

Eni in 2020

Summary
annual
report





Mission

We are an energy company.

- 13 | 15** We concretely support a just energy transition, with the objective of preserving our planet
- 7 | 12** and promoting an efficient and sustainable access to energy for all.
- 9** Our work is based on passion and innovation, on our unique strengths and skills,
- 5 | 10** on the equal dignity of each person, recognizing diversity as a key value for human development, on the responsibility, integrity and transparency of our actions.
- 17** We believe in the value of long-term partnerships with the Countries and communities where we operate, bringing long-lasting prosperity for all.

The mission represents more explicitly the Eni's path to face the global challenges, contributing to achieve the SDGs determined by the UN in order to clearly address the actions to be implemented by all the involved players.

Global goals for a sustainable development

The 2030 Agenda for Sustainable Development, presented in September 2015, identifies the 17 Sustainable Development Goals (SDGs) which represent the common targets of sustainable development on the current complex social problems. These goals are an important reference for the international community and Eni in managing activities in those Countries in which it operates.



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INFORMATION ABOUT THIS REPORT

This summary review comprises an extract of the description of the businesses, the management's discussion and analysis of financial condition and results of operations and certain other Company information from Eni's Annual Report for the year ended December 31, 2020. It does not contain sufficient information to allow as full an understanding of financial results, operating performance and business developments of Eni as "Eni 2020 Annual Report" and "Eni's Annual Report on Form 20-F 2020". It is not deemed to be filed or submitted with any Italian or US market or other regulatory authorities. You may obtain a copy of "Summary Annual Review - Eni in 2020", "Annual Report 2020", "Annual Report on Form 20-F 2020" and "Fact Book 2020" on request, free of charge, through an e-mail request addressed to the mailbox: request@eni.com. These reports may be downloaded from Eni's website under the section "Publications". Financial data presented in this report is based on consolidated financial statements prepared in accordance with the IFRS endorsed by the EU. This report contains certain forward-looking statements particularly those regarding capital expenditure, development and management of Oil & Gas resources, dividends and share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the impact of the pandemic disease; the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and regulations; development and use of new technologies; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. As Eni shares, in the form of ADRs, are listed on the New York Stock Exchange (NYSE), an Annual Report on Form 20-F has been filed with the US Securities and Exchange Commission in accordance with the US Securities Exchange Act of 1934. Eni discloses on its Annual Report on Form 20-F significant ways in which its corporate governance practices differ from those mandated for US companies under NYSE listing standards. The term "shareholders" in this report means, unless the context otherwise requires, investors in the equity capital of Eni SpA, both direct and/or indirect. Eni shares are traded on the Italian Stock Exchange (Mercato Telematico Azionario) and on the New York Stock Exchange (NYSE) under the ticker symbol "E".

Our activities

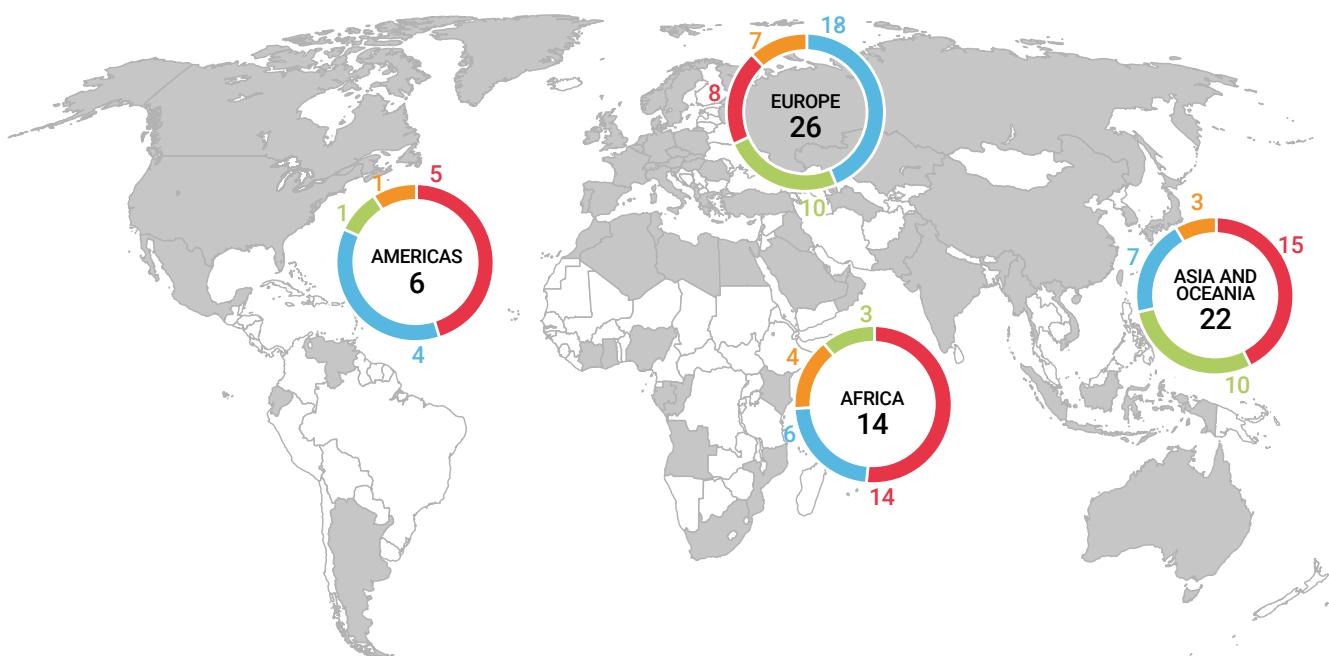
Eni is a global energy company, engaged in the entire value chain: from the exploration, development and extraction of oil and natural gas, to the generation of electricity from cogeneration and renewable sources, traditional and biorefining and chemicals, and the development of circular economy processes. Eni extends its reach to end markets, selling gas, electricity and products to retail and business customers and local markets. Both CO₂ capture and storage initiatives and forest conservation projects (REDD+ initiatives) will be implemented to absorb residual emissions.

Consolidated expertise, technologies and geographical distribution of assets are Eni levers to strengthen its presence along the value chain.

Along this path, Eni is committed to become a leading company in the production and sale of decarbonized energy products, increasingly customer-oriented.

- Decarbonization will be achieved through the implementation and strengthening of existing technologies and activities such as biorefineries with an increasing input of raw material from waste;
- Circular economy with increased use of biomethane, waste products and recycling of end products;
- Efficiency and digitalization in operations and customer services;
- Renewables through increased capacity and integration with the retail business;
- Blue and green hydrogen to power Eni biorefineries and other highly energy-intensive industrial activities;
- Natural or artificial carbon capture to absorb residual emissions through REDD+ forest conservation initiatives and CCS projects.

