adjusted operating profit, adjusted net profit, which are arrived at by excluding from reported results certain gains and losses, defined special items, which include, among others, asset impairments, including impairments of deferred tax assets, gains on disposals, risk provisions, restructuring charges, the accounting effect of fair-valued derivatives used to hedge exposure to the commodity, exchange rate and interest rate risks, which lack the formal criteria to be accounted as hedges, and analogously evaluation effects of assets and liabilities utilized in a relation of natural hedge of the above mentioned market risks. Furthermore, in determining the business segments' adjusted results, finance charges on finance debt and interest income are excluded (see below). In determining adjusted results, inventory holding gains or losses are excluded from base business performance, which is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting as required by IFRS, except in those business segments where inventories are utilized as a lever to optimize margins.

Finally, the same special charges/gains are excluded from the Eni's share of results at JVs and other equity accounted entities, including any profit/loss on inventory holding.

Management is disclosing Non-GAAP measures of performance to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni's trading performance on the basis of their forecasting models.

Non-GAAP financial measures should be read together with information determined by applying IFRS and do not stand in for them. Other companies may adopt different methodologies to determine Non-GAAP measures. Follows the description of the main alternative performance measures adopted by Eni. The measures reported below refer to the performance of the reporting periods disclosed in this press report.

Adjusted operating and net profit

Adjusted operating profit and adjusted net profit are determined by excluding inventory holding gains or losses, special items and, in determining the business segments' adjusted results, finance charges on finance debt and interest income. The adjusted operating profit of each business segment reports gains and losses on derivative financial instruments entered into to manage exposure to movements in foreign currency exchange rates, which impact industrial margins and translation of commercial payables and receivables. Accordingly, also currency translation effects recorded through profit and loss are reported within business segments' adjusted operating

profit. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them.

Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production segment).

Inventory holding gain or loss

This is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting as required by IFRS.

Special items

These include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones. Exchange rate differences and derivatives relating to industrial activities and commercial payables and receivables, particularly exchange rate derivatives to manage commodity pricing formulas which are quoted in a currency other than the functional currency are reclassified in operating profit with a corresponding adjustment to net finance charges, notwithstanding the handling of foreign currency exchange risks is made centrally by netting off naturally-occurring opposite positions and then dealing with any residual risk exposure in the derivative market. Finally, special items include the accounting effects of fair-valued commodity derivatives relating to commercial exposures, in addition to those which lack the criteria to be designed as hedges, also those which are not eligible for the own use exemption, including the ineffective portion of cash flow hedges, as well as the accounting effects of commodity and exchange rates derivatives whenever it is deemed that the underlying transaction is expected to occur in future reporting periods. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non-recurring material income or charges are to be clearly reported in the management's discussion and financial tables.

Leverage

Leverage is a Non-GAAP measure of the Company's financial condition, calculated as the ratio between net borrowings and shareholders' equity, including non-controlling interest. Leverage is the reference ratio to assess the solidity and efficiency of the Group balance sheet in terms of incidence of funding sources including third-party funding and equity as well as to carry out benchmark analysis with industry standards.

Gearing

Gearing is calculated as the ratio between net borrowings and capital employed net and measures how much of capital employed net is financed recurring to third-party funding.

Net cash provided by operating activities before changes in working capital at replacement cost

Net cash provided from operating activities before changes in working capital and excluding inventory holding gain or loss.

Free cash flow

Free cash flow represents the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. Free cash flow is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/ receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences.

Net borrowings

Net borrowings is calculated as total finance debt less cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities not related to operations. Financial activities are qualified as "not related to operations" when these are not strictly related to the business operations.

ROACE Adjusted

Is the return on average capital invested, calculated as the ratio between net income before minority interests, plus net financial charges on net financial debt, less the related tax effect and net average capital employed.

Coverage

Financial discipline ratio, calculated as the ratio between operating profit and net finance charges.

Current ratio

Measures the capability of the company to repay short-term debt, calculated as the ratio between current assets and current liabilities.

Debt coverage

Rating companies use the debt coverage ratio to evaluate debt sustainability. It is calculated as the ratio between net cash provided by operating activities and net borrowings, less cash and cash-equivalents, securities held for non-operating purposes and financing receivables for non-operating purposes.

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization, equal to operating profit plus amortization, depreciation and impairments..

Net Debt/EBITDA adjusted

Net Debt/adjusted EBITDA is the ratio between the profit available to cover the debt before interest, taxes, amortizations and impairment. This index is a measure of the company's ability pay off its debt and gives an indication as to how long a company would need to operate at its current level to pay off all its debt.

Profit per boe

Measures the return per oil and natural gas barrel produced. It is calculated as the ratio between Results of operations from E&P activities (as defined by FASB Extractive Activities - Oil and Gas Topic 932) and production sold.

Opex per boe

Measures efficiency in the Oil & Gas development activities, calculated as the ratio between operating costs (as defined by FASB Extractive Activities - Oil and Gas Topic 932) and production sold.

Finding & Development cost per boe

Represents Finding & Development cost per boe of new proved or possible reserves. It is calculated as the overall amount of exploration and development expenditure, the consideration for the acquisition of possible and probable reserves as well as additions of proved reserves deriving from improved recovery, extensions, discoveries and revisions of previous estimates (as defined by FASB Extractive Activities - Oil and Gas Topic 932).

The following tables report the group operating profit and Group adjusted net profit and their breakdown by segment, as well as is represented the reconciliation with net profit attributable to Eni's shareholders of continuing operations.

RECONCILIATION TABLES OF NON-GAAP RESULTS TO THE MOST COMPARABLE MEASURES OF FINANCIAL PERFORMANCE DETERMINED IN ACCORDANCE TO GAAPs

2021	(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	Plenitude & Power	Corporate and other activities	Impact of unrealized profit elimination	Group
Reported operating profit (loss)		10,066	899	45	2,355	(816)	(208)	12,341
Exclusion of inventory holding (gains) losses				(1,455)			(36)	(1,491)
Exclusion of special items:								
- environmental charges		60		150		61		271
- impairment losses (impairments reversal), net		(1,244)	26	1,342	20	23		167
- impairment of exploration projects		247						247
- net gains on disposal of assets		(77)		(22)	(2)	1		(100)
- risk provisions		113		(4)		33		142
- provision for redundancy incentives		60	5	42	(5)	91		193
- commodity derivatives			(207)	50	(1,982)			(2,139)
- exchange rate differences and derivatives		(3)	206	(14)	(6)			183
- other		71	(349)	18	96	14		(150)
Special items of operating profit (loss)		(773)	(319)	1,562	(1,879)	223		(1,186)
Adjusted operating profit (loss)		9,293	580	152	476	(593)	(244)	9,664
Net finance (expense) income ^(a)		(313)	(17)	(32)	(2)	(539)		(903)
Net income (expense) from investments ^(a)		681		(4)	(3)	(691)		(17)
Income taxes ^(a)		(4,118)	(394)	(54)	(144)	247	68	(4,395)
Tax rate (%)								50.3
Adjusted net profit (loss)		5,543	169	62	327	(1,576)	(176)	4,349
<i>of which attributable to:</i>								
- non-controlling interest								19
- Eni's shareholders								4,330
Reported net profit (loss) attributable to Eni's shareholders								5,821
Exclusion of inventory holding (gains) losses								(1,060)
Exclusion of special items								(431)
Adjusted net profit (loss) attributable to Eni's shareholders								4,330

(a) Excluding special items.

2020	(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	Plenitude & Power	Corporate and other activities	Impact of unrealized profit elimination	Group
Reported operating profit (loss)		(610)	(332)	(2,463)	660	(563)	33	(3,275)
Exclusion of inventory holding (gains) losses				1,290			28	1,318
Exclusion of special items:								
- environmental charges		19		85	1	(130)		(25)
- impairment losses (impairments reversal), net		1,888	2	1,271	1	21		3,183
- net gains on disposal of assets		1		(8)		(2)		(9)
- risk provisions		114		5	10	20		149
- provision for redundancy incentives		34	2	27	20	40		123
- commodity derivatives			858	(185)	(233)			440
- exchange rate differences and derivatives		13	(183)	10				(160)
- other		88	(21)	(26)	6	107		154
Special items of operating profit (loss)		2,157	658	1,179	(195)	56		3,855
Adjusted operating profit (loss)		1,547	326	6	465	(507)	61	1,898
Net finance (expense) income ^(a)		(316)		(7)	(1)	(569)		(893)
Net income (expense) from investments ^(a)		262	(15)	(161)	6	(95)		(3)
Income taxes ^(a)		(1,369)	(100)	(84)	(141)	(34)	(25)	(1,753)
Tax rate (%)								175.0
Adjusted net profit (loss)		124	211	(246)	329	(1,205)	36	(751)
<i>of which attributable to:</i>								
- non-controlling interest								7
- Eni's shareholders								(758)
Reported net profit (loss) attributable to Eni's shareholders								(8,635)
Exclusion of inventory holding (gains) losses								937
Exclusion of special items								6,940
Adjusted net profit (loss) attributable to Eni's shareholders								(758)

(a) Excluding special items.

2019	(€ million)	Exploration & Production	Global Gas & LNG Portfolio	Refining & Marketing and Chemicals	Plentitude & Power	Corporate and other activities	Impact of unrealized profit elimination	Group
Reported operating profit (loss)		7,417	431	(682)	74	(688)	(120)	6,432
Exclusion of inventory holding (gains) losses				(318)			95	(223)
Exclusion of special items:								
- environmental charges		32		244		62		338
- impairment losses (impairments reversal), net		1,217	(5)	922	42	12		2,188
- net gains on disposal of assets		(145)		(5)		(1)		(151)
- risk provisions		(18)		(2)		23		3
- provision for redundancy incentives		23	1	8	3	10		45
- commodity derivatives			(576)	(118)	255			(439)
- exchange rate differences and derivatives		14	109	(5)	(10)			108
- other		100	233	(23)	6	(20)		296
Special items of operating profit (loss)		1,223	(238)	1,021	296	86		2,388
Adjusted operating profit (loss)		8,640	193	21	370	(602)	(25)	8,597
Net finance (expense) income ^(a)		(362)	3	(36)	(1)	(525)		(921)
Net income (expense) from investments ^(a)		312	(21)	37	10	43		381
Income taxes ^(a)		(5,154)	(75)	(64)	(104)	218	5	(5,174)
Tax rate (%)								64.2
Adjusted net profit (loss)		3,436	100	(42)	275	(866)	(20)	2,883
<i>of which attributable to:</i>								
- non-controlling interest								7
- Eni's shareholders								2,876
Reported net profit (loss) attributable to Eni's shareholders								148
Exclusion of inventory holding (gains) losses								(157)
Exclusion of special items								2,885
Adjusted net profit (loss) attributable to Eni's shareholders								2,876

(a) Excluding special items.

RECONCILIATION OF SUMMARIZED GROUP BALANCE SHEET AND STATEMENT OF CASH FLOWS TO STATUTORY SCHEMES

SUMMARIZED GROUP BALANCE SHEET

Items of Summarized Group Balance Sheet (where not expressly indicated, the item derives directly from the statutory scheme)	Notes to the Consolidated Financial Statement	December 31, 2021		December 31, 2020	
		Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
	(€ million)				
Fixed assets					
Property, plant and equipment			56,299		53,943
Right of use			4,821		4,643
Intangible assets			4,799		2,936
Inventories - Compulsory stock			1,053		995
Equity-accounted investments and other investments			7,181		7,706
Receivables and securities held for operating activities	(see note 17)		1,902		1,037
Net payables related to capital expenditure, made up of:			(1,804)		(1,361)
- liabilities for current investment assets	(see note 11)	(16)			
- liabilities for no current investment assets	(see note 11)	(87)			
- receivables related to disposals	(see note 8)	8		21	
- receivables related to disposals non-current	(see note 11)	23		11	
- payables for purchase of non-current assets	(see note 18)	(1,732)		(1,393)	
Total fixed assets			74,251		69,899
Net working capital					
Inventories			6,072		3,893
Trade receivables	(see note 8)		15,524		7,087
Trade payables	(see note 18)		(16,795)		(8,679)
Net tax assets (liabilities), made up of:			(3,678)		(2,198)
- current income tax payables		(648)		(243)	
- non-current income tax payables		(374)		(360)	
- other current tax liabilities	(see note 11)	(1,435)		(1,124)	
- deferred tax liabilities		(4,835)		(5,524)	
- other non-current tax liabilities	(see note 11)	(27)		(26)	
- current income tax receivables		195		184	
- non-current income tax receivables		108		153	
- other current tax assets	(see note 11)	442		450	
- deferred tax assets		2,713		4,109	
- other non-current tax assets	(see note 11)	182		181	
- receivables for Italian consolidated accounts	(see note 8)	3		3	
- payables for Italian consolidated accounts	(see note 18)	(2)		(1)	
Provisions			(13,593)		(13,438)
Other current assets and liabilities, made up of:			(2,258)		(1,328)
- short-term financial receivables for operating purposes	(see note 17)	39		22	
- receivables vs. partners for exploration and production activities and other	(see note 8)	3,315		3,815	
- other current assets	(see note 11)	13,192		2,236	
- other receivables and other assets non-current	(see note 11)	824		1,061	
- advances, other payables, payables vs. partners for exploration and production activities and other	(see note 18)	(3,191)		(2,863)	
- other current liabilities	(see note 11)	(14,305)		(3,748)	
- other payables and other liabilities non-current	(see note 11)	(2,132)		(1,851)	
Total net working capital			(14,728)		(14,663)
Provisions for employee benefits			(819)		(1,201)
Assets held for sale including related liabilities			139		44
made up of:					
- assets held for sale		263		44	
- liabilities directly associated with held for sale		(124)			
CAPITAL EMPLOYED, NET			58,843		54,079
Shareholders' equity including non controlling interest			44,519		37,493
Net borrowings					
Total debt, made up of:			27,794		26,686
- long-term debt		23,714		21,895	
- current portion of long-term debt		1,781		1,909	
- short-term debt		2,299		2,882	
less:					
Cash and cash equivalents			(8,254)		(9,413)
Securities held for trading			(6,301)		(5,502)
Financing receivables held for non-operating purposes	(see note 17)		(4,252)		(203)
Net borrowings before lease liabilities ex IFRS 16			8,987		11,568
Lease liabilities, made up of:			5,337		5,018
- long-term lease liabilities		4,389		4,169	
- current portion of long-term lease liabilities		948		849	
Total net borrowings post lease liabilities ex IFRS 16^(a)			14,324		16,586
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			58,843		54,079

(a) For details on net borrowings see also note 20 to the consolidated financial statements.