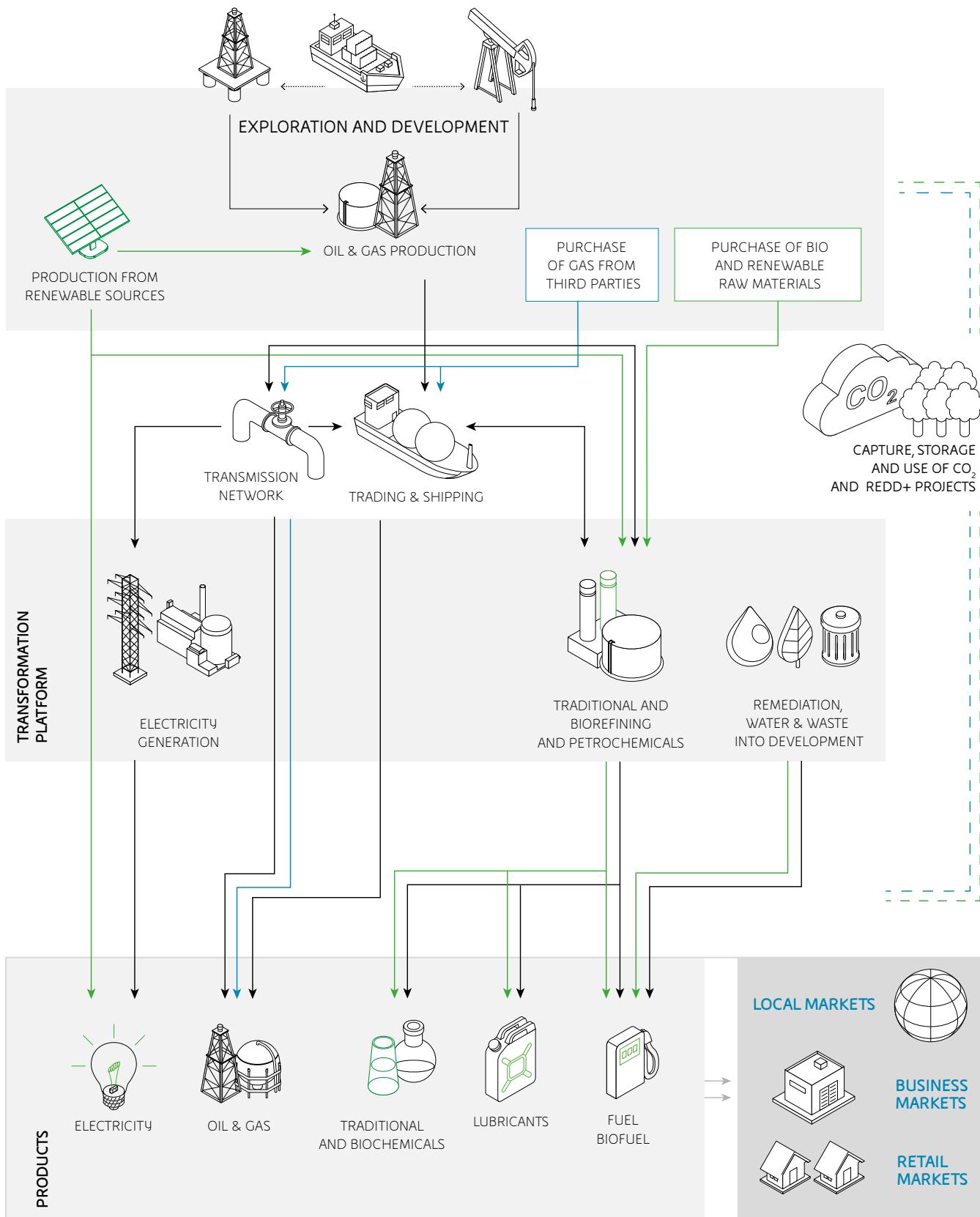
Gas will be an important support to intermittent sources in the energy transition.



- EXPLORATION & PRODUCTION
- GLOBAL GAS & LNG PORTFOLIO
- REFINING & MARKETING AND CHEMICALS
- ENI GAS E LUCE, POWER & RENEWABLES

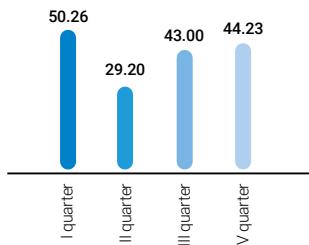
operating in 68
Countries

beyond 31,000
our employees

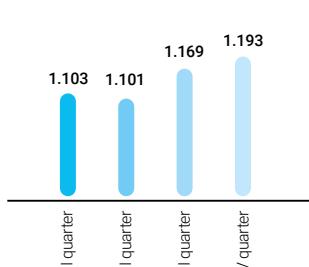


2020 at a glance

Average Brent dated price (\$/BBL)



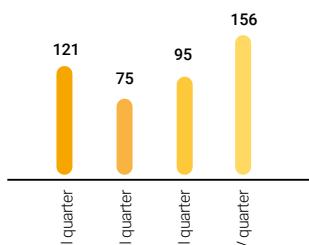
Average exchange rate EUR/USD



SERM (\$/BBL)



PSV (€/kcm)



The average price of the Brent benchmark crude oil decreased by 35% compared to the previous year, with an annual average of approximately 42 \$/barrel; the price of natural gas at the Italian spot market "PSV" declined on average by 35% and the Standard Eni Refining Margin SERM recorded the worst performance (down by 60%).

BOOSTING OUR TRANSFORMATION

→ The trading environment in 2020 saw the largest drop in oil demand in history (down by an estimated 9% y-o-y) driven by the lockdown measures implemented globally to contain the spread of the COVID-19 pandemic causing a material hit to economic activity, international commerce and travel.

→ The pandemic-induced demand shock led to a collapse in the prices and margins of commodities: the Brent crude oil benchmark was down by 35% y-o-y, the benchmark price of natural gas at the Italian spot market was down by 35% and the Eni benchmark refining margin "SERM" was down by 60%, which materially and adversely affected the Group results of operations and cash flow.

→ To cope with the fallouts of the crisis, management took decisive actions to preserve the Company's liquidity and to strengthen the balance sheet, while aiming to increase the profitability of operations and the financial resiliency. The Company is set to resume growing once the macro backdrop normalizes.

→ Revised the Company's strategy and plans for the short-to-medium term leveraging on a reduction of €8 billion in the outlays for expenses and capital expenditures in the two-year period 2020-2021, more exposed to the downturn, with the subsequent reshaping of the growth profile of production and the definition of a dividend policy based on a fixed component, subject to a continuous re-evaluation process, following the achievement of certain Eni's industrial targets and a variable component indexed to the scenario, in order to adapt the dividend to market volatility; the share buy-back program is temporarily suspended.

In this context, in June 2020 Eni reshaped its organization by setting up two new Business Groups: Natural Resources, which will maximize the value of Eni's Oil & Gas upstream portfolio from a sustainable perspective, with the objective of reducing its carbon footprint by scaling up energy efficiency and the development of projects for the capture and storage of carbon dioxide, and the Energy Evolution, which will focus on growing the businesses of power generation, transformation and marketing of products from fossil to bio, blue and green. The two Business Groups will work in synergy with the help of R&D and digitalization to implement Eni's plans and to achieve Eni's decarbonization goals by 2050. The segment information of the Group statutory financial reporting has been upgraded by disclosing the results of the new operating segment "Eni gas e luce, Power & Renewables".



LEADING ENERGY TRANSITION

Carbon neutral by 2050



LEVERAGING INTEGRATION

Combining renewables & customers



FINANCIAL ROBUSTNESS

2024 cash neutrality < 40 \$/bbl



STAKEHOLDER VALUE CREATION

Enhanced remuneration

After having successfully managed the global crisis of the sector in 2020 thanks to the quality of its assets and the ability of the organization to adapt and react, Eni is now ready to face the challenges of the next decade, of the post-pandemic recovery and the energy transition, being able to count on a clear vision of the future evolution of the Company, robust emission targets consistent with the Paris agreements and a well-defined path of growth in decarbonized products, as well as a progressive reduction of the weight of fossil fuels in the production portfolio. Proprietary technologies, business integration, digitalization and our competences will be the driving force behind this evolution.

2020 RESULTS BY BUSINESS GROUPS

NATURAL RESOURCES



Production: 1,733 kboe/d

Discovered resources: 400 mmboe

Gas & LNG: EBIT €330 mln (+70%)

Forestry REDD+: offset 1.5 mmton CO₂eq.; CCUS UK license awarded

ENERGY EVOLUTION



Renewables: 1 GW capacity installed and sanctioned

Entered world's largest offshore wind project in UK

Retail G&P: EBIT €330 mln (+17%)

Biorefining & Marketing: EBIT €550 mln (+27%)

€1.9 bln

Adjusted operating profit

€6.7 bln

Adjusted net cash before changes in working capital at replacement cost

€11.6 bln

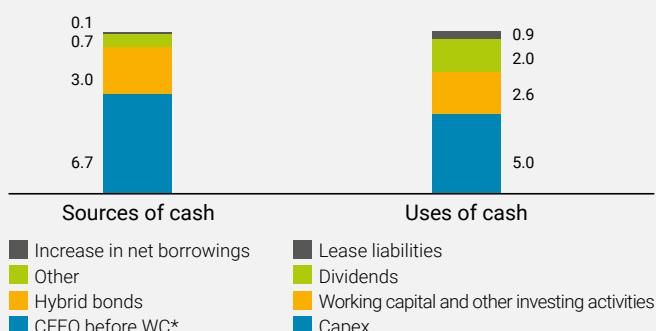
Net borrowings

>35%

Net capex reduction vs. 2020 guidance



Sources and uses of cash (€ bln)



* At RC before items.

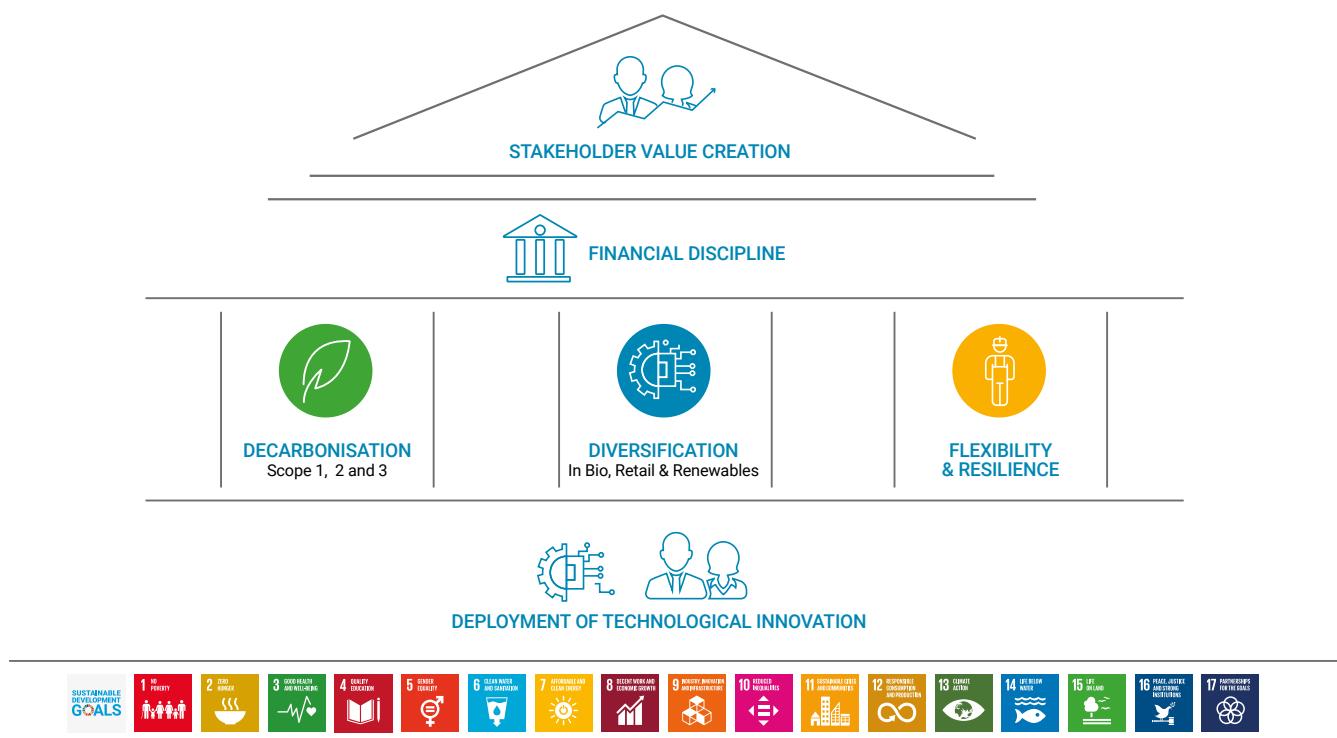
Our strategy

The Company is executing a strategy designed to adapt its business model and to grow in a low carbon economy. Our long-term goal is to reach the carbon-neutrality of our industrial processes and products by 2050, covering GHG Scope 1, 2 and 3 emissions, in line with the goals set by the Paris Agreement on climate, which we fully endorse. The evolution of our business model and the underlying action plan will be accomplished over a thirty-year timeframe and will significantly increase the weight of fully-decarbonized products in our portfolio, while

progressively reducing the Company's exposure to traditional hydrocarbons products, capitalizing on the opportunities arising from a rapidly-changing energy landscape.

Our strategy is built on 3 pillars:

- decarbonizing operations and products;
- diversifying and expanding our businesses in retail & renewables, bioproducts and circular economy; and
- increasing the resilience and flexibility of the Company to absorb price volatility.



This strategy will be underpinned by our business model which is designed to reduce the environmental impact of our operations and to address the issues of social inequality and is built around a strong corporate governance, technology, and digitalization.