SUMMARIZED GROUP CASH FLOW STATEMENT

Items of Summarized Cash Flow Statement and confluence/reclassification of items in the statutory scheme (€ million)	2021		2020	
	Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Net profit (loss)		5,840		(8,628)
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Depreciation, depletion and amortization and other non monetary items		8,568		12,641
- depreciation, depletion and amortization	7,063		7,304	
- impairment losses (impairment reversals) of tangible, intangible and right of use, net	167		3,183	
- write-off of tangible and intangible assets	387		329	
- share of profit (loss) of equity-accounted investments	1,091		1,733	
- other changes	(194)		92	
- net change in the provisions for employee benefits	54			
Gains on disposal of assets, net		(102)		(9)
Dividends, interests, income taxes and other changes		5,334		3,251
- dividend income	(230)		(150)	
- interest income	(75)		(126)	
- interest expense	794		877	
- income taxes	4,845		2,650	
Cash flow from changes in working capital		(3,146)		(18)
- inventories	(2,033)		1,054	
- trade receivables	(7,888)		1,316	
- trade payables	7,744		(1,614)	
- provisions for contingencies	(406)		(1,056)	
- other assets and liabilities	(563)		282	
Dividends received		857		509
Income taxes paid, net of tax receivables received		(3,726)		(2,049)
Interests (paid) received		(764)		(875)
- interest received	28		53	
- interest paid	(792)		(928)	
Net cash provided by operating activities		12,861		4,822
Investing activities		(5,234)		(4,644)
- tangible assets	(4,950)		(4,407)	
- intangible assets	(284)		(237)	
Investments and purchase of consolidated subsidiaries and businesses		(2,738)		(392)
- investments	(837)		(283)	
- consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(1,901)		(109)	
Disposals		404		28
- tangible assets	207		12	
- intangible assets	1			
- consolidated subsidiaries and businesses net of cash and cash equivalent disposed of	76			
- tax on disposals	(35)			
- investments	155		16	
Other cash flow related to capital expenditure, investments and disposals		289		(735)
- prepaid right of use	(2)			
- investment of securities and financing receivables held for operating purposes	(227)		(166)	
- change in payables in relation to investing activities	386		(757)	
- disposal of securities and financing receivables held for operating purposes	141		136	
- change in receivables in relation to disposals	(9)		52	
Free cash flow		5,582		(921)
Free cash flow		5,582		(921)

continued SUMMARIZED GROUP CASH FLOW STATEMENT

Items of Summarized Cash Flow Statement and confluence/reclassification of items in the statutory scheme (€ million)	2021		2020	
	Amounts from statutory scheme	Amounts of the summarized Group scheme	Amounts from statutory scheme	Amounts of the summarized Group scheme
Net cash inflow (outflow) related to financial activities		(4,743)		1,156
- net change in securities and financing receivables held for non-operating purposes	(4,743)		1,156	
Changes in short and long-term finance debt		(244)		3,115
- increase in long-term debt	3,556		5,278	
- repayments of long-term debt	(2,890)		(3,100)	
- increase (decrease) in short-term debt	(910)		937	
Repayment of lease liabilities		(939)		(869)
Dividends paid and changes in non-controlling interest and reserves		(2,780)		(1,968)
- purchase of treasury shares	(400)			
- acquisition of additional interests in consolidated subsidiaries	(17)			
- dividends paid to Eni's shareholders	(2,358)		(1,965)	
- dividends paid to non-controlling interest	(5)		(3)	
Net issue (repayment) of perpetual hybrid bond		1,924		2,975
- issue of perpetual subordinated bonds	1,985		2,975	
- coupon payment on perpetual subordinated bonds	(61)			
Effect of changes in consolidation, exchange differences and cash and cash equivalent		52		(69)
- effect of exchange rate changes on cash and cash equivalents and other changes	52		(69)	
Net increase (decrease) in cash and cash equivalent		(1,148)		3,419

Risk factor and uncertainties

1 RISKS RELATED TO THE BUSINESS ACTIVITIES AND INDUSTRIES OF ENI AND ITS CONSOLIDATED SUBSIDIARIES (TOGETHER, THE "GROUP")

The Group's performance is exposed to the volatility of the prices of crude oil and natural gas and to changing margins of refined products and chemical products

The price of crude oil is the main driver of the Company's operating performance and cash flow, given the current size of Eni's Exploration & Production segment relative to other Company's business segments. The price of crude oil has a history of volatility because, like other commodities, it is influenced by the ups and downs in the economic cycle and several other macro-variables that are beyond management's control. Crude oil prices are mainly determined by the balance between global oil supplies and demand, the global levels of commercial inventories and producing countries' spare capacity. In the short-term, worldwide demand for crude oil is highly correlated to the macroeconomic cycle.

A downturn in economic activity normally triggers lower global demand for crude oil and possibly a supply and/or an inventory build-up, because in the short-term producers are unable to respond to swings in demand quickly. Whenever global supplies of crude oil outstrip demand, crude oil prices weaken. Factors that can influence the global economic activity in the short-term and demand for crude oil include several, unpredictable events, like trends in the economic growth which shape crude oil demand in big consuming countries like China, India and the United States, financial crisis, geo-political crisis, local conflicts and wars, social instability, pandemic diseases, the flows of international commerce, trade disputes and governments' fiscal policies, among others. All these events could influence demands for crude oil. Long-term demands for crude oil is driven, on the positive side, by demographic growth, improving living standards and GDP expansion; on the negative side, factors that in the long-term may significantly reduce demands for crude oil include availability of alternative sources of energy (e.g., nuclear and renewables), technological breakthroughs, shifts in consumer preferences, and finally measures and other initiatives adopted or planned by governments to tackle climate change and to curb carbon-dioxide emissions (CO₂ emissions), including stricter regulations and control on production and consumption of crude oil. Many governments and supranational institutions, with the USA and EU leading the way, have begun implementing policies to transition the economy towards a low carbon model of development

through various means and strategies, particularly by supporting development of renewable energies and the replacement of internal combustion engine vehicles with electric vehicles, including the possible adoption of tougher regulations on the use of hydrocarbons such as the taxation of CO₂ emissions as a mitigation action of the climate change risk. According to Eni's management, the push to reduce worldwide greenhouse gas emissions and an ongoing energy transition towards a low carbon economy are likely to materially affect the worldwide energy mix in the long-term and may lead to structural lower crude oil demands and prices. Eni also believes that the COVID-19 pandemic could have possibly accelerated those trends. See the section dedicated to the discussion of climate-related risks below.

Notwithstanding the significant growth in US tight oil production since 2011, global oil supplies are still controlled to a large degree by the Organization of the Petroleum Exporting Countries ("OPEC") cartel, which has recently extended to include other important oil producers like Russia and Kazakhstan to form the so-called OPEC+ alliance. Saudi Arabia plays a crucial role within the cartel, because it is estimated to hold huge amounts of reserves and a vast majority of worldwide spare production capacity. This explains why geopolitical developments in the Middle East and particularly in the Gulf area, like regional conflicts, acts of war, strikes, attacks, sabotages, and social and political tensions can have a big influence on crude oil prices. Also, sanctions imposed by the United States and the EU against certain producing countries may influence trends in crude oil prices.

To a lesser extent, extreme weather events, such as hurricanes in areas of highly concentrated production like the Gulf of Mexico, and operational issues at key petroleum infrastructure may have an impact on crude oil prices.

The recovery of crude oil prices that commenced at the end of 2020 has strengthened throughout 2021 due to a favourable combination of market and macro developments, most notably a strong macroeconomic recovery that supported crude oil consumption, continued financial discipline of international oil companies, careful production management on part of the alliance of OPEC+ producing countries in

adding new supplies and normalizing levels of commercial inventories in OECD countries. The macroeconomic cycle has been driven by the gradual reopening of the economies of the USA and Europe due to the effectiveness of the vaccination campaign against the COVID-19 disease, an acceleration in the pace of economic activity in Asia, robust fiscal policies adopted by governments to help economies emerge from the fallout of the COVID recession and accommodative monetary policies from central banks. Furthermore, the spread of new virus variants, like the Delta one in summer, or the Omicron variant in the final part of 2021, did not derail the recovery because new lockdowns were averted thanks to improved ways of restraining the pandemic and the resilience of the vaccinated population. Strong demand from road transport, maritime and petrochemicals sectors and for people mobility resulted in an increase of approximately 5.5 million barrels/d in global crude oil demand in 2021 from the historic low of 2020 of approximately 92 million barrels/d, more than offsetting weak consumption in the civil airline sector which continued to suffer from low activity levels. Global oil demand is expected to recover to the pre-COVID pandemic level of 100 million barrels/d reported in 2019 by end the second half of 2022, absent any disruption in the recovery of the global economy.

The better fundamentals of the oil market in 2021 were significantly and positively affected by a more disciplined approach adopted by producers in adding new supplies. Throughout 2021, the OPEC+ alliance has implemented effective production management by gradually easing the quotas agreed in May 2020 at the peak of the pandemic crisis, to avoid risks of oversupplying the market by restoring too hastily the full pre-COVID output. Differently from past oil cycles, despite recovering prices, international oil companies and listed shale producers in the USA have retained a prudent approach to investing decisions, signalling a historic shift in capital allocation policies driven by the need to repair balance sheets and cash flows which were significantly impaired by the pandemic downturn and by the need to boost financial returns to shareholders. Pressured by investor demanding higher returns and ESG considerations and, in the case of European players, by the need to allocate more funds to the businesses of the energy transition, Oil & Gas companies have continued to constrain the spending in the traditional upstream business, reinvesting in the business just a fraction of the cash flows to maintain production, while returning excess cash to shareholders via dividend increases and share repurchases. According to market sources, global upstream's capital expenditures in 2021 have barely increased from 2020, which represented the lowest level in fifteen years at about \$350 billion and are projected to grow modestly in 2022. According to market intelligence, that level of global upstream investment is insufficient to hold oil production steady at 100 million barrels/d.

Modest growth in worldwide crude oil supplies has led to a substantial drawdown in inventories, which have returned to historic averages. Against this backdrop, in the final months of 2021 many countries like China and Western European countries have begun facing difficulties at meeting energy needs of their economies due to a global shortage of natural gas and coal to fire power generation, triggering a sharp rally in energy commodities. The rally extended also to crude oil prices due to increasing evidence of gas-to-oil switch to produce electricity.

Due to a more constructive macro environment and better energy fundamentals, in 2021 crude oil prices recovered strongly with the Brent crude oil benchmark averaging about 71 \$/bbl in the year, up by 70% compared to 2020. The uptrend has continued in the first months of 2022, with Brent crude oil prices climbing above the psychological threshold of 100 \$/bbl to reach the highest mark from 2008 at 120-130 \$/bbl, driven by the rising international tensions in connection with the Russia-Ukraine conflict (see below).

Gas prices, also negatively affected in 2020 by the economic crisis due to COVID-19 pandemic, recorded an even more significant recovery than oil, due to strengthened fundamentals driven by a global demand recovery, unusual seasonal factors and much tighter supplies than a year ago. Particularly, on the supply side, the worldwide oversupply of liquefied natural gas ("LNG") which led to the gas prices downturn in 2019-2020 was already expected to be absorbed, in a typical cyclical business after the LNG wave of the previous years, and maintenances deferred during the previous year due to COVID-19 affected 2021 production. This came on top of the financial discipline of the US shale producers which reduced in 2020 the production of associated gas. Moreover, in 2020 several LNG projects that were under construction or in a pre-FID stage of development have been delayed, revised or cancelled due to a combination of lack of financial resources due to the COVID-19 downturn, environmental and climate considerations and producers' capital discipline. This will impact the global gas and LNG market balance which is now expected to remain tight even in a mid-term horizon (2022-2025). At the same time, global gas demand grew significantly in 2021 driven by a strong macroeconomic recovery and by contingent factors like a particularly cold winter season in the South-East Asia and in Texas and unexpectedly high demand in South America (Argentina due to issues with domestic production and Brazil due to a severe drought impacting power generation). The recovery of gas prices, already remarkable in the first part of 2021, accelerated dramatically during the summer months and with the start of the winter season in the Northern Hemisphere, driven by reduced supplies in Asia and Europe

and as storage levels at the peak of the injection campaign in Europe were at alarmingly low levels and supplies from Russia declined. Gas prices surged well above any market expectations and forecast in the final part of 2021, with spot prices at continental hubs in Europe and for spot LNG cargoes to Asia reaching all-time highs over 60 \$/mmBTU, which is more than ten times the average price recorded in 2020. In 2021, on average the spot prices of natural gas recorded at the main continental hubs in Europe more than quadrupled compared to 2020: the price recorded at the spot market in Italy "PSV" averaged 487 €/thousand cubic meters (up by 335% compared to 2020, or about 17 \$/mmBTU), a similar trend was recorded by the TTF spot price at the continental hubs which directly benefited from decreasing LNG import flows. Due to the recent spike in market volatility following the outbreak of the Russia-Ukraine conflict, natural gas prices have risen materially in late February and in March.

Looking forward, we believe that the fundamentals of the oil and gas markets will continue to be supported by tight supplies due to the underinvestment in the upstream sectors occurred in previous years, oil companies' renewed focus on financial discipline and shareholders' returns which will constrain capital budgets, production management on part of OPEC+ alliance and the global economic recovery underway. On the negative side, high energy costs could derail the macro economic recovery by reducing consumers' disposable income and could lead to phenomena of demand destruction, like the ones already observed in the final months of 2021 with several commodity producers (like metals and fertilizers) halting plants operations. Finally, high energy costs could drive up inflationary pressures and alter market expectations about future inflationary rates pressuring central banks to abandon loose monetary policies and to raise interest rates, which could negatively impact economic growth and hydrocarbons consumptions.

The growing geopolitical risk in connection with the Russia-Ukraine conflict also represents a factor in the outlook 2022 because rising tensions between Russia and Western countries, the enactment on part of the USA and European countries of economic sanctions against Russia, and any possible ground or military escalations could derail the macroeconomic cycle by sapping consumers sentiment or interfering with operators' investment decisions and this could lead to lower demands for hydrocarbons (see below).

The volatility of hydrocarbons prices significantly affects the Group's financial performance. Lower hydrocarbon prices from one year to another negatively affect the Group's consolidated results of operations and cash flow; the opposite occurs in case of a rise in prices. This is because lower prices

translate into lower revenues recognised in the Company's Exploration & Production segment at the time of the price change, whereas expenses in this segment are either fixed or less sensitive to changes in crude oil prices than revenues. With respect to our Brent crude oil price assumption of 80 \$/bbl for 2022, we estimate our cash from operations to vary by approximately €140 million for each one-dollar change in the price of the Brent crude oil.

Eni's results of operations and cash flows are less sensitive to movements in natural gas prices because a large part of equity gas volumes are sold based on fixed pricing formulae and also due to the forward sale executed in the final months of 2021 of about 5bcm of the expected 2022 equity production at fixed prices as part of our risk management activities.

Finally, movements in hydrocarbons prices significantly affect the reportable amount of production and proved reserves under our production sharing agreements ("PSAs"), which represented about 58% of our proved reserves as of end of 2021. The entitlement mechanism of PSAs foresees the Company is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The higher the reference prices for Brent crude oil used to estimate Eni's proved reserves, the lower the number of barrels necessary to recover the same amount of expenditure, and vice versa. In 2021 our reported production and reserves were lowered by an estimated amount of respectively 13 KBOE/d and by 168 mmmboe due to an increased Brent reference price. Considering the current portfolio of oil&gas assets, the Company estimates its production to vary by about 0.3 KBOE/d for each one-dollar change in the price of the Brent crude oil.

Eni's Refining & Marketing and Chemical businesses are cyclical. Their results are impacted by trends in the supply and demand of oil products and plastic commodities, which are influenced by the macro-economic scenario and by products margins. Generally speaking, margins for refined and chemical products depend upon the speed at which products' prices adjust to reflect movements in oil prices.

All these risks may adversely and materially impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Risks in connection with the war in Ukraine

The crisis in the relationship between Russia and Ukraine that in February 2022 gave rise to the Russian military invasion and an open conflict on a large scale with violent armed clashes and tragic loss of human lives, constitutes a macroeconomic

risk. Possible outcomes of this situation might include a prolonged armed conflict, a possible escalation in the military action, risks of enlargement of the ongoing geopolitical crisis and a further tightening up of the economic sanctions against Russia. These factors could result in a scenario that could eventually sap consumers' confidence, deter investment decisions by operators and cripple industrial activities derailing the global recovery or, in the worst of the outcomes, triggering a new worldwide recession, while the economy has been still recovering from the fallout of the COVID-19 downturn. This scenario would drive a reduction in hydrocarbons demands and of commodity prices and would adversely and significantly affect our results of operations and cash flow, as well as business prospects, with a possible lower remuneration of our shareholders.

Shortly after the outbreak of hostilities with the Russian military invasion of Ukraine, the European Union, the USA, and the UK imposed a raft of tough economic and financial sanctions against Russia, which have added up to those already in force since 2014.

The new restrictions mainly targeted the Russian financial sector, precluding access to funding from US and EU-based financial institutions and several relevant Russian entities operating in the Oil & Gas sector. This first round of sanctions waived the purchase of oil, natural gas and refined products exported by Russian entities, or the maintenance of business relationships with certain Russian entities. However, the situation in the marketplace evolved unexpectedly, as many Western traders, oil companies, refiners and brokers began reducing purchases of crude oil from Russia giving rise to a sort of spontaneous, auto-sanctioning system. Finally, the President of the USA signed an executive order to ban all imports of Russian energy products. Those developments destabilized energy markets as evidenced by the material discount of the Ural Russian crude benchmark vs. the Brent above 20 \$/bbl, triggering a spike in market volatility and propelling the Brent price at about 130 \$/bbl in the last days of February and into early March 2022. Natural gas prices for the continental Europe spot benchmark surged to new all-time highs driven by fears of supply disruptions. If the conflict continues, it is possible that increasingly tight sanctions could be imposed.

This volatility is expected to significantly affect the Group's operating expenses and revenues in 2022. Furthermore, the increased volatility could drive: (i) an increased counterparty risk due to the significant expansion of the nominal value of trading receivables; (ii) a higher level of financial risk of the Company due to the need of increasing the cash deposits to guarantee the settlement of derivative transactions with financial institutions and commodity exchanges to fulfil the

margin obligations (margin call). To counter the ongoing phase of extreme volatility in the energy commodities market the Group is planning to strengthen its financial headroom by increasing the liquidity reserves (cash on hands and committed borrowing facilities).

Eni's assets in Russia are immaterial to the Group results and business prospects. Our exploration projects in the Russian Oil & Gas sector have been suspended indefinitely following the previous sanction regime, and the expenditures incurred in relation to those projects in past reporting periods have been written off. Currently, we do not have booked reserves in Russia.

The Group has announced the intention to divest its interest in the Blue Stream joint operations which manages the gas pipeline that transports natural gas produced in Russia to Turkey through the Black Sea. Those volumes of gas are jointly marketed by Eni and Gazprom to the Turkish state-owned company Botas. This divestment is not expected to have a significant effect on the Group consolidated results and balance sheet; the book value of this asset was €40 million as of December 31, 2021. Furthermore, the Group has decided to cease signing new supply contracts of Russian crude oil. This decision is expected to negatively affect our refining system. In 2021 the purchase of crude oil from Russia represented 18% of the total volumes of crudes traded by Eni to support its refining system.

Finally, Russian Oil & Gas companies are currently joint operators in certain upstream projects where we have a working interest. Every possible decision about the participation of the Russian counterparts to those projects are in the power of the state-owned companies of the host countries where such projects are located.

The most important transactions that involve Russian counterparts relate to the purchase of natural gas from the Russian state-owned company Gazprom, based on long-term supply contracts with take-or-pay clauses. The volumes supplied from Russia represent a material amount of our global portfolio of natural gas supplies, being about 43% of the total in 2021 (see table "Natural gas supply" in the Global Gas & LNG Portfolio operating review). Eni has entered into delivery commitments that rely in part on such supply of natural gas. Although we have access to increased supplies from other geographies in our portfolio and from producing countries where we have established relationships, should supplies from Gazprom and other Russian natural gas suppliers be disrupted (including as a result of sanctions prohibiting or restricting purchases of natural gas from Russia) we may suffer adverse effects which we cannot currently predict or quantify but could be material.

Eni has adopted all necessary measures to ensure its activities comply with the sanction regime currently in force against Russia and will adapt to any new developments on an ongoing basis.

There is strong competition worldwide, both within the oil industry and with other industries, to supply energy and petroleum products to the industrial, commercial and residential energy markets

The current competitive environment in which Eni operates is characterised by volatile prices and margins of energy commodities, limited product differentiation and complex relationships with state-owned companies and national agencies of the countries where hydrocarbons reserves are located to obtain mineral rights. As commodity prices are beyond the Company's control, Eni's ability to remain competitive and profitable in this environment requires continuous focus on technological innovation, the achievement of efficiencies in operating costs, effective management of capital resources and the ability to provide valuable services to energy buyers. It also depends on Eni's ability to gain access to new investment opportunities. The economic crisis caused by the suppression of industrial activity and travel in response to the COVID-19 pandemic materially and negatively impacted demand for the Company's products, driving a strong increase in the level of competition across all sectors where Eni operates. Eni believes that the pandemic will have enduring effects on the competition within the Oil & Gas sectors, including the refining and marketing of fuels and other energy commodities and the supply of energy products to the retail segment.

In the Exploration & Production segment, Eni is facing competition from both international and state-owned oil companies for obtaining exploration and development rights and developing and applying new technologies to maximise hydrocarbon recovery. Because of its smaller size relative to other international oil companies, Eni may face a competitive disadvantage when bidding for large scale or capital intensive projects and it may be exposed to the risk of obtaining lower cost savings in a deflationary environment compared to its larger competitors given its potentially smaller market power with respect to suppliers, whereas in case of rising input costs due to a shortage of materials, labour and other productive factors Eni may experience higher pressure from its suppliers to raise the price of goods and services to the Company compared to Eni's larger competitors. Due to those competitive pressures, Eni may fail to obtain new exploration and development acreage, to apply and develop new technologies and to control costs. The COVID-19 pandemic has caused Exploration & Production companies to significantly reduce their capital investment in response to lower cash flows from operations and to focus on the

more profitable and scenario-resilient projects. The Company believes that this development will be long-lasting and likely drive increased competition among players to gain access to relatively cheaper reserves (onshore vs. offshore; proven areas vs. unexplored areas).

In the Global Gas & LNG Portfolio business, Eni is facing strong competition in the European wholesale markets to sell gas to industrial customers, the thermoelectric sector and retail companies from other gas wholesalers, upstream companies, traders and other players. The results of Eni's wholesale gas business are affected by global and regional dynamics of gas demand and supplies, as well as by the constraints of its portfolio of long-term, take-or-pay supply, whereby the Company is obligated to offtake minimum annual volumes of gas or in case of failure to pay the corresponding purchase price (see below). Due to the competitive nature of the business, sales margins tend to be small. In 2021, despite natural gas prices surging to record levels, our wholesale margins were negatively affected by narrowing spreads between prices at continental hubs, to which our gas procurement costs are indexed, and spot prices for the main Italian benchmark to which our selling prices are indexed. We believe wholesale margins of gas to remain challenged in the medium-term due to competitive pressures and as renewable sources of energy continue growing their market share in covering European energy needs.

The results of the LNG business are mainly influenced by the global balance between demand and supplies, considering the higher level of flexibility of LNG with respect to gas delivered via pipeline.

In its Refining & Marketing segment, Eni is facing competition both in the refining business and in the retail marketing of fuels.

Eni's refining business has been negatively affected for many years by structural headwinds due to muted trends in the European demand for fuels, refining overcapacity and continued competitive pressure from players in the Middle East, the United States and Far East Asia. Those competitors can leverage on larger plant scale and cost economies, availability of cheaper feedstock and lower energy expenses. This unfavourable competitive environment has been exacerbated by the economic downturn triggered by the COVID-19 pandemic in 2020 and the negative effects of travel restrictions imposed by governments all over the world to contain the spread of the virus, which were only partially lifted during the course of 2021. The COVID-19 fallout has negatively affected Eni's refining sector in two ways. On one side, the cost of the oil-based feedstock has recovered strongly from the second half of 2020 throughout the whole of 2021 due to effective production management

by the OPEC+ producers alliance. On the other side, the continuing downturn of the civil airline sector due to bans on long-haul flights have left the market of refined products with huge imbalances due to a depressed demand for jet fuel and gasoil oversupplies. Finally, in the last part of 2021 escalating costs of natural gas which is a key input to refining processes added more pressure to an already weak margin backdrop.

Against the backdrop of these challenged fundamentals, in 2021 the Company's own internal performance measure to gauge the profitability of its refineries, the SERM, plunged to historic lows, remaining into negative territory throughout the year and averaging minus 0.9 \$/bbl compared to positive 1.7 \$/bbl in 2020. Furthermore, operating expenses were negatively affected by an increase in the cost for the purchase of emission allowances to comply with the requirements of the European ETS, which reached all-time highs due to a combination of macroeconomic recovery which drove industrial production and rising coal consumption to fire power generation due to a shortage of gas supplies and cost competitiveness. The cost for emission allowance was on average 53.4 €/tonn, more than doubling versus 2020; this uptrend has strengthened further in the first months of 2022 with the cost breaking above 90 €/tonn. On the basis of these developments in the trading environment, management revised downwardly the projections of refining margins in the short to medium-term, which together with the forecast of higher compliance expenses to purchase carbon emission allowances under the European Emission Trading Scheme led to the projections of materially lower expected future cash flows associated with the refinery activity driving assets impairment losses of approximately €0.9 billion. These added to approximately €2 billion of impairment losses recorded in the previous two reporting periods, writing-off the entire book value of Eni's European refineries.

Eni's Chemical business has been facing for years strong competition from well-established international players and state-owned petrochemical companies, particularly in the most commoditised market segments such as the production of basic petrochemical products (like polyethylene), where demand is a function of macroeconomic growth. Many of these competitors based in the Far East and the Middle East have been able to benefit from cost economies due to larger plant scale, wide geographic moat, availability of cheap feedstock and proximity to end-markets. Excess worldwide capacity of petrochemical commodities has also fuelled competition in this business. Furthermore, petrochemical producers based in the United States have regained market share, as their cost structure has become competitive due to the availability of cheap feedstock deriving from the production of domestic shale gas from which ethane is derived, which is a cheaper raw material

for the production of ethylene than the oil-based feedstock utilised by Eni's petrochemical subsidiaries. Finally, it is likely rising public concern about climate change and the preservation of the environment will negatively affect the consumption of single-use plastics going forward. In 2021 those challenged business fundamentals were mitigated by the post-pandemic strong economic recovery, which drove significant demands for all kinds of plastic products and supply disruptions of global reach due to contingent events. These developments supported petrochemical products margins and the business performance, particularly in the first part of the year. We expect products margins to normalize in the near term, falling back to pre-pandemic levels as more supplies come online.

Eni's retail gas and power business engages in the supply of gas and electricity to customers in the retail markets mainly in Italy, France, Spain and other countries in Europe. Customers include households, large residential accounts (hospitals, schools, public administration buildings, offices) and small and medium-sized businesses. The retail market is characterised by strong competition among selling companies which mainly compete in terms of pricing and the ability to bundle valuable services with the supply of the energy commodity. In this segment, competition has intensified in recent years due to the progressive liberalisation of the market and the ability of residential customers to switch smoothly from one supplier to another.

Eni also engages in the business of producing gas-fired electricity that is largely sold in the wholesale market and in the balancing market ("Mercato dei Servizi di Dispacciamento" or "MSD") to the manager of the national grid. As far as the wholesale market is concerned, margins of electricity production from gas-fired plants ("Clean Spark Spread" or "CSS") have experienced some fluctuations in recent years due to oversupplies, weak economic growth, and inter-fuel competition. Management believes that these factors will progressively reduce the CSS in the future, whereas MSD margins have shown higher resilience also in more stressed conditions.

In case the Company is unable to effectively manage the above described competitive risks, which may increase in case of a weaker-than-anticipated recovery in the post-pandemic economy or in a worst case scenario of the imposition by governments of new lockdown measures and other restrictions in response to the pandemic, the Group's future results of operations, cash flow, liquidity, business prospects, financial condition, shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares may be adversely and significantly affected.