The guidelines that will drive our evolution going forward are:

- To actively contribute to the achievement of the 17 UN SDGs which are reflected in Eni's mission, particularly the goals of improving air quality and securing universal access to energy;
- To maximize the integration of the portfolio along the entire value chain;

→ To retain a financial framework which prioritizes capital discipline and a strong balance sheet;

→ To improve the Group's resilience to the oil scenario, also by reducing the exposure to the traditional oil-based businesses and growing the weight of the green/retail/circular economy businesses;

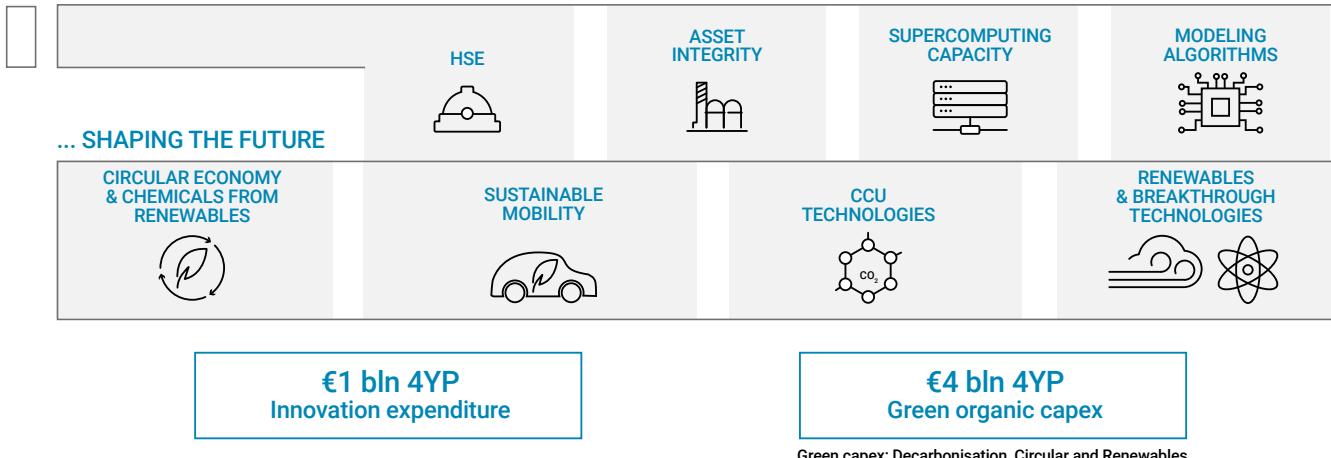
→ To leverage the technology to speed up the business evolution.

Our industrial strategy is complemented by a sound financial framework, which prioritizes capital discipline and a strong balance sheet with the goal of ensuring a competitive, progressive distribution policy to our shareholders.

ENHANCING VALUE

Through digitalization & new technologies

SUPPORTING BUSINESS



Technological innovation is an essential part of Eni's DNA. For decades, the application of our technologies has been a distinctive factor.

Digitalization, thanks to our proprietary algorithms and a top computing capacity, has been and will continue to be a competitive element, right along the value chain:

- this starts from our exploration, where we have been delivering outstanding performances,
- through our industrial processes, to preserve the integrity of our assets, while maximizing the efficiency and lowering the time-to-market, and
- finally, to offering our large customer base enhanced customized services.

Eni's R&D, with more than 7,500 patents and 450 projects, will be a catalyst in accelerating energy transition.

In carbon sequestration and usage, we are developing 2 additional technologies:

- one relating to CO₂ mineralization, in the cement formulation process, where we have a pilot project ongoing in Ravenna; and
- the other related to microalgae bio-fixation, where we have a pilot project in Sicily and where we plan to develop an additional project in our Gela's biorefinery.

We have a strong focus and commitment in developing new technologies and breakthrough solutions, and to this end we are collaborating with more than 70 international research institutes and universities.

Overall during the four year plan we will spend around €1 billion on innovation, also feeding our green and bio transition, and we will invest around €4 billion organically in all our transformation processes.

The path to net zero emissions

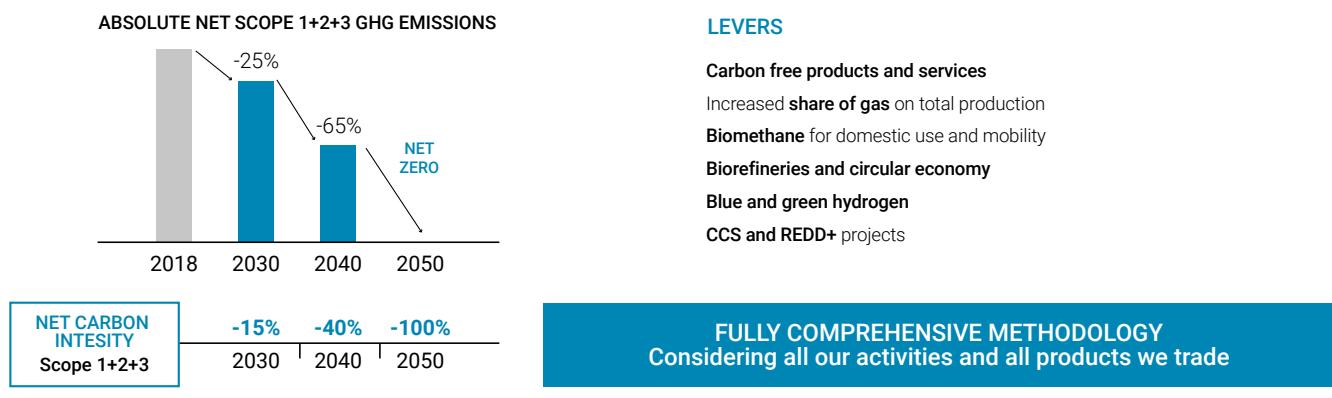
The full decarbonization of our products and operations is achievable through technologies that already exist and that have already been proven, such as:

- Biorefineries, whose capacity will increase by 5 times;
- The circular economy, with a larger use of biogas and the recycling of organic and inorganic waste material;
- Efficiency and digital solutions in our operations and in our customer services;
- Renewable capacity fully integrated with our customers; and
- Blue and green hydrogen to lower CO₂ emissions in our bio-refineries and in other hard-to-abate activities.

Gas, that in the long term will be more than 90% of our upstream production, will support our transition as back-up to intermittent sources in power generation.

The residual emissions from hard-to-abate processes and equity hydrocarbons will be offset or absorbed by a comprehensive set of initiatives under development. These include the natural sink of CO₂ leveraging our participation in projects for forestry conservation (the REDD+ projects), the geological sequestration and storage at depleted mineral fields (CCS projects) or via innovative solutions currently under study to reuse the CO₂ (mineralization and microalgae bio-fixation).