In the final months of 2021, European energy producers and traders have coped with an unprecedented level of volatility, with price increases of – in some cases – several hundred percent within a few months for natural gas and power. This has led to a significant increase in Eni's financial risks

In the course of the fourth quarter 2021, a strengthening global macroeconomic recovery has driven pent-up demand for energy commodities across all geographies, against the backdrop of a challenged supply particularly of natural gas due to the sharp cuts made by Oil & Gas companies to capital expenditures to navigate the oil downturn, resulting in a very tight market for gas and electricity. Market imbalances have been particularly problematic in Europe because in addition to global macroeconomic forces, the continent has faced regional, specific issues. The final months of 2021 have been characterized by an apparent underperformance of plants producing renewable electricity, while natural gas storage levels were at historical lows in correspondence to the injection peak season before the start of the seasonal increase in gas consumption. Markets have been also pressured by uncertainties about the natural gas import flows from Russia. Russia state-owned company, Gazprom has been corresponding to their long-term supply contracts' commitments with European traders, while limiting spot supplies, against the backdrop of the complex regulatory issue relating to the start-up of line 2 of the Nord Stream gas pipeline, which would considerably increase the natural gas flow to Europe. Finally, European gas production have been decreasing steadily in recent years due to mature field decline, while new developments have been constrained by the climate targets and policies adopted by EU member states.

Those developments triggered an unprecedented volatility in European commodity markets, with spot prices of natural gas and power rising several hundred percentage points within few months, setting all-times highs (the average spot price of natural gas at the Dutch hub "TTF" increased by more than 500% in the fourth quarter 2021 vs. 2020).

The spike in commodity prices caused financial tensions at European energy players, like Eni, which are making use of commodity forward sale contracts and commodity financial derivatives to hedge commercial margins or also for speculative objectives due to the requirements of margining payments envisaged by contracts.

Financial institutions which are the counterparts of derivatives contracts and wholesale and exchange-based commodity markets of gas, power and other energy commodities routinely require down payments for traders to cover open liabilities or to settle derivative contracts. Selling forward future commodity availability (from production or long-term supply contracts) also requires down payments, in favour of

the buyers as guarantee in case the trader or the producer cannot deliver. These down-payments which amount is linked to the level and volatility of commodity prices are temporarily and they are unwound on delivery of the commodity, with the deposited money flowing back to the traders.

Under normal market conditions, this way of operating does not entail financial risks. However, when commodity prices rise sharply as was the case during the fourth quarter of 2021 with prices increasing many times over the recent few months, the negative value of forward sales at fixed prices and the negative value of short positions grow proportionally and traders are required to deposit extra funds to cover payments tied to commodity forward sales and the settlement of derivatives, known as margin calls. Margin calls typically arise when the gap between spot commodity prices and the level at which traders have sold their commodity availability on a forward basis becomes too wide, forcing them to post the margin as proof that they can deliver in the event of default.

Due to the extreme market conditions experienced in the fourth quarter 2021, especially during the month of December, Eni substantially increased the Company's financial headroom to cope with the disbursements required by its margin calls. The Group has drawn €4 billion from its available committed credit facilities to manage the critical market phase. The situation improved somewhat in the final business days of the year due to a sharp correction in commodity prices. The underlying commodity derivatives that triggered the margin calls were accounted at fair value through profit and loss or as cash flow hedges in 2021 accounts.

Notwithstanding the Group retains a liquidity reserve, in case of a prolonged phase of extreme volatility in the commodity markets, the Group may be exposed to a financial risk of being unable to cover its margin calls requirements, which may force the Group to unwind positions at a loss or to sell assets at a discount.

The outbreak of the conflict between Russia and Ukraine triggered a spike in the volatility of commodity prices and this could result in more financial risks to us.

Safety, security, environmental and other operational risk

The Group engages in the exploration and production of oil and natural gas, processing, transportation and refining of crude oil, transport of natural gas, storage and distribution of petroleum products and the production of base chemicals, plastics, and elastomers. By their nature, the Group's operations expose Eni to a wide range of significant health, safety, security, and environmental risks. Technical faults, malfunctioning of plants, equipment and facilities, control systems failure, human errors, acts of sabotage, attacks,

loss of containment and climate-related hazards can trigger adverse consequences such as explosions, blow-outs, fires, oil and gas spills from wells, pipeline and tankers, release of contaminants and pollutants in the air, the ground and in the water, toxic emissions and other negative events. The magnitude of these risks is influenced by the geographic range, operational diversity, and technical complexity of Eni's activities. Eni's future results of operations, cash flow and liquidity depend on its ability to identify and address the risks and hazards inherent to operating in those industries.

In the Exploration & Production segment, Eni faces natural hazards and other operational risks including those relating to the physical and geological characteristics of oil and natural gas fields. These include the risks of eruptions of crude oil or of natural gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, oil spills, gas leaks, risks of blowout, fire or explosion and risks of earthquake in connection with drilling activities.

Eni's activities in the Refining & Marketing and Chemical segment entail health, safety and environmental risks related to the handling, transformation and distribution of oil, oil products and certain petrochemical products. These risks can arise from the intrinsic characteristics and the overall lifecycle of the products manufactured and the raw materials used in the manufacturing process, such as oil-based feedstock, catalysts, additives and monomer feedstock. These risks comprise flammability, toxicity, long-term environmental impact such as greenhouse gas emissions and risks of various forms of pollution and contamination of the soil and the groundwater, emissions and discharges resulting from their use and from recycling or disposing of materials and wastes at the end of their useful life.

All of Eni's segments of operations involve, to varying degrees, the transportation of hydrocarbons. Risks in transportation activities depend on several factors and variables, including the hazardous nature of the products transported due to their flammability and toxicity, the transportation methods utilised (pipelines, shipping, river freight, rail, road and gas distribution networks), the volumes involved and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environmental considerations). All modes of transportation of hydrocarbons are particularly susceptible to risks of blowout, fire and loss of containment and, given that normally high volumes are involved, could present significant risks to people, the environment and the property.

Eni has material offshore operations relating to the exploration and production of hydrocarbons. In 2021, approximately 70% of Eni's total oil and gas production for the year derived from offshore fields, mainly in Egypt, Norway, Libya, Angola, Kazakhstan, Congo, Indonesia, the United

States, the United Arab Emirates and Venezuela. Offshore operations in the oil and gas industry are inherently riskier than onshore activities. Offshore accidents and spills could cause damage of catastrophic proportions to the ecosystem and to communities' health and security due to the apparent difficulties in handling hydrocarbons containment in the sea, pollution, poisoning of water and organisms, length and complexity of cleaning operations and other factors. Furthermore, offshore operations are subject to marine risks, including storms and other adverse weather conditions and perils of vessel collisions, which may cause material adverse effects on the Group's operations and the ecosystem.

The Company has invested and will continue to invest significant financial resources to continuously upgrade the methods and systems for safeguarding the reliability of its plants, production facilities, vessels, transport and storage infrastructures, the safety and the health of its employees, contractors, local communities and the environment, to prevent risks, to comply with applicable laws and policies and to respond to and learn from unforeseen incidents. Eni seeks to manage these operational risks by carefully designing and building facilities, including wells, industrial complexes, plants and equipment, pipelines, storage sites and other facilities, and managing its operations in a safe and reliable manner and in compliance with all applicable rules and regulations, as well as by applying the best available techniques in the marketplace. However, these measures may ultimately not be completely successful in preventing and/or altogether eliminating risks of adverse events. Failure to properly manage these risks as well as accidental events like human errors, unexpected system failure, sabotages or other unexpected drivers could cause oil spills, blowouts, fire, release of toxic gas and pollutants into the atmosphere or the environment or in underground water and other incidents, all of which could lead to loss of life, damage to properties, environmental pollution, legal liabilities and/or damage claims and consequently a disruption in operations and potential economic losses that could have a material and adverse effect on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Eni also faces risks once production is discontinued because Eni's activities require the decommissioning of productive infrastructures, well plugging and the environmental remediation and clean-up of industrial hubs and oil and gas fields once production and manufacturing activities cease. Furthermore, in certain situations where Eni is not the operator, the Company may have limited influence and control over third parties, which may limit its ability to manage and control such risks. Eni retains worldwide third-party liability insurance

coverage, which is designed to hedge part of the liabilities associated with damage to third parties, loss of value to the Group's assets related to unfavourable events and in connection with environmental clean-up and remediation. As of the date of this Base Prospectus, maximum compensation allowed under such insurance coverage is equal to \$1.2 billion in case of offshore incident and \$1.4 billion in case of incident at onshore facilities (refineries). Additionally, the Company may also activate further insurance coverage in case of specific capital projects and other industrial initiatives. Management believes that its insurance coverage is in line with industry practice and is enough to cover normal risks in its operations. However, the Company is not insured against all potential risks. In the event of a major environmental disaster, such as the incident which occurred at the Macondo well in the Gulf of Mexico several years ago, Eni's third-party liability insurance would not provide any material coverage and thus the Company's liability would far exceed the maximum coverage provided by its insurance. The loss Eni could suffer in case of a disaster of material proportions would depend on all the facts and circumstances of the event and would be subject to a whole range of uncertainties, including legal uncertainty as to the scope of liability for consequential damages, which may include economic damage not directly connected to the disaster. The Company cannot guarantee that it will not suffer any uninsured loss and there can be no guarantee, particularly in the case of a major environmental disaster or industrial accident, that such a loss would not have a material adverse effect on the Company.

The occurrence of any of the above mentioned risks could have a material and adverse impact on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares and could also damage the Group's reputation.

Risks deriving from Eni's exposure to weather conditions

Significant changes in weather conditions in Italy and in the rest of Europe from year to year may affect demand for natural gas and some refined products.

In colder years, demand for such products is higher. Accordingly, the results of operations of Eni's businesses engaged in the marketing of natural gas and, to a lesser extent, the Refining & Marketing business, as well as the comparability of results over different periods may be affected by such changes in weather conditions. Over recent years, this pattern could have been possibly affected by the rising frequency of weather trends like milder winter or extreme weather events like heatwaves or unusually cold snaps, which are possible consequences of climate change.

Risks associated with the exploration and production of oil and natural gas

The exploration and production of oil and natural gas require high levels of capital expenditures and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of oil and gas fields. The exploration and production activities are subject to mining risk and the risks of cost overruns and delayed start-up at the projects to develop and produce hydrocarbons reserves. Those risks could have an adverse, significant impact on Eni's future growth prospects, results of operations, cash flows, liquidity, and shareholders' returns.

The production of oil and natural gas is highly regulated and is subject to conditions imposed by governments throughout the world in matters such as the award of exploration and production leases, the imposition of specific drilling and other work obligations, higher-than-average rates of income taxes, additional royalties and taxes on production, environmental protection measures, control over the development and decommissioning of fields and installations, and restrictions on production. A description of the main risks facing the Company's business in the exploration and production of oil and gas is provided below.

Exploratory drilling efforts may be unsuccessful

Exploration activities are mainly subject to mining risk, i.e. the risk of dry holes or failure to find commercial quantities of hydrocarbons. The costs of drilling and completing wells have margins of uncertainty, and drilling operations may be unsuccessful because of a large variety of factors, including geological failure, unexpected drilling conditions, pressure or heterogeneities in formations, equipment failures, well control (blowouts) and other forms of accidents. A large part of the Company exploratory drilling operations is located offshore, including in deep and ultra-deep waters, in remote areas and in environmentally-sensitive locations (such as the Barents Sea, the Gulf of Mexico, deep water leases off West Africa, Indonesia, the Mediterranean Sea and the Caspian Sea). In these locations, the Company generally experiences higher operational risks and more challenging conditions and incurs higher exploration costs than onshore. Furthermore, deep and ultra-deep water operations require significant time before commercial production of discovered reserves can commence, increasing both the operational and the financial risks associated with these activities.

Because Eni plans to make significant investments in executing exploration projects, it is likely that the Company will incur significant amounts of dry hole expenses in future years. Unsuccessful exploration activities and failure to discover additional commercial reserves could reduce future production of oil and natural gas, which is highly dependent

on the rate of success of exploration projects and could have an adverse impact on Eni's future performance, growth prospects and returns.

Development projects bear significant operational risks which may adversely affect actual returns

Eni's future results of operations and business prospects depend in a significant way on its ability to carry out and operate its major projects to develop and market hydrocarbons reserves as planned. Key factors that may affect the economics of these projects include:

- ▶ the outcome of negotiations with joint venture partners, governments and state-owned companies, suppliers and potential customers to define project terms and conditions, including, for example, Eni's ability to negotiate favourable long-term contracts to market gas reserves;
- ▶ timely issuance of permits and licenses by government agencies, including obtaining all necessary administrative authorisations to drill locations, install producing infrastructures, build pipelines and related equipment to transport and market hydrocarbons;
- ▶ the ability to carry out the front-end engineering design in order to prevent the occurrence of technical inconvenience during the execution phase;
- ▶ timely manufacturing and delivery of critical plants and equipment by contractors, like floating production storage and offloading (FPSO) vessels and platforms. For example, due to adoption of emergency measures to contain the spread of the COVID-19 pandemic, activities have slowed down at critical shipyards resulting in delays for the execution of few projects in our portfolio;
- ▶ risks associated with the use of new technologies and the inability to develop advanced technologies to maximise the recoverability rate of hydrocarbons or gain access to previously inaccessible reservoirs;
- ▶ delays in the commissioning and hook-up phase;
- ▶ changes in operating conditions and cost overruns. We expect the prices of key input factors such as labour, basic materials (steel, cement and other metals) and utilities to increase meaningfully in the next year or two due to rising inflationary pressures rippling through the entire supply chain at our development projects driven by higher worldwide demand for commodities and semi-finished goods as well as a shortage of productive factors. However, other input expenses like rental fees of rigs have exhibited less dynamicity due to existence of idle capacity driven by the low level of investments in capital projects in the upstream sector;
- ▶ the actual performance of the reservoir and natural field decline;
- ▶ and the ability and time necessary to build suitable transport infrastructures to export production to final markets.

Development projects normally have long lead times due to complexity of the activities and tasks that need to be performed before a project final investment decision is made and commercial production can be achieved. Those activities include the appraisal of a discovery to evaluate the technical and economic feasibility of the development project, obtaining the necessary authorisations from governments, state agencies or national oil companies, signing agreements with the first party regulating a project's contractual terms such as the production sharing and cost recovery, obtaining partners' approval, environmental permits and other conditions, signing long-term gas contracts, carrying out the concept design and the front-end engineering and building and commissioning the related plants and facilities. All these activities can take years to be finalised. Moreover, projects executed with partners and joint venture partners reduce the ability of the Company to manage risks and costs, and Eni could have limited influence over and control of the operations and performance of its partners.

The occurrence of any of such risks may negatively affect the time-to-market of the reserves and may cause cost overruns and start-up delays, lengthening the project pay-back period. Those would adversely affect the economic returns of Eni's development projects and the achievement of production growth targets, also considering that those projects are exposed to the volatility of oil and gas prices which may be substantially different from those estimated when the investment decision was made, thereby leading to lower return rates.

Finally, if the Company is unable to develop and operate major projects as planned, it could incur significant impairment losses of capitalised costs associated with reduced future cash flows of those projects.

Inability to replace oil and natural gas reserves could adversely impact results of operations and financial condition, including cash flows

In case the Company's exploration efforts are unsuccessful at replacing produced oil and natural gas, its reserves will decline. In addition to being a function of production, revisions and new discoveries, the Company's reserve replacement is also affected by the entitlement mechanism in its production sharing agreements ("PSAs"), whereby the Company is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The higher the reference prices for Brent crude oil used to estimate Eni's proved reserves, the lower the number of barrels necessary to recover the same amount of expenditure, and vice versa.

Future oil and gas production is a function of the Company's

ability to access new reserves through new discoveries, application of improved techniques, success in development activity, negotiations with national oil companies and other owners of known reserves and acquisitions.

An inability to replace produced reserves by discovering, acquiring and developing additional reserves could adversely impact future production levels and growth prospects. If Eni is unsuccessful in meeting its long-term targets of reserve replacement, Eni's future total proved reserves and production will decline.

Uncertainties in estimates of oil and natural gas reserves

The accuracy of proved reserve estimates and of projections of future rates of production and timing of development costs depends on several factors, assumptions and variables, including:

- ▶ the quality of available geological, technical and economic data and their interpretation and judgment;
- ▶ management's assumptions regarding future rates of production and costs and timing of operating and development costs. The projections of higher operating and development costs may impair the ability of the Company to economically produce reserves leading to downward reserve revisions;
- ▶ changes in the prevailing tax rules, other government regulations and contractual terms and conditions;
- ▶ results of drilling, testing and the actual production performance of Eni's reservoirs after the date of the estimates which may drive substantial upward or downward revisions; and
- ▶ changes in oil and natural gas prices which could affect the quantities of Eni's proved reserves since the estimates of reserves are based on prices and costs existing as of the date when these estimates are made.

Lower oil prices may impair the ability of the Company to economically produce reserves leading to downward reserve revisions.

Many of the factors, assumptions and variables underlying the estimation of proved reserves involve management's judgment or are outside management's control (prices, governmental regulations) and may change over time, therefore affecting the estimates of oil and natural gas reserves from year-to-year.

The prices used in calculating Eni's estimated proved reserves are, in accordance with the SEC requirements, calculated by determining the unweighted arithmetic average of the first day-of-the-month commodity prices for the preceding twelve months. Accordingly, the estimated reserves reported as of the end of any given year could be significantly different from the quantities of oil and natural gas that will be ultimately recovered. Any downward revision in Eni's estimated

quantities of proved reserves would indicate lower future production volumes, which could adversely impact Eni's business prospects, results of operations, cash flows and liquidity.

The development of the Group's proved undeveloped reserves may take longer and may require higher levels of capital expenditures than it currently anticipates or the Group's proved undeveloped reserves may not ultimately be developed or produced

As of December 31, 2021, approximately 30% of the Group's total estimated proved reserves (by volume) were undeveloped and may not be ultimately developed or produced. Recovery of undeveloped reserves requires significant capital expenditures and successful drilling operations. The Group's reserve estimates assume it can and will make these expenditures and conduct these operations successfully. These assumptions may not prove to be accurate and are subject to the risk of a structural decline in the prices of hydrocarbons due to a possible acceleration towards a low carbon economy and a shift in consumers' behaviour and preferences. In case of a prolonged decline in the prices of hydrocarbon the Group may not have enough financial resources to make the necessary expenditures to recover undeveloped reserves. The Group's reserve report as of December 31, 2021 includes estimates of total future development and decommissioning costs associated with the Group's proved total reserves of approximately €32.2 billion (undiscounted, including consolidated subsidiaries and equity-accounted entities). It cannot be certain that estimated costs of the development of these reserves will prove correct, development will occur as scheduled, or the results of such development will be as estimated. In case of change in the Company's plans to develop those reserves, or if it is not otherwise able to successfully develop these reserves as a result of the Group's inability to fund necessary capital expenditures or otherwise, it will be required to remove the associated volumes from the Group's reported proved reserves.

The Oil & Gas industry is a capital-intensive business and needs large amount of funds to find and develop reserves. In case the Group does not have access to sufficient funds its Oil & Gas business may decline

The Oil & Gas industry is capital intensive. Eni makes and expects to continue to make substantial capital expenditures in its business for the exploration, development and production of oil and natural gas reserves. Over the next four years, the Company plans to invest in the Oil & Gas business approximately €4.5 billion per year on average. Historically, Eni's capital expenditures have been financed with cash generated from operations, proceeds from asset disposals, borrowings under its credit facilities and proceeds from the issuance of debt and bonds. The actual amount and timing

of future capital expenditures may differ materially from Eni's estimates as a result of, among other things, changes in commodity prices, available cash flows, lack of access to capital, actual drilling results, the availability of drilling rigs and other services and equipment, the availability of transportation capacity, and regulatory, technological and competitive developments. Eni's cash flows from operations and access to capital markets are subject to several variables, including but not limited to:

- ▶ the amount of Eni's proved reserves;
- ▶ the volume of crude oil and natural gas Eni is able to produce and sell from existing wells;
- ▶ the prices at which crude oil and natural gas are sold;
- ▶ Eni's ability to acquire, find and produce new reserves; and
- ▶ the ability and willingness of Eni's lenders to extend credit or of participants in the capital markets to invest in Eni's bonds.

If revenues or Eni's ability to borrow decrease significantly due to factors such as a prolonged decline in crude oil and natural gas prices or a more stringent investment framework on part of lenders and financing institutions due to ESG considerations, Eni might have limited ability to obtain the capital necessary to sustain its planned capital expenditures. If cash generated by operations, cash from asset disposals, or cash available under Eni's liquidity reserves or its credit facilities is not sufficient to meet capital requirements, the failure to obtain additional financing could result in a curtailment of operations relating to development of Eni's reserves, which in turn could adversely affect its results of operations and cash flows and its ability to achieve its growth plans. In addition, funding Eni's capital expenditures with additional debt will increase its leverage and the issuance of additional debt will require a portion of Eni's cash flows from operations to be used for the payment of interest and principal on its debt, thereby reducing its ability to use cash flows to fund capital expenditures and dividends.

Oil & Gas activity may be subject to increasingly high levels of income taxes and royalties

Oil & Gas operations are subject to the payment of royalties and income taxes, which tend to be higher than those payable in many other commercial activities. Furthermore, in recent years, Eni has experienced adverse changes in the tax regimes applicable to Oil & Gas operations in a number of countries where the Company conducts its upstream operations. As a result of these trends, management estimates that the tax rate applicable to the Company's Oil & Gas operations is materially higher than the Italian statutory tax rate for corporate profit, which currently stands at 24%. Management believes that the marginal tax rate in the Oil & Gas industry tends to increase in correlation with higher oil prices, which could make it more difficult for Eni to translate higher oil prices into increased net profit. However, the Company does not expect that the marginal tax rate will decrease in

response to falling oil prices. Adverse changes in the tax rate applicable to the Group's profit before income taxes in its Oil & Gas operations would have a negative impact on Eni's future results of operations and cash flows.

In the current uncertain financial and economic environment, governments are facing greater pressure on public finances, which may induce them to intervene in the fiscal framework for the Oil & Gas industry, including the risk of increased taxation, windfall taxes, and even nationalisations and expropriations. Due to increasing public concern about rising energy costs in connection with the announcement of strong profits for the year 2021 by oil companies, governments may seek ways to reduce the energy bill by increasing the fiscal take on oil companies, also by enacting windfall taxes on companies' extra-profits, or by introducing some forms of price controls.

In March 2022, the Italian government enacted a windfall tax scheme on domestic extra-profits of energy companies. Considering that further legislative and implementing steps are required and since the full set of comparison data, extending till March 2022, are not fully available, to date it not feasible a reliable estimation of the possible impact which however is expected non-significant at Group level.

The present value of future net revenues from Eni's proved reserves will not necessarily be the same as the current market value of Eni's estimated crude oil and natural gas reserves

The present value of future net revenues from Eni's proved reserves may differ from the current market value of Eni's estimated crude oil and natural gas reserves. In accordance with the SEC rules, Eni bases the estimated discounted future net revenues from proved reserves on the 12-month un-weighted arithmetic average of the first day of the month commodity prices for the preceding twelve months. Actual future prices may be materially higher or lower than the SEC pricing used in the calculations. Actual future net revenues from crude oil and natural gas properties will be affected by factors such as:

- ▶ the actual prices Eni receives for sales of crude oil and natural gas;
- ▶ the actual cost and timing of development and production expenditures;
- ▶ the timing and amount of actual production; and
- ▶ changes in governmental regulations or taxation.

The timing of both Eni's production and its incurrence of expenses in connection with the development and production of crude oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. Additionally, the 10% discount factor Eni uses when calculating discounted future net revenues may not be the most appropriate discount

factor based on interest rates in effect from time to time and risks associated with Eni's reserves or the crude oil and natural gas industry in general.

Oil & Gas activity may be subject to increasingly high levels of regulations throughout the world, which may have an impact on the Group's extraction activities and the recoverability of reserves

The production of oil and natural gas is highly regulated and is subject to conditions imposed by governments throughout the world in matters such as the award of exploration and production leases, the imposition of specific drilling and other work obligations, environmental protection measures, control over the development and abandonment of fields and installations, and restrictions on production. These risks can limit the Group's access to hydrocarbons reserves or may cause the Group to redesign, curtail or cease its Oil & Gas operations with significant effects on the Group's business prospects, results of operations and cash flow.

In Italy, the activities of hydrocarbon development and production are performed by oil companies in accordance with concessions granted by the Ministry of Economic Development in agreement with the relevant Region territorially involved in the case of onshore concessions. Concessions are granted for an initial twenty-year term; the concessionaire is entitled to a ten-year extension and then to one or more five-year extensions to fully recover a field's reserves and investments on the condition that the concessionaire has fulfilled all obligations related to the work program agreed in the original concession award. In case of delay in the award of an extension, the original concession remains fully effective until completion of the administrative procedure to grant an extension.

In February 2022, the Italian government adopted a national plan designed to identify areas that are suitable for carrying out exploration, development and production of hydrocarbons in the national territory and offshore territorial waters, in accordance with environmental and other sustainability criteria. The granting of new concessions or the extension of existing ones must comply with the plan criteria. However, Eni's ongoing development concessions located partially or totally in environmentally-sensitive areas retains their efficacy as far as the analysis of economic costs and benefits of the petroleum initiative proves to yield a net benefit.

Eni's future performance depends on its ability to identify and mitigate the above-mentioned risks and hazards which are inherent to its Oil & Gas business. Failure to properly manage those risks, the Company's underperformance at exploration, development and reserve replacement activities or the occurrence of unforeseen regulatory risks may adversely and materially impact the Group's results of operations, cash

flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Risks related to political considerations

As at 31 December 2021, 80% of Eni's proved hydrocarbon reserves were located in non-OECD (Organisation for Economic Co-operation and Development) countries, mainly in Africa, where the socio-political framework, the financial system and the macroeconomic outlook are less stable than in the OECD countries. In those non-OECD countries, Eni is exposed to a wide range of political risks and uncertainties, which may impair Eni's ability to continue operating economically on a temporary or permanent basis, and Eni's ability to access oil and gas reserves. Particularly, Eni faces risks in connection with the following potential issues and risks:

- ▶ socio-political instability leading to internal conflicts, revolutions, establishment of non-democratic regimes, protests, attacks, and other forms of civil disorder and unrest, such as strikes, riots, sabotage, acts of violence and similar events. These risks could result in disruptions to economic activity, loss of output, plant closures and shutdowns, project delays, loss of assets and threats to the security of personnel. They may disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographical areas in which Eni operates. Additionally, any possible reprisals because of military or other action, such as acts of terrorism in Europe, the United States or elsewhere, could have a material adverse effect on the world economy and hence on the global demand for hydrocarbons;
- ▶ lack of well-established and reliable legal systems and uncertainties surrounding the enforcement of contractual rights;
- ▶ unfavourable enforcement of laws, regulations and contractual arrangements leading, for example, to expropriation, nationalisation or forced divestiture of assets and unilateral cancellation or modification of contractual terms;
- ▶ sovereign default or financial instability due to the fact that those countries rely heavily on petroleum revenues to sustain public finance and petroleum revenues have materially contracted in 2020 due plunging hydrocarbons prices as a consequence of the global economic crisis caused by the COVID-19 pandemic. Financial difficulties at country level often translate into failure by state-owned companies and agencies to fulfil their financial obligations towards Eni relating to funding capital commitments in projects operated by Eni or to timely paying for supplies of equity oil and gas volumes;
- ▶ restrictions on exploration, production, imports and exports;

- ▶ tax or royalty increases (including retroactive claims);
- ▶ difficulties in finding qualified international or local suppliers in critical operating environments; and
- ▶ complex processes of granting authorisations or licences affecting time-to-market of certain development projects.

Areas where Eni operates and where the Company is particularly exposed to political risk include, but are not limited to Libya, Venezuela and Nigeria.

Eni's operations in Libya are currently exposed to significant geopolitical risks. The social and political instability of the Country dates back to the revolution of 2011 that brought a change of regime and a civil war, triggering an uninterrupted period of lack of well-established institutions and recurrent events of internal conflict, clashes, disorders and other forms of civil turmoil and unrest between the two conflicting factions. In the year of the revolution, Eni's operations in Libya were materially affected by a full-scale war, which forced the Company to shut down its development and extractive activities for almost all of 2011, with a significant negative impact on the Group's results of operation and cash flow. In subsequent years, Eni has experienced frequent disruptions to its operations, albeit on a smaller scale than in 2011, due to security threats to its installations and personnel. The situation began to improve in September 2020, thanks to a peace agreement between the conflicting factions, which enabled full resumption of operations at all Libyan oilfields, revoking force majeure declared at the start of 2020. In 2021, Eni's production in Libya amounted to 168 kboe/d and was in line with management's plans. Despite this, management believes that Libya's geopolitical situation will continue to represent a source of risk and uncertainty to Eni's operations in the country and to the Group's results of operations and cash flow. Currently, Libyan production represents approximately 10% of the Group's total production; this percentage is forecasted to decrease in the medium-term in line with the expected implementation of the Group's strategy intended to diversify the Group's geographical presence to better balance the geopolitical risk of the portfolio by expanding the Group's presence in the United Arab Emirates and Norway.