ENI NET ZERO EMISSIONS BY 2050



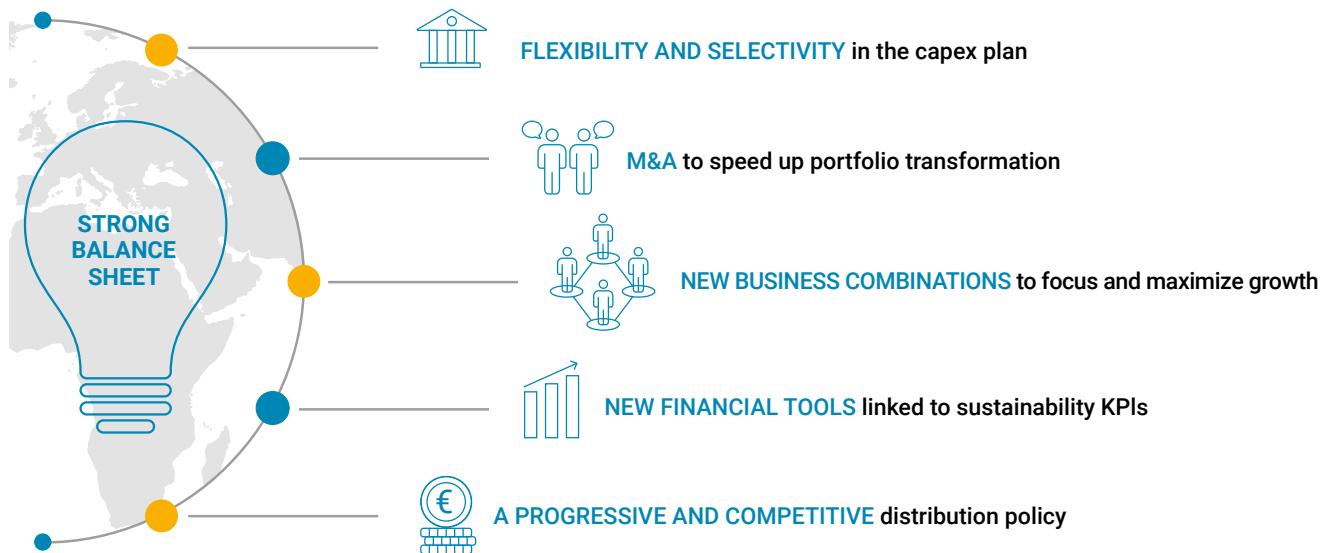
Our financial framework

Eni's financial framework will underpin the implementation of its strategy and its industrial goals going forward. It will be centered on a diversified set of guidelines:

- To retain a disciplined approach in making investment

decision and various degrees of flexibility;

- To perform an active and dynamic portfolio management, including new business combinations; and
- To adopt a new set of financial tools, linked to our strategy execution.



While continuing to reinforce our balance sheet and reducing the leverage, management is also committed to a progressive and competitive distribution policy.

On capex, we will be focused on new businesses and we will continue to be extremely selective on returns, and on duration of the cash cycle.

Our investment plans will be focused on new businesses and we will continue to be extremely selective on returns, and on duration of the cash cycle.

Over 20% of the yearly average Capex will be devoted to:

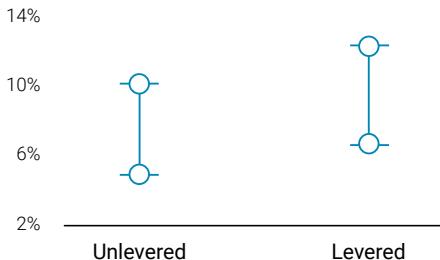
- boosting renewable capacity and increasing Eni's customer base in the gas and power retail market,
- circular projects to minimize waste and rejuvenate mature industrial sites, and
- building incremental biorefinery capacity.

Net capital employed in these activities will reach 10% of the total amount, doubling the current level.

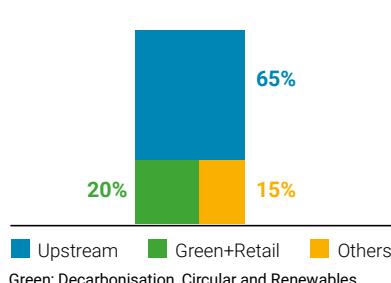
To maintain a high degree of flexibility we will focus on short cycle initiatives and we will limit inactive capital within the 20% of our total investments.

SELECTIVE CAPEX AND HIGH VALUE PORTFOLIO

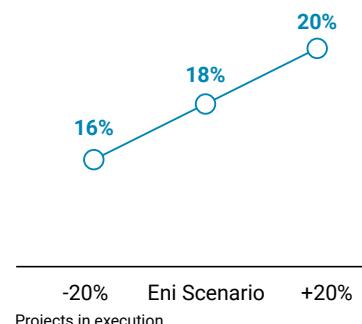
IRR - RENEWABLES



AVG CAPEX ~€7 BLN



IRR - UPSTREAM



FOCUS ON GREEN & RETAIL AND SHORT CYCLE PROJECTS

We are planning to invest an average yearly amount of less than €7 billion of organic expenditures in the business over the next four-year planning period compared to a level of €8 billion per year in previous planning assumptions before the COVID-19 crisis, to factor in expected risks and uncertainties about the recovery, thus signaling a more prudent approach to investment decisions than in the past.

All our planned projects have to pass a selective screening both in term of profitability and resilience.

The internal rate of return of Upstream projects amounts to 18% calculated at our long-term Brent scenario of 60 \$/bbl (real money 2024) and it remains a robust 16% even assuming 20% lower prices.

Our renewable projects are highly valuable, with unlevered IRR in the range 6-9%, and double digit after financing.

On top of this, IRR of biorefineries is 15%, in line with our upstream initiatives.

Portfolio management will be a core element to boost our transformation, extracting extra value from our assets and disposing of non-core businesses. In the four-year plan, our disposals will reach an overall gross value of more than €2 billion. Most of these proceeds will be reinvested in acquisition for portfolio reshaping.

Shareholders' Remuneration policy

We have established a new, flexible distribution policy based on a fixed dividend plus a variable component linked to trends in the oil scenario. The floor dividend is set at €0.36 per share at an oil price environment of at least 43 \$/bbl of Brent. The floor dividend is expected to be reassessed periodically to factor in the Company's progress at delivering on its strategy and industrial targets.

The variable amount of the dividend is expected to be paid as a function of an expected growth in cash flow driven by rising oil prices above the threshold of 43 \$/bbl up to 65 \$/bbl.

Management is also planning to make use of the buy-back of the Eni share as a flexible tool to boost shareholders returns. Compared to the past, we have lowered the Brent price threshold where the buy-back is expected to resume. We are now forecasting to allocate €300 million per year to the repurchase of Eni's shares provided that the Brent price is not lower than 56 \$/bbl; that amount will ramp-up to €400 million provided that the Brent price is not lower than 61 \$/bbl and to €800 million from 66 \$/bbl, which were the triggering prices of our prior shareholder return policy.

MAIN PLAN TARGETS



DECARBONISATION

Upstream net emission Scope 1+2

-50% vs. 2018



DIVERSIFICATION

Biorefining: **2** MTPA; **+70%** vs. 2020

Renewables: 4 GW installed
4x vs. 2020 installed + sanctioned



FLEXIBILITY & RESILIENCE

2024 group CFFO: **€13 bln**

Upstream capex coverage **28** \$/bbl

Retail: >11 mln customers; **+15%** vs. 2020

2024 cash neutrality @ floor dividend: < 40 \$/bbl

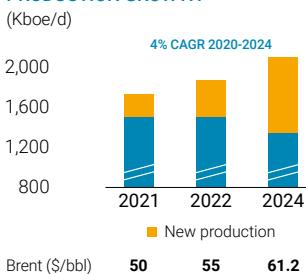
All targets refer to 2024

Business review

In a year like no other in the history of the energy industry, Eni has proven the robustness and flexibility of its business model by reacting swiftly and effectively to the extraordinary crisis context, while progressing the Company's irreversible path for the energy transition. The evolution of our industrial structure will leverage on the decarbonization of our products and industrial processes, on diversifying and expanding our presence in the retail and renewables businesses, in bioproducts and in circular economy.