Venezuela is currently experiencing a situation of financial stress, which has been exacerbated by the economic recession caused by the effects of the COVID-19 pandemic. Lack of financial resources to support the development of the country's hydrocarbons reserves has negatively affected the country's production levels and hence fiscal revenues. The situation has been made worse by certain international sanctions targeting the country's financial system and its ability to export crude oil to U.S. markets, which is the main outlet of Venezuelan production.

Currently, the Company retains only one asset in Venezuela: the 50%-participated Cardón IV joint venture, which is operating

an offshore natural gas field and is supplying its production to the national oil company, Petroleos de Venezuela SA ("PDVSA"), under a long-term supply agreement. PDVSA has failed to pay regularly the receivables for the gas volumes supplied by Cardón IV and consequently a significant amount of overdue receivables is outstanding at the closing date of the financial year 2021 and a credit loss provision has been booked to reflect the counterparty risk. The Company incurred in past years significant impairment losses and reserves de-bookings at the other main project in Venezuela relating to the PetroJunín onshore oilfield; the residual book value of the property was completely written off in 2021 due to lack of any prospects of economic returns. As at December 31, 2021, Eni's invested capital in Venezuela was approximately €1.3 billion, mainly relating to trade receivable owed to us by PDVSA for the supplies of volumes of equity natural gas produced by the Cardón IV joint venture. Due to a tightening of the international sanction regime, during the course of 2021, Eni was unable to obtain any in-kind reimbursement of its outstanding trade receivables owed by PDVSA.

The Group has significant credit exposure to state-owned and privately-held local companies in Nigeria, where the financial and economic outlook of the country has been made worse by the contraction of petroleum revenues due to the crisis of the oil sector in 2020 caused by the COVID-19 pandemic. Eni's credit exposure amounting to about €0.7 billion relates to the funding of the share of capital expenditures pertaining to Nigerian joint operators at Eni-operated oil projects. Eni has incurred significant credit losses because of the ongoing difficulties of Eni's Nigerian counterparts to reimburse amounts past due.

In Nigeria, the Oil Prospecting License 245 held by Eni expired in May 2021 and a request is pending to convert the license into an oil mining license to start reserve development before the Nigerian authorities in charge. The management believes the request of conversion complies with the contractual terms, deadline, and any other applicable conditions. However, the Nigerian authorities are holding back the approval. Eni has started an arbitration before an ICSID court to preserve the value of its asset.

Sanction targets

The most relevant sanction programs for Eni are those issued by the European Union and the United States of America and in particular, as of today, the restrictive measures adopted by such authorities in respect of Russia and Venezuela.

In response to the Russia-Ukraine crisis of 2014 and again to the Russia invasion of Ukraine of February 2022, the European Union and the United States have enacted a broad regime of sanctions targeting, inter alia, the financial

and energy sectors in Russia by restricting the supply of certain oil and gas items and services to Russia and certain forms of financing and the other measures described in the risk factor on the Russia-Ukraine war above. In response to these restrictions, the Company has put on hold its projects in the upstream sectors in Russia in past years and currently is not engaged in any Oil & Gas project in the country. It is not possible to rule out the possibility that wider sanctions targeting the Russian energy, banking and/or finance industries be implemented. Further sanctions imposed on Russia, Russian citizens or Russian companies by the international community, such as restrictions on purchases of Russian gas by European companies or measures restricting dealings with Russian counterparties, could adversely impact Eni's business, results of operations and cash flow given Eni's exposure to natural gas supplies from Russia as further described in the risk factor on the Russia Ukraine war above. Furthermore, an escalation of the international crisis, resulting in a tightening of sanctions, could entail a significant disruption of energy supply and trade flows globally, which could have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

From 2017, the United States have enacted a regime of economic and financial sanctions against Venezuela. The scope of the restrictions, initially targeting certain financial instruments issued or sold by the Government of Venezuela, was gradually expanded over 2017 and 2018 and then significantly broadened during the course of 2019 when PDVSA, the main national state-owned enterprise, has been added to the "Specially Designated Nationals and Blocked Persons List" and the Venezuelan government and its controlled entities became subject to assets freeze in the United States. Even if such U.S. sanctions are substantially "primary" and therefore dedicated in principle to U.S. persons only, retaliatory measures and other adverse consequences may also interest foreign entities which operate with Venezuelan listed entities and/or in the oil sector of the country. The U.S. sanction regime against Venezuela has been further tightened in the final part of 2020 by restricting any Venezuelan oil exports, including swap schemes utilised by foreign entities to recover trade and financing receivables from PDVSA and other Venezuelan counterparties. This latter tightening of the sanction regime has reduced the Group's ability to collect the trade receivable owed to Eni for its activity in the country in the course of 2021.

Eni carefully evaluates on a case by case basis the adoption of adequate measures to minimise its exposure to any sanctions risk which may affect its business operation. In any case, the U.S. sanctions add stress to the already complex financial, political and operating outlook of the country, which could further limit the ability of Eni to recover its investments in Venezuela.

2 RISKS SPECIFIC TO THE COMPANY'S GAS BUSINESS IN ITALY

Current, negative trends in the gas competitive environment in Europe may impair the Company's ability to fulfil its minimum off-take obligations in connection with its take-or-pay, long-term gas supply contracts

Eni is currently party to a few long-term gas supply contracts with state-owned companies of key producing countries, from where most of the gas supplies directed to Europe are sourced via pipeline (Russia, Algeria, Libya and Norway). These contracts which were intended to support Eni's sales plan in Italy and in other European markets, provide take-or-pay clauses whereby the Company has an obligation to lift minimum, pre-set volumes of gas in each year of the contractual term or, in case of failure, to pay the whole price, or a fraction of that price, up to a minimum contractual quantity. Similar considerations apply to ship-or-pay contractual obligations which arise from contracts with pipeline owners, which the Company has entered into to secure long-term transport capacity. Long-term gas supply contracts with take-or-pay clauses expose the Company to a volume risk, as the Company is obligated to purchase an annual minimum volume of gas, or in case of failure, to pay the underlying price. The structure of the Company's portfolio of gas supply contracts is a risk to the profitability outlook of Eni's wholesale gas business due to the current competitive dynamics in the European gas markets. In past downturns of the gas sector, the Company incurred significant cash outflows in response to its take-or-pay obligations. Furthermore, the Company's wholesale business is exposed to volatile spreads between the procurement costs of gas, which are linked to spot prices at European hubs or to the price of crude oil, and the selling prices of gas which are mainly indexed to spot prices at the Italian hub.

Eni's management is planning to continue its strategy of renegotiating the Company's long-term gas supply contracts in order to constantly align pricing terms to current market conditions as they evolve and to obtain greater operational flexibility to better manage the take-or-pay obligations (volumes and delivery points among others), considering the risk factors described above. The revision clauses included in these contracts state the right of each counterparty to renegotiate the economic terms and other contractual conditions periodically, in relation to ongoing changes in the gas scenario. Management believes that the outcome of those renegotiations is uncertain in respect of both the amount of the economic benefits that will be ultimately obtained and the timing of recognition of profit. Furthermore, in case Eni and the gas suppliers fail to agree on revised contractual terms, both parties can

start an arbitration procedure to obtain revised contractual conditions. All these possible developments within the renegotiation process could increase the level of risks and uncertainties relating the outcome of those renegotiations.

Risks associated with the regulatory powers entrusted to the Italian Regulatory Authority for Energy, Networks and Environment in the matter of pricing to residential customers

Eni's wholesale gas and retail gas and power businesses are subject to regulatory risks mainly in Italy's domestic market. The Italian Regulatory Authority for Energy, Networks and Environment (the "Authority") is entrusted with certain powers in the matter of natural gas and power pricing. Specifically, the Authority retains a surveillance power on pricing in the natural gas market in Italy and the power to establish selling tariffs for the supply of natural gas to residential and commercial users until the market is fully opened. Developments in the regulatory framework intended to increase the level of market liquidity or of deregulation or intended to reduce operators' ability to transfer to customers cost increases in raw materials may negatively affect future sales margins of gas and electricity, operating results and cash flow. In the current environment characterized by rising energy costs, it is increasingly possible that the Authority may enact measures intended to put a cap on the wholesale prices of natural gas and electricity or to reduce the indexation of the cost of the raw materials in pricing formulae applied by retail companies that market natural gas and electricity to residential customers. Our GGP business that engages in the wholesale marketing of natural gas and our Plenitude subsidiary that engages in the retail marketing of natural gas and electricity are exposed to this regulatory risk.

3 RISKS RELATED TO ENVIRONMENTAL, HEALTH AND SAFETY REGULATIONS AND LEGAL RISKS

Eni has incurred in the past, and will continue incurring, material operating expenses and expenditures, and is exposed to business risk in relation to compliance with applicable environmental, health and safety regulations in future years, including compliance with any national or international regulation on greenhouse gas (GHG) emissions

Eni is subject to numerous European Union, international, national, regional and local laws and regulations regarding the impact of its operations on the environment and on health and safety of employees, contractors, communities and on the value of properties. Laws and regulations intended to preserve the environment and to safeguard health and

safety of workers and communities are particularly strict in the Company's businesses due to their inherent nature because of flammability and toxicity of hydrocarbons and of objective risks of industrial processes to develop, extract, refine and transport oil, gas and products. Generally, these laws and regulations require acquisition of a permit before drilling for hydrocarbons may commence, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with exploration, drilling and production activities, including refinery and petrochemical plant operations, limit or prohibit drilling activities in certain protected areas, require to remove and dismantle drilling platforms and other equipment and well plug-in once oil and gas operations have terminated, provide for measures to be taken to protect the safety of the workplace, the health of employees, contractors and other Company collaborators and of communities involved by the Company's activities, and impose criminal or civil liabilities for polluting the environment or harming employees' or communities' health and safety as result from the Group's operations. These laws and regulations control the emission of scrap substances and pollutants, discipline the handling of hazardous materials and set limits to or prohibit the discharge of soil, water or groundwater contaminants, emissions of toxic gases and other air pollutants or can impose taxes on carbon dioxide emissions, as in the case of the European Trading Scheme that requires the payment of a tax for each tons of carbon dioxide emitted in the environment above a pre-set allowance, resulting from the operation of oil and natural gas extraction and processing plants, petrochemical plants, refineries, service stations, vessels, oil carriers, pipeline systems and other facilities owned or operated by Eni.

In addition, Eni's operations are subject to laws and regulations relating to the production, handling, transportation, storage, disposal and treatment of waste. Breaches of environmental, health and safety laws and regulations as in the case of negligent or wilful release of pollutants and contaminants into the atmosphere, the soil, water or groundwater or exceeding the concentration thresholds of contaminants set by the law expose the Company to the incurrence of liabilities associated with compensation for environmental, health or safety damage and expenses for environmental remediation and clean-up. Furthermore, in the case of violation of certain rules regarding the safeguard of the environment and the health of employees, contractors and other collaborators of the Company, and of communities, the Company may incur liabilities in connection with the negligent or wilful violation of laws by its employees as per Italian Law Decree no. 231/2001.

Environmental, health and safety laws and regulations have a substantial impact on Eni's operations. Management expects

that the Group will continue to incur significant amounts of operating expenses and expenditures in the foreseeable future to comply with laws and regulations and to safeguard the environment and the health and safety of employees, contractors and communities involved by the Company operations, including:

- ▶ costs to prevent, control, eliminate or reduce certain types of air and water emissions and handle waste and other hazardous materials, including the costs incurred in connection with government action to address climate change (see the specific section below on climate-related risks);
- ▶ remedial and clean-up measures related to environmental contamination or accidents at various sites, including those owned by third parties;
- ▶ damage compensation claimed by individuals and entities, including local, regional or state administrations, should Eni cause any kind of accident, oil spill, well blowouts, pollution, contamination, emission of air pollutants and toxic gases above permitted levels or of any other hazardous gases, water, ground or air contaminants or pollutants, as a result of its operations or if the Company is found guilty of violating environmental laws and regulations; and
- ▶ costs in connection with the decommissioning and removal of drilling platforms and other facilities, and well plugging at the end of Oil & Gas field production.

As a further consequence of any new laws and regulations or other factors, like the actual or alleged occurrence of environmental damage at Eni's plants and facilities, the Company may be forced to curtail, modify or cease certain operations or implement temporary shutdowns of facilities. If any of the risks set out above materialise, they could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Climate change-related risks

Increasing worldwide efforts to tackle climate change may lead to the adoption of stricter regulations to curb carbon emissions and this may end up suppressing demands for our products in medium-to-long-term

Governments of the nations that have signed the 2015 COP 21 Paris Agreement have been advancing plans and initiatives intended to transition the economy towards a low carbon model in the long run to pursue the objective to limit the temperature increase to 1.5°C above pre-industrial levels and tackle risks of structural modifications to the Earth climate, which would pose serious threat to life on the planet. The scientific community has been sounding alarms over

the potential, catastrophic consequences caused by rising global temperatures to the environment and has established that the release in the atmosphere of carbon dioxide (CO₂) as a result of burning fossil fuels and other human activities and the emissions of other harmful gases like methane are the main drivers of climate change. The rising in frequency and dangerousness of many extreme weather events has been widely recognized as a direct consequence of the climate change such as floods, drought, hurricanes, heat waves, cold snaps, rising sea levels, fires and other environmental mutations, which have been causing material damage to economies, loss of human lives and destruction of ecosystems and other negative impacts. The energy transition, as well as increasingly stricter regulations in the field of CO₂ emission, could adversely and materially affect demands for the Group's products and hence our business, results of operations and prospects.

The dramatic fallout of the COVID-19 pandemic on economic activity and people's lifestyle could have possibly accelerated the evolution toward a low carbon model of development. This is because many governments and the EU deployed massive amounts of resources to help the economy recover and a large part of this economic stimulus has been or is planned to be directed to help transitioning the economy and the energy mix towards a low carbon model, as in the case of the EU's recovery fund, which provides for huge investments in the sector of renewable energies and the green economy, including large-scale adoption of hydrogen as a new energy source.

Those risks may emerge in the short, medium and long-term.