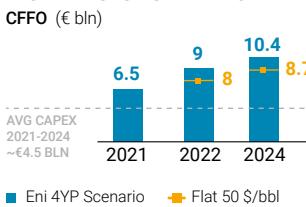
Exploration & Production

PRODUCTION GROWTH



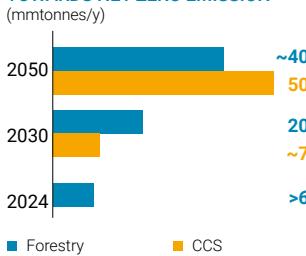
We are targeting a plateau of approximately 2 mmboe/d in the 2021-2024 plan period. In 2021, we expect production to be flat year-over-year, while the growth in the 2022-2023 period is expected to be fueled organically. We estimate that new field start-ups, production ramp-ups and expansion projects of existing fields will add approximately 665 kboe/d of new production by 2024.

RESILIENT CASH GENERATION



In the upstream business, our goal is to reduce the Brent price at which the business can fund its capital expenditures needs. Upstream free cash flow in the four-year plan will be in excess of €18 billion at our scenario, and €14 billion assuming a flat scenario of 50 \$/bbl, covering twice our four-year plan distribution needs.

TOWARDS NET ZERO EMISSION



Scope 1 and 2 emissions of upstream assets, calculated on the basis of equity production, are expected to be zero in 2030 by leveraging not only energy efficiency but also primary and secondary forest conservation projects ensuring the compensation of CO₂ emissions for about 40 million tons per year by 2050. The decarbonization targets will be reached through certain projects for the capture and geological sequestration of CO₂ with a target of about 50 million tons per year by 2050.

Upstream flexibility and resilience

Over the last years, we have materially significantly reinforced our upstream business, reducing its cash needs while continuing to capture new business opportunities. Our competitive advantages are the ability to reduce the time-to-market of reserves, which together with efficient exploration helps to ensure a resilient asset portfolio, as well as to manage the upstreamer risks. We intend to retain a strong focus on capital and cost discipline and on shortening the projects cycle. The planned development actions and cost control will allow us to reach a Brent capex coverage of 28 \$/bbl at the end of the plan, 10 \$/bbl less than the current level, while maintaining an adequate level of flexibility in the event of further shocks considering that more than 55% of our investments in the last two years of the plan are uncommitted. We plan to invest €4.5 billion on average in the next four-year period equally divided between maintenance of production plateaus and growth initiatives.

Exploration will continue fuelling future developments

The first driver of Eni's value creation has been the exploration phase, a distinctive competence of our Company. Our exploration granted both the cost-effective replacement of produced reserves, which is the first step to reduce the break even of upstream projects, and a robust contribution to the cash generation through the deployment of the Dual Exploration Model. Eni has expertly combined initiatives in high-risk/high-reward plays, with infrastructure-led exploration, which targets the discovery of additional mineral potential in mature, proven areas, close to existing producing facilities in order to ensure fast support to production and cash flows, capturing development synergies. In 2020, we made several near-field discoveries in Egypt, Tunisia, Norway, Algeria and Angola. In the long-term our exploration will play a crucial role in aligning our resource base to the Company' strategic path to decarbonization by increasing progressively the weight of natural gas in our portfolio.

Reducing our carbon footprint

The business will also advance several projects designed to address the issue of the decarbonization of the Group products with the goal of zeroing net CO₂ emissions calculated for our equity production by 2030. The main drivers to achieve this will be energy efficiency, industrial projects for the geological or biological sequestration of CO₂ (CCS or CCU) and the natural sink of CO₂, most notably two large projects which are in the pre-feasibility stage designed by forestry conservation and preservation. Leveraging on our upstream abilities, we are developing several projects designed to capture carbon dioxide and store it at depleted offshore natural gas fields. Based on our plans, we are projecting to remove 7 mmtonnes/y of CO₂ and store it at our depleted fields and to obtain emission allowances offsetting 20 mmtonnes/y by 2030.

Growing cash generation

Upstream growth will continue to add higher-margin barrels leveraging exploration success, our original fast-tracks, phased development model and continued control of lifting costs. Our hydrocarbons production will growth at an average rate of 4% in the 2021-2024 plan period. During the four-year plan, fourteen major projects will be brought on stream, operating over 70% of the new production. In terms of future production mix, around 55% of proven reserves will be made up of gas at the end of 2024. We plan to maximize the E&P segment cash generation by increasing production while maintaining flat capital spending over the next four years. This will be driven by production ramp-up at projects with already installed production capacity (like in Egypt), focused exploration activities in proven and mature area given our track record of finding new resources near-fields in production and a focus on short-life projects.

STRATEGY

Management will seek to boost the cash generation in the E&P segment leveraging on profitable production growth, capital discipline, effective project execution and strict control of operating expenses and working capital. The evolution of the production mix provides for the gas component to be 60% in 2030 and over 90% in 2050. Scope 1 and 2 emissions of upstream assets, calculated on the basis of equity production, are expected to be zero in 2030 by leveraging not only energy efficiency but also primary and secondary forest conservation projects ensuring the compensation of CO₂ emissions for about 20 million tons by 2030 and about 40 million tons per year by 2050. The drivers to implement our strategy in E&P are: (i) the valorization of our pipeline of capital projects with a targeted 4% average growth rate in hydrocarbons production up to a plateau of approximately 2 million boe/d in the 2021-2024 plan period. Growth in the 2022-2023 period is expected to be fueled organically by new fields start-ups and the achievement of full-field production at our main producing fields, including the Zohr gas field in Egypt, Block 15/06 in Angola and the Area 1 fields off Mexico, as well as continuing production optimization to counteract fields natural decline. The main start-ups expected in the plan period include a few projects operated by our JV Vår Energi in Norway, the Merakes project in Indonesia, the gas discovery of Coral in Area 4 offshore Mozambique, the Dalma and Sharjah gas fields in the UAE and other developments. We estimate that new field start-ups, production ramp-ups and expansion projects of existing fields will add approximately 665 boe/d of new production by 2024; (ii) capital discipline: capex at approximately €4.5 billion on average in the next four-year period with high flexibility. Our capital projects will be carefully selected against our pricing assumptions and minimum requirements of internal rates of return; (iii) further development of integrated initiatives with the Global Gas & LNG Portfolio segment to enhance gas equity volumes; (iv) selective exploration, with the aim of discovering 2 billion boe of resources at a unit cost of 1.6 \$/barrel. Our exploration initiatives will be balanced between projects in proven/mature areas and near-field attaining fast contribution to cash flows and production levels with minimum impact on expenditures; and initiatives in high-risk/high-rewards plays, where we retain a high working interest and the operatorship which will enable us to apply our dual exploration model in case of material discoveries.

KEY START-UP IN 2021



UNITED ARAB EMIRATES – Mahani (Eni 50%)

In January 2021, oil and gas production start-up was achieved at the Mahani field located in onshore concession of Area B in the Emirate of Sharjah, just one year since discovery and two years after signing the concession agreement. Development activities, sanctioned with the final investment decision, provide the progressive ramp-up with the tie-back of two additional productive wells. Drilling activities were already planned.



INDONESIA – Merakes (Eni 65%, Op.)

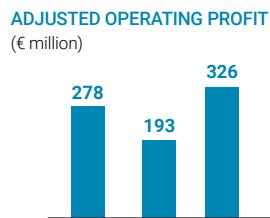
In April 2021, gas production start-up was achieved at the Merakes field in the East Sepinggan block leveraging on the Floating Production Unit (FPU) of the operated Jangkrik field (Eni's interest 55%). Natural gas production is delivered via pipeline to the onshore plant, which is connected to the East Kalimantan transport system to feed the Bontang liquefaction plant or will be sold on a spot basis in the domestic market.



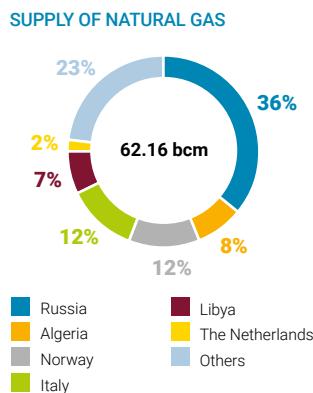
ANGOLA – Cabaça North (Eni 37%, Op.)

The Cabaça North project is located in the operated Block 15/06 off Angola. The Block 15/06 is main Eni's asset in the Country with the West Hub and the East Hub production projects that in 2020 produced 123 kboe/d (42 kboe/d net to Eni). The development program plans to hook up the block's discoveries to the two FPSO in order to support production plateau. Start-up of the Cabaça North project is expected in the second half of 2021.

Global Gas & LNG Portfolio



The Global Gas & LNG Portfolio reported an adjusted operating profit of €326 million, despite the significant decline in European gas demand and the collapse in Asian LNG consumption during the peak of the crisis.



Supplied gas volumes from equity production were 7.7 bcm representing around 12% of total volumes available for sale.

WORLDWIDE GAS SALES



In 2020, natural gas sales were 64.99 bcm. In Italy, sales were 37.30 bcm, 1.8% lower than in 2019, mainly driven by lower sales to thermoelectrical and industrial segments, partly offset

Solid performance

In 2020, the Global Gas & LNG Portfolio segment reported an adjusted operating profit of €326 million, up by 68.9% compared to 2019. This improvement was due to the optimization of the gas and LNG assets portfolio, leveraging high price volatility and contracts' flexibility, as well as to a favourable outcome of an LNG contract renegotiation closed in the third quarter. These positive trends more than offset the lower performance at the gas business negatively affected by a contraction in gas demand at the main European markets due to the COVID-19 pandemic, mainly in the second quarter of 2020, being the height of the crisis.

Supply of natural gas

In 2020, Eni's consolidated subsidiaries supplied 62.16 bcm of natural gas, down by 8.26 bcm or by 11.7% from 2019. Gas volumes supplied outside Italy from consolidated subsidiaries (54.69 bcm), imported in Italy or sold outside Italy, represented approximately 88% of total supplies, decreased by 10.16 bcm or by 15.7% from the full year 2019. Supplies in Italy (7.47 bcm) increased by 34.1% from the full year 2019.

Natural gas sales

In a 2020 scenario characterized by a raising competitive pressure and lower gas demand (about down by 5% and 3% in Italy and in the European Union, respectively, compared to 2019), natural gas sales amounted to 64.99 bcm (including Eni's own consumption, Eni's share of sales made by equity-accounted entities), down by 7.86 bcm or 10.8% from the previous year. Sales in Italy (37.30 bcm) decreased by 1.8% from 2019 mainly driven by lower sales to thermoelectrical and industrial segments, partly offset by higher sales to hub. Sales to importers in Italy (3.67 bcm) decreased by 16% from 2019 due to the lower availability of Libyan gas. Sales in the European markets amounted to 19.33 bcm, a decrease of 13.5% or 3.02 bcm from 2019. Sales in the Extra European markets of 4.69 bcm decreased by 3.46 bcm or 42.5% from the previous year, due to lower volumes in the United States and lower LNG sales in the Far East markets.

Growth in LNG business

Global Gas & LNG Portfolio is engaged to leverage on the integrated presence along the gas value chain. In LNG we target to contract more than 14 MTPA by 2024, up by 45% vs. 2020 level, mainly from our new projects in Indonesia, Nigeria, Angola, Mozambique and Egypt. In the marketing business we target premium markets in the Middle East and Far East, also confirming our presence in Europe to maximize overall value. LNG growth will be driven by our equity production that in 2024 will account for more than 70% of our LNG portfolio. Global Gas & LNG Portfolio will contribute with €0.8 billion to the free cash flow in the plan period.

GAS & LNG ENHANCING EQUITY MONETIZATION

Building the LNG portfolio



LNG GROWTH:
14 MTPA in 2024
Contracted Volumes

EQUITY SHARE:
>70% in 2024

Legend:
■ Equity project
■ Third parties
■ Core markets

STRATEGY

Against a scenario characterized by continuing volatility in the spreads between gas spot prices at hubs in the northern Europe, which are the main indexation parameter of our supply contracts, and prices at the spot market in Italy, which is the main market to sell our procured gas, the Company priority in its Global Gas & LNG Portfolio business is to retain stable profitability and cash generation based on the following drivers: (i) to continuously renegotiate our long-term gas supply contracts to align pricing terms to current market conditions and dynamics as they evolve; (ii) to effectively manage our portfolio of assets (supply and sales contracts, their flexibilities and optionality and logistics availability) in order to extract value from market volatility; (iii) to grow the LNG marketing business leveraging on the integration with the E&P segment with the aim of maximizing the profitability along the entire gas value-chain.

We plan to increase contracted supplies of LNG to achieve a robust portfolio of reselling opportunities, and we are targeting 14 million tons/year of contracted volumes of LNG by 2024, of which 70% deriving from our equity production.

SIGNIFICANT DEVELOPMENTS IN 2021

DAMIETTA LNG PLANT – Egypt

In March 2021, it was agreed with the Arab Republic of Egypt (ARE) and the Spanish partner Naturgy of the JV Unión Fenosa Gas to resolve all pending issues with the Egyptian partners and to resume operations at the Damietta liquefaction plant. A few LNG loadings have been made already.

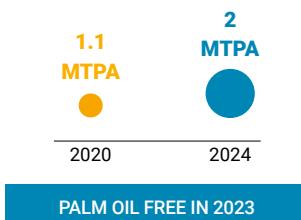


The liquefaction plant, owned by SEGAS, with a capacity of 7.56 billion cubic meters per year, which has been idle since November 2012, has resumed production. The first LNG cargo was carried out on February 22, followed by a second cargo on March 4, while a third, which is being loaded at the facility, will be sold directly by Eni to its customers in Europe. The purchase of Egyptian LNG consolidates Eni's integrated development strategy by increasing the volumes and flexibility of its portfolio, in synergy with its upstream assets. Through this agreement, the company strengthens its presence in the East Mediterranean, a key region for the supply of natural gas, which is a fundamental resource for the energy transition, of which Egypt is the main producer in the area.