Eni expects that the achievement of the Paris Agreement goal of limiting the rise in temperature to well below 2°C above pre-industrial levels in this century, or the more ambitious goal of limiting global warming to 1.5°C, will strengthen the global response to the issue of climate change and spur governments to introduce measures and policies targeting the reduction of GHG emissions, which are expected to bring about a gradual reduction in the use of fossil fuels over the medium-to-long-term, notably through the diversification of the energy mix, likely reducing local demand for fossil fuels and negatively affecting global demand for oil and natural gas.

Although the Company is investing a significant amount of resources to develop decarbonized products and to grow the generation capacity of renewable power and other low and zero carbon technologies to produce power or absorb carbon dioxide (CO₂) from the atmosphere, the Group's financial performance and business prospects still depends in a substantial way on the legacy business of Exploration & Production. In case demands for hydrocarbons decline rapidly due to widespread adoption of regulations, rules or

international treaties designed to reduce GHG emissions, our results of operations and business prospects may be significantly and negatively affected.

Eni expects its operating and compliance expenses to increase in the short-term due to the likely growing adoption of carbon tax mechanisms. Some governments have already introduced carbon pricing schemes, which can be an effective measure to reduce GHG emissions at the lowest overall cost to society. Currently, about half of the direct GHG emissions coming from Eni's operated assets are included in national or supranational Carbon Pricing Mechanisms, such as the European Emission Trading Scheme (ETS), which provides an obligation to purchase, on the open market, emission allowances in case GHG emissions exceed a pre-set amount of emission allowances allotted for free. In 2021 to comply with this carbon emissions scheme, Eni purchased on the open market allowances corresponding to 12.42 million tonnes of CO₂ emissions incurring expenses of around €660 million, which were significantly higher than in 2020 due to expectations of lower allotment of free allowances by the EU going forward and rising costs of the emissions permits. Due to the likelihood of new regulations in this area and expectations of a reduction in free allowances under the European ETS and the likely adoption of similar schemes by a rising number of governments, Eni is aware of the risk that a growing share of the Group's GHG emissions could be subject to carbon-pricing and other forms of climate regulation in the near future, leading to additional compliance and cost obligations with respect to the release in the atmosphere of carbon dioxide. In the future, we could incur increased investments and significantly higher operating expenses in case the Company is unable to reduce the carbon footprint of its operations. Eni also expects that governments will require companies to apply technical measures to reduce their GHG emissions.

Our portfolio of Oil & Gas properties features a large weight of natural gas, the least GHG-emitting fossil energy source. As of December 31, 2021, natural gas proved reserves represented approximately 51% of Eni's total proved reserves of its subsidiary undertakings and joint ventures. The other constituencies of our portfolio of Oil & Gas properties which are mitigating the risk of stranded assets are the large weight of conventional projects, featuring low CO₂ intensity and the low Brent price of breakeven. We estimate our reserves to have an average breakeven price of about 20 \$/bbl (this estimation includes our proved reserves and a certain amount of unproved reserves), thus underpinning a rapid pay-back period as about 90% of the net present value of those reserves (corresponding to 78% of the underlying boe) is estimated to be recovered by 2035 under the Eni pricing scenario assumptions.

The low breakeven price of our reserves has been driven by our exploration and development model that features: effective exploration concentrated on near-field and proven/mature plays to leverage on existing infrastructures and readily put new reserves into production; selected exploration in risky areas; a focus on low-complexity developments; and a phased approach to putting reserves into production featuring early production start-up and subsequent ramp up to reduce the financial exposure of development projects and accelerate the time-to-market and the pay-back period. Based on those drivers, we have gradually reduced the breakeven price of our reserves and improved the resilience to low carbon scenarios, which considering also the emissive profiles of our assets are expected to mitigate the risk of stranded reserves going forward. The risk of stranded assets might emerge in case of a structural decline in hydrocarbons demands because of stricter global environmental constraints and regulations and changing consumers' preferences resulting in trends like the mass adoption of electric vehicles or a lower weight of hydrocarbons in the energy mix, or regulatory constraints like a global adoption of carbon pricing schemes.

Eni's portfolio exposure to this risk is reviewed annually against changing GHG regulatory regimes, evolving consumers' preferences, technological developments, and physical conditions to identify emerging risks. To test the resilience of new capital projects, Eni assesses potential costs associated with GHG emissions and how projects' returns may be affected. The development process and internal authorization procedures of each E&P capital project feature several checks that may require additional and well detailed GHG and energy management plans to address potential risks of underperformance in relation to possible scenarios of global or regional adoption of regulations introducing mechanisms of carbon cap and trade or carbon pricing. These processes and internal authorization hurdles can lead to projects being stopped, designs being changed, and potential GHG mitigation investments being identified, in preparation for when the economic conditions imposed by new regulations would make these investments commercially compelling.

Management stress-tested the recoverability of the book values of the Company's Oil & Gas assets under the assumptions set forth in the IEA SDS WEO 2021 and also the IEA Net Zero "NZE 2050" scenarios to evaluate the reasonableness of the outcome of the impairment review of those assets under the base case management scenario as well as possible risks of stranded assets. Those stress tests covered the whole of the Oil & Gas cash generating units (CGUs) that are regularly tested for impairment in accordance with IAS 36. The IEA SDS sets out an energy

pathway consistent with the goal of achieving universal energy access by 2030 and of reducing energy-related CO₂ emissions and air pollution in line with the goals of the Paris Agreement, which endorse effective action to combat climate change by holding the rise in global average temperature in this century to well below 2°C with respect to the baseline before the Industrial Revolution and to pursuing efforts to limit it to 1.5°C.

The NZE 2050 scenario draws a roadmap to achieve net zero emissions by 2050 (i.e. twenty years earlier than the SDS scenario) under the assumptions of an immediate stop to new Oil & Gas projects, a 75% reduction in global demands

for oil by 2050 and a strong push towards electrification, energy efficiency and radical modifications in consumers' behavior and preferences, calling for robust and concerted action by governments across the world.

In the table below, the outcome of the stress-test analysis is reported. Eni's estimations of the value in use of its Oil & Gas assets are performed at the management's oil price scenario and by valuing proved reserves and certain amounts of unproved reserves. The sensitivity analysis performed utilizing the NZE 2050 scenario does not include any cost revisions or rephasing or rescheduling of developing activities. Further information is disclosed in the notes to the financial statements.

	Value in use of the O&G CGUs Headroom vs. Carrying amounts		Assumption at 2050 in real terms USD 2020		
	Tax-deductible CO ₂ charges	Non tax-deductible CO ₂ charges	Brent price	European gas price	Cost of CO ₂
Eni's scenario	~90%	-	46 \$/bbl	6.2 \$/mmBTU	CO ₂ costs projections in the EU/ETS + projections of forestry costs
IEA SDS WEO 2021 scenario	76%	75%	50 \$/bbl	4.5 \$/mmBTU	200-95 per tonne of CO ₂ *
IEA NZE 2050 scenario	35%	32%	24 \$/bbl	3.6 \$/mmBTU	250-55 per tonne of CO ₂ *

(*) Prices relating to advanced/emerging economies.

In the long-term demands for hydrocarbons may be materially reduced by the projected mass adoption of electric vehicles, the development of green hydrogen, the deployment of massive investments to grow renewable energies also supported by governments fiscal policies and the development of other technologies to produce clean feedstock, fuels and energy

In the long-term, the role of hydrocarbons in satisfying a large portion of the energy needs of the global economy may be displaced by the emergence of new products and technologies, as well as by changing consumers' preferences. The automotive industry is investing material amounts of resources to upgrade its assembly line to ramp up production of electric vehicles (EVs) and to boost the EVs line-up, with R&D efforts focused on reducing the performance and cost gap with the internal-combustion-engine cars and light-duty vehicles, particularly by extending batteries range. The EV market has attracted large amounts of venture capital and financing, which have propelled the growth of an entirely new batch of pure-EV players, which are introducing smart EV models to gain consumers preference and market share, fuelling continuing innovation in the sector and accelerating the strategic shift of well-established car companies. Sales of EVs have grown exponentially in 2021, also thanks to fiscal incentives designed to increase the affordability of

EVs by middle and low-income households, and according to market projections sales of EVs will surpass internal-combustion-engine sales by 2030 also helped by proposed measures to be introduced by states and local administration to ban sales of new internal-combustion-engine cars. This trend could disrupt in the long-term the consumption of gasoline which is one of the main drivers of global crude oil demand. Other potentially disruptive technologies designed to produce clean energy and fuels are emerging, driven by the development of hydrogen-based solutions as an energy vector or the utilization of renewables feedstock to manufacture fuels and other goods replacing oil-based products. Production of hydrogen by means of green technologies will also reduce hydrocarbons demands. The electricity generation from wind power or solar technologies is projected to grow massively in line with the stated targets by several governments and institutions like the EU, the USA and the UK to decarbonize the electricity sector in the next one or two decades, replacing gas-fired generation.

These trends could disrupt demand for hydrocarbons in the future, with many forecasters, both within the industry, or state agencies and independent observers predicting peak oil demand in the next ten years or earlier; some operators still consider 2019 as the peak year for oil demand.

A large portion of Eni's business depends on the global demand for oil and natural gas. If existing or future laws, regulations, treaties, or international agreements related to GHG and climate change, including state incentives to conserve energy or use alternative energy sources, technological breakthroughs in the field of renewable energies, hydrogen, production of nuclear energy or mass adoption of electric vehicles trigger a structural decline in worldwide demand for oil and natural gas, Eni's results of operations and business prospects may be materially and adversely affected.

Supranational institutions, like the United Nations, civil society and the scientific community are calling for bold action to tackle climate change and this may lead governments to take extraordinary measures to cut carbon emissions

The United Nations, representatives from the civil society, some Non-Governmental Organizations ("NGO"), international institutions and the scientific community have become increasingly vocal about the dramatic consequences of climate change for the life on the planet, warning about irreversible damages to the ecosystem and calling for drastic and immediate actions by governments to tackle the emergency. In a report issued on May 18, 2021 the International Energy Agency has claimed that to reach net-zero GHG emissions by 2050 and commitments set out in the Paris Agreement, there must be an immediate ban on investments in new oil and gas projects. In response to those requests for intervention, it is possible that certain governments in jurisdictions where we operate may deny permissions to start new oil and gas projects or may impose further restrictions on drilling and other field activities or ban Oil & Gas operations altogether. These possible developments could significantly and negatively affect our business's prospects and results of operations.

We are exposed to growing legal risks in connection with the hundreds of lawsuits pending in various jurisdictions against Oil & Gas companies claiming compensation for damages associated with climate change or other restrictive measures

In May 2021, a Dutch court ordered Royal Dutch Shell Plc to reduce its greenhouse gas emissions by a certain amount by 2030 upholding requests of the claimants Dutch environmentalist associations, arguing that the Company had violated human rights and an unwritten principle of duty of care towards the environment. This sentence could pave the way for additional lawsuits against Oil & Gas companies or influence the outcome of already pending similar proceedings.

In some countries, governments, regulators, organizations,

NGOs and individuals have filed lawsuits seeking to hold Oil & Gas companies liable for costs associated with climate change. For example, we are defending in California against claims of damage compensation from local administrations and certain associations of individuals in connection with alleged consequences of climate change which could have disrupted economic activities and caused damage to the environment.

There are also risks that governments, regulators, organizations, NGOs and individuals may sue us for alleged crimes against the environment in connection with past and present GHG emissions related to our operations and the use of the products we have manufactured.

In case the Company is condemned to reduce its GHG emissions at a much faster rate than planned by management or to compensate for damage related to climate change as a result of these ongoing or potential lawsuits, we could incur a material adverse effect on our results of operations and business's prospects.

Asset managers, banks and other financing institutions have been increasingly adopting ESG criteria in their investment and financing decisions and this could reduce the attractiveness of our share or limit our ability to access the capital markets

Many professional investors like asset managers, mutual funds, global allocation funds, generalist investors and pensions funds have been reducing their exposure to the fossil fuel industry due to the adoption of stricter ESG criteria in selecting investing opportunities. In some cases, those funds have adopted climate change targets in determining their policies of asset allocations. Many of them have announced plans to completely divest from the fossil fuel industry. This trend could reduce the market for our share and negatively affect shareholders' returns. Likewise, professional investors, banks, financing institutions and also insurance companies are cutting exposure to the fossil fuel industry due to the need to comply with ESG mandate or to reach emission reduction targets in their portfolios and this could limit our ability to access new financing, could drive a rise in borrowing costs to us or increase the costs of insuring our assets. During COP 26 at Glasgow (UK), 450 financial institutions, mostly banks and pension funds, in 45 countries with assets estimated at \$130 trillion have committed to limiting greenhouse gas emissions in their portfolios. The finance pledge, known as the Glasgow Financial Alliance for Net Zero (GFANZ), will mean that by 2050 all the assets under management by the institutions that signed on can be counted toward a net-zero emission pathway. However, this pledge does not preclude the continued funding of fossil fuels for the foreseeable future.

As a result of these trends we expect the cost of capital to the Company to rise in the future and less ability on part of Eni to obtain financing for future projects or to obtain it at competitive rates, which may reduce our investment opportunities or drive an increase in financing expenses, negatively affecting our results of operations and business prospects.

Activist shareholders have been increasingly pressuring Oil & Gas companies to accelerate the shift to renewable energies and to reduce CO₂ emissions and this may interfere with management's plans and lead to sub-optimal investment decisions

In 2021, activist shareholders succeeded in passing a non-binding shareholders resolution to force Chevron into cutting its carbon emissions, including those relating to the products the company sells to its customers. Similar resolutions were also approved at other U.S. Oil & Gas companies.

Meanwhile, an activist hedge fund conducted a successful proxy fight at ExxonMobil and won a few seats in its board of directors. This will likely lead to greater scrutiny of the company strategies and capital allocation plans by the board.

These events underscore the growing pressure from investors and capital markets on Oil & Gas companies towards a future based on renewables energies and an acceleration in the phase-out of investments into fossil fuels. We believe that our company is exposed to that kind of risk.

Extreme weather phenomena, which has been widely recognized as a direct consequence of climate change, may disrupt our operations

The scientific community has concluded that increasing global average temperature produces significant physical effects, such as the increased frequency and severity of hurricanes, storms, droughts, floods, or other extreme climatic events that could interfere with Eni's operations and damage Eni's facilities. Extreme and unpredictable weather phenomena can result in material disruption to Eni's operations, and consequent loss of or damage to properties and facilities, as well as a loss of output, loss of revenues, increasing maintenance and repair expenses and cash flow shortfall.

We are exposed to reputational risks in connection with the public perception of Oil & Gas companies as entities primarily responsible for the climate change

There is a reputational risk linked to the fact that oil companies are increasingly perceived by governments, financial institutions and the general public as entities primarily responsible for global warming due to

GHG emissions across the hydrocarbon value chain, particularly related to the use of energy products, and as poorly-performing players alongside ESG dimensions. This could possibly impair the company reputation and the social license to operate. This could also make Eni's shares and debt instruments less attractive to banks, funds and individual investors who have been increasingly applying ESG criteria and have been growing cautions in assessing the risk profile of oil and gas companies due to their carbon footprint when making investment and lending decisions.

As a result of these trends, climate-related risks could have a material and adverse effect on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Eni is exposed to the risk of material environmental liabilities in addition to the provisions already accrued in the consolidated financial statement

Eni has incurred in the past and may incur in the future material environmental liabilities in connection with the environmental impact of its past and present industrial activities. Eni is also exposed to claims under environmental requirements and, from time to time, such claims have been made against it. Furthermore, environmental regulations in Italy and elsewhere typically impose strict liability. Strict liability means that in some situations Eni could be exposed to liability for clean-up and remediation costs, environmental damage, and other damages as a result of Eni's conduct of operations that was lawful at the time it occurred or of the conduct of prior operators or other third parties. In addition, plaintiffs may seek to obtain compensation for damage resulting from events of contamination and pollution or in case the Company is found liable for violations of any environmental laws or regulations. In Italy, Eni is exposed to the risk of expenses and environmental liabilities in connection with the impact of its past activities at certain industrial hubs where the Group's products were produced, processed, stored, distributed or sold, such as chemical plants, mineral-metallurgic plants, refineries and other facilities, which were subsequently disposed of, liquidated, closed or shut down. At these industrial hubs, Eni has undertaken several initiatives to remediate and clean up proprietary or concession areas that were allegedly contaminated and polluted by the Group's industrial activities. State or local public administrations have sued Eni for environmental and other damages and for clean-up and remediation measures in addition to those which were performed by the Company, or which the Company has committed to performing. In some cases, Eni has been sued for alleged breach of criminal laws (for example for

alleged environmental crimes such as failure to perform soil or groundwater reclamation, environmental disaster and contamination, discharge of toxic materials, amongst others). Although Eni believes that it may not be held liable for having exceeded in the past pollution thresholds that are unlawful according to current regulations but were allowed by laws then effective, or because the Group took over operations from third parties, it cannot be excluded that Eni could potentially incur such environmental liabilities. Eni's financial statements account for provisions relating to the costs to be incurred with respect to clean ups and remediation of contaminated areas and groundwater for which legal or constructive obligations exist and the associated costs can be reasonably estimated in a reliable manner, regardless of any previous liability attributable to other parties. The accrued amounts represent management's best estimates of the Company's existing liabilities. Management believes that it is possible that in the future Eni may incur significant or material environmental expenses and liabilities in addition to the amounts already accrued due to: (i) the likelihood of as yet unknown contamination; (ii) the results of ongoing surveys or surveys to be carried out on the environmental status of certain Eni's industrial sites as required by the applicable regulations on contaminated sites; (iii) unfavourable developments in ongoing litigation on the environmental status of certain of the Company's sites where a number of public administrations, the Italian Ministry of the Environment or third parties are claiming compensation for environmental or other damages such as damages to people's health and loss of property value; (iv) the possibility that new litigation might arise; (v) the probability that new and stricter environmental laws might be implemented; and (vi) the circumstance that the extent and cost of environmental restoration and remediation programs are often inherently difficult to estimate leading to underestimation of the future costs of remediation and restoration, as well as unforeseen adverse developments both in the final remediation costs and with respect to the final liability allocation among the various parties involved at the sites. As a result of these risks, environmental liabilities could be substantial and could have a material adverse effect on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Risks related to legal proceedings and compliance with anti-corruption legislation

Eni is the defendant in a number of civil and criminal actions and administrative proceedings. In future years Eni may incur significant losses due to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into

consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements or to judge a negative outcome only as possible or to conclude that a contingency loss could not be estimated reliably; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to circumstances that are often inherently difficult to estimate. Certain legal proceedings and investigations in which Eni or its subsidiaries or its officers and employees are defendants involve the alleged breach of anti-bribery and anti-corruption laws and regulations and other ethical misconduct. Such proceedings are described in the notes to the condensed consolidated interim financial statements, under the heading "Legal Proceedings". Ethical misconduct and noncompliance with applicable laws and regulations, including noncompliance with anti-bribery and anti-corruption laws, by Eni, its officers and employees, its partners, agents or others that act on the Group's behalf, could expose Eni and its employees to criminal and civil penalties and could be damaging to Eni's reputation and shareholder value.

4 INTERNAL CONTROL RISKS

Risks from acquisitions

Eni is constantly monitoring the oil and gas market in search of opportunities to acquire individual assets or companies with a view of achieving its growth targets or complementing its asset portfolio. Acquisitions entail an execution risk – the risk that the acquirer will not be able to effectively integrate the purchased assets so as to achieve expected synergies. In addition, acquisitions entail a financial risk – the risk of not being able to recover the purchase costs of acquired assets, in case a prolonged decline in the market prices of oil and natural gas occurs. Eni may also incur unanticipated costs or assume unexpected liabilities and losses in connection with companies or assets it acquires. If the integration and financial risks related to acquisitions materialise, expected synergies from acquisition may fall short of management's targets and Eni's financial performance and shareholders' returns may be adversely affected.

Eni's crisis management systems may be ineffective

Eni has developed contingency plans to continue or recover operations following a disruption or incident. An inability to restore or replace critical capacity to an agreed level within an agreed period could prolong the impact of any disruption and could severely affect business, operations and financial results. Eni has crisis management plans and the capability to deal with emergencies at every level of its operations. If Eni does not respond or is not seen to respond in an appropriate manner to either an external or internal crisis, this could

adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Disruption to or breaches of Eni's critical IT services or digital infrastructure and security systems could adversely affect the Group's business, increase costs and damage Eni's reputation

The Group's activities depend heavily on the reliability and security of its information technology (IT) systems and digital security. The Group's IT systems, some of which are managed by third parties, are susceptible to being compromised, damaged, disrupted or shutdown due to failures during the process of upgrading or replacing software, databases or components, power or network outages, hardware failures, cyber-attacks (viruses, computer intrusions), user errors or natural disasters. The cyber threat is constantly evolving. The oil and gas industry is subject to fast-evolving risks from cyber threat actors, including nation states, criminals, terrorists, hacktivists and insiders. Attacks are becoming more sophisticated with regularly renewed techniques while the digital transformation amplifies exposure to these cyber threats. The adoption of new technologies, such as the Internet of Things (IoT) or the migration to the cloud, as well as the evolution of architectures for increasingly interconnected systems, are all areas where cyber security is a very important issue. The Group and its service providers may not be able to prevent third parties from breaking into the Group's IT systems, disrupting business operations or communications infrastructure through denial-of-service attacks, or gaining access to confidential or sensitive information held in the system. The Group, like many companies, has been and expects to continue to be the target of attempted cybersecurity attacks. While the Group has not experienced any such attack that has had a material impact on its business, the Group cannot guarantee that its security measures will be sufficient to prevent a material disruption, breach or compromise in the future. As a result, the Group's activities and assets could sustain serious damage, services to clients could be interrupted, material intellectual property could be divulged and, in some cases, personal injury, property damage, environmental harm and regulatory violations could occur. If any of the risks set out above materialise, they could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

Violations of data protection laws carry fines and expose the Company and/or its employees to criminal sanctions and civil suits

Data protection laws and regulations apply to Eni and its joint ventures and associates in the vast majority of countries

in which they do business. The General Data Protection Regulation (EU) 2016/679 (GDPR) came into effect in May 2018 and increased penalties up to a maximum of 4% of global annual turnover for breach of the regulation. The GDPR requires mandatory breach notification, a standard also followed outside of the EU (particularly in Asia). Non-compliance with data protection laws could expose Eni to regulatory investigations, which could result in fines and penalties as well as harm the Company's reputation. In addition to imposing fines, regulators may also issue orders to stop processing personal data, which could disrupt operations. The Company could also be subject to litigation from persons or corporations allegedly affected by data protection violations. Violation of data protection laws is a criminal offence in some countries, and individuals can be imprisoned or fined. If any of the risks set out above materialise, they could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

5 RISKS RELATED TO FINANCIAL MATTERS

Exposure to financial risk - Eni is exposed to treasury and trading risks, including liquidity risk, interest rate risk, foreign exchange risk, commodity price risk and credit risk and may incur substantial losses in connection with those risks

Eni's business is exposed to the risk that changes in interest rates, foreign exchange rates or the prices of crude oil, natural gas, LNG, refined products, chemical feedstocks, power and carbon emission rights will adversely affect the value of assets, liabilities or expected future cash flows.

The Group does not hedge its exposure to volatile hydrocarbons prices in its business of developing and extracting hydrocarbons reserves and other types of commodity exposures (e.g. exposure to the volatility of refining margins and of certain portions of the gas long-term supply portfolio) except for specific markets or business conditions. The Group has established risk management procedures and enters derivatives commodity contracts to hedge exposure to the commodity risk relating to commercial activities, which derives from different indexation formulas between purchase and selling prices of commodities. However, hedging may not function as expected. In addition, Eni undertakes commodity trading to optimise commercial margins or with a view of profiting from expected movements in market prices. Although Eni believes it has established sound risk management procedures to monitor and control commodity trading, this

activity involves elements of forecasting and Eni is exposed to the risks of incurring significant losses if prices develop contrary to management expectations and of default of counterparties.

Eni is exposed to the risks of unfavourable movements in exchange rates primarily because Eni's consolidated financial statements are prepared in Euros, whereas Eni's main subsidiaries in the Exploration & Production sector are utilising the U.S. dollar as their functional currency. This translation risk is normally unhedged.

Furthermore, Eni's euro-denominated subsidiaries incur revenues and expenses in currencies other than the euro or are otherwise exposed to currency fluctuations because prices of oil, natural gas and refined products generally are denominated in, or linked to, the U.S. dollar, while a significant portion of Eni's expenses are incurred in euros and because movements in exchange rates may negatively affect the fair value of assets and liabilities denominated in currencies other than the euro. Therefore, movements in the U.S. dollar (or other foreign currencies) exchange rate versus the euro affect results of operations and cash flows and year-on-year comparability of the performance. These exposures are normally pooled at Group level and net exposures to exchange rate volatility are netted on the marketplace using derivative transactions. However, the effectiveness of such hedging activity is uncertain, and the Company may incur losses also of significant amounts. As a rule of thumb, a depreciation of the U.S. dollar against the euro generally has an adverse impact on Eni's results of operations and liquidity because it reduces booked revenues by an amount greater than the decrease in U.S. dollar-denominated expenses and may also result in significant translation adjustments that impact Eni's shareholders' equity.

Eni is exposed to fluctuations in interest rates that may affect the fair value of Eni's financial assets and liabilities as well as the amount of finance expense recorded through profit. Eni enters into derivative transactions with the purpose of minimising its exposure to the interest rate risk.

Eni's credit ratings are potentially exposed to risk from possible reductions of sovereign credit rating of Italy. On the basis of the methodologies used by Standard & Poor's and Moody's, a potential downgrade of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as Eni and make it more likely that the credit rating of the debt instruments issued by the Company could be downgraded.

Eni is exposed to credit risk. Eni's counterparties could default, could be unable to pay the amounts owed to it in

a timely manner or meet their performance obligations under contractual arrangements. These events could cause the Company to recognise loss provisions with respect to amounts owed to it by debtors of the Company. In recent years, the Group has experienced a significant level of counterparty default due to the severity of the economic and financial downturn that has negatively affected several Group counterparties, customers and partners and to the fact that Italy, which is still the largest market to Eni's gas wholesale and retail businesses, has underperformed other OECD countries in terms of GDP growth. Those trends have been aggravated by the 2020 economic crisis triggered by the COVID-19 pandemic, resulting in a significantly deteriorated credit and financial profile of many of Eni's counterparties, including joint operators and national oil companies in Eni's upstream projects, retail customers in the gas retail business and other industrial accounts. In 2021, the enduring effects of the pandemic and, in the final months of 2021 the significant rise in the volatility of energy markets have weighed significantly on the capacity of certain of Eni's customers, joint operators or state-owned companies to fulfil payments obligations towards the Company.

Eni believes that the management of doubtful accounts in the post pandemic environment and in a scenario featured by greater commodity volatility represents a risk to the Company, which will require management focus and commitment going forward. Eni cannot exclude the recognition of significant provisions for doubtful accounts in future reporting periods. Management is closely monitoring exposure to the counterparty risk in its Exploration & Production business due to the magnitude of the exposure at risk and to the long-lasting effects of the oil price downturn on its industrial partners. Also the retail Gas & Power business managed by Plenitude is particularly exposed to credit risk due to its large and diversified customer base, which includes a large number of medium and small-sized businesses and retail customers whose financial condition could deteriorate in case the Italian recovery is weaker than anticipated.

If any of the risks set out above materialises, this could adversely impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or that the Group is unable to sell its assets on the marketplace to meet short-

term financial requirements and to settle obligations. Such a situation would negatively affect the Group's results of operations and cash flows as it would result in Eni incurring higher borrowing expenses to meet its obligations or, under the worst conditions, the inability of Eni to continue as a going concern. Global financial markets are volatile due to several macroeconomic risk factors, including the fiscal outlook of the hydrocarbons-producing countries. In case new restrictive measures in response to a resurgence of the pandemic or the war in Ukraine lead to a double-dip in economic activity and energy demand, in the event of extended periods of constraints in the financial markets, or if Eni is unable to

access the financial markets (including cases where this is due to Eni's financial position or market sentiment as to Eni's prospects) at a time when cash flows from Eni's business operations may be under pressure, the Company may incur significantly higher borrowing costs than in the past or difficulties obtaining the necessary financial resources to fund Eni's development plans, therefore jeopardising Eni's ability to maintain long-term investment programs. Low investments to develop Eni's reserves may significantly and negatively affect Eni's business prospects, results of operations and cash flows, and may impact shareholder returns, including dividends or share price.

Outlook

For the main business and economic-financial evolutions please refer to the following sections: Strategy, Financial Review (Possible evolution in respect of the war in Ukraine) and Risk factor and uncertainties.