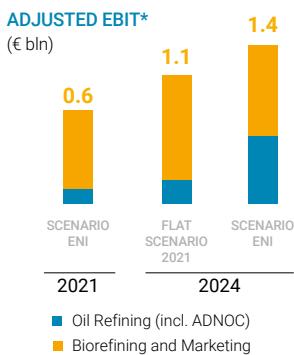
Through the subsequent restructuring of the UFG venture, Eni acquired a 50% interest in the Damietta plant and related liquefaction capacity as well as the gas marketing activities in Spain owned by UFG. The deal will strengthen Eni's portfolio of LNG and its integrated strategy, leveraging on the integration with its upstream assets.

Refining & Marketing and Chemicals

BIOREFINERIES CAPACITY



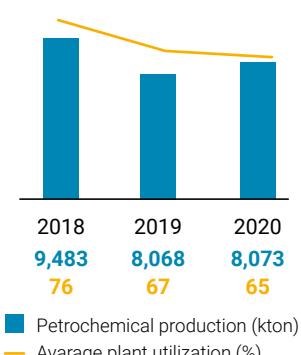
The biorefineries capacity is expected to double to 2 million tonnes/year by 2024. Our biorefineries will continue to contribute positively, becoming palm oil free in 2023 and with a growing contribution of feedstock coming from waste and residues, accounting for around 80% of the total by the end of the plan, versus today's 20%.



* pro-forma with ADNOC

At a constant scenario R&M's EBIT will almost double in the plan period. Biorefineries and marketing jointly will deliver an EBIT of approximately €750 million at the end of the plan, and with traditional oil refineries we will reach €1.4 billion.

PETROCHEMICAL PRODUCTION AND AVERAGE PLANT UTILIZATION RATE



In 2020, higher production of intermediates business, in particular olefins were partially offset by lower productions of elastomers and polyethylene. The average plant utilization rate calculated on nominal capacity was 65%, decreased from 2019 (67%) following the shutdowns at certain producing sites.

Financial performance

In 2020, R&M reported an adjusted operating profit of €235 million. The oil-based refining business reported a lower performance due to a sharply depressed scenario, negatively affected by the pandemic-induced crisis in fuels demand and by a worsening conversion premium resulting in reduced refinery runs, against the backdrop of overcapacity, competitive pressure and high levels of inventories. These impacts were partially offset by optimization actions of the industrial setup and by a positive performance of the biorefineries thanks to higher processed volumes and margins. The marketing business reported steady results, despite a strong reduction of sales due to the pandemic effects, thanks to the optimization and efficiency initiatives. The adjusted operating profit reported by biorefining and marketing activities was €550 million (up by 27% compared to the previous year). In 2020, the Chemical business, reported an adjusted operating loss of €229 million, an improvement of 15% compared with a loss of €268 million in 2019. Notwithstanding the strong reduction of sale volumes recorded in the second and the third quarter, due to the COVID-19 pandemic's peak. The Chemical business has overall withstood the impact of the significant contraction in consumption of plastics due to the economic crisis thanks to the restructuring carried out in recent years in the traditional business lines. Rightsizing of capacity in the basic petrochemicals business, plant optimizations, cost savings and capital discipline will contribute to restore the profitability of our operations in the four year plan.

Growth in our operations

The Refining & Marketing strategy is focused on the development of biorefinery capacity, expected to almost double to 2 million tonnes by 2024 and further grow to 5-6 million tonnes/y in 2050. Biorefineries will benefit of second and third generation palm oil free in 2023. In the marketing business Eni intends to evolve the product mix marketed to our retail customers, with the aim to reach 100% of decarbonized products by 2050. In addition, growth will come from: (i) the gradual recovery of demand after the COVID-19 crisis; (ii) the focus on high margin segments, enhancing the offer of alternative fuels, the further development of non-oil services in the retail segment, enlarging the sustainable mobility; and (iii) the contribution of ADNOC Refining at full capacity.

Versalis will need to complete its restructuring to reduce the weight in the portfolio of the business lines exposed to the volatility of the oil scenario. Eni's long-term strategy aims at significantly reduce the exposure of the chemical business to the cycle's and the feedstock volatility through the specialization of product portfolio and the development and integration of chemistry from renewables and from chemical/mechanical recycling.

Circular economy, green chemicals and proprietary technologies

The long-term strategy of our chemical business is to diversify the products portfolio by reducing the weight of commodities and to expand our presence in the segments of the green chemistry, circular economy projects and specialized polymers where we can leverage on competitive advantages like proprietary technologies. Eni signed some agreements to: (i) develop effective solutions to reutilize plastics; (ii) market a new range of solid polystyrene products made from recycled packaging; and (iii) to develop and market new products and applications in recycled rubber. In addition, Versalis entered the market of agricultural protection, thanks to the alliance with AlphaBio Control. In April 2021 was launched a new range of solid polystyrene products for food packaging as part of the Versalis Revive® products, containing up to 75% of recycled solid polystyrene.

In 2021, Versalis has licensed to Enter Engineering Pte Ltd a low density polyethylene/ethyl vinyl acetate (LDPE/EVA) swing unit to be built as part of a new gas to chemical complex based on MTO-methanol to olefins technology to be located in the Karakul area in the Bukhara region of the Republic of Uzbekistan. The plant is part of a global complex that will have a major importance in Central Asia due to its size and the technologies involved.

STRATEGY

Refining & Marketing

In the Refining & Marketing business, management priority is to restore the profitability of its oil-based refineries in a depressed downstream oil environment by means of capital discipline, asset optimizations to increase plant reliability, maximizing yields of valuable fuels and improving efficiency in energy consumption and operating costs. We intend to maximize the returns at our investment in ADNOC Refining, where we acquired a 20%-stake in 2019. We are planning to deploy our technological lead and plant expertise with the objective of improving the refinery efficiency and profitability. We are sponsoring capital projects designated to upgrade the refinery capacity to process alternative crudes with high sulfur content, (non-system ones too) to increase plant efficiency and to valorize refinery by-products. These projects will be funded by the refinery cash flows. Also, a trading joint venture has been established and started operations to capture a larger share of the value associated with the refinery products. In Marketing activities, where we expect a very competitive environment due to lack of entry barrier and of product differentiation, we are planning to retain steady and robust profitability mainly by focusing on innovation of products and services anticipating customer needs, strengthening our line of premium products, as well as efficiency in the marketing and distribution activities. Further value will be extracted by the development of our initiatives in the segment of sustainable mobility and new fuels (for example the service of recharging electric vehicles, the supply compressed natural gas and of LNG, as well as the start of the supply of hydrogen) and selling non-fuel products and services.

Chemicals

The outlook in the chemical business is challenging due to the prospects of a slow post-pandemic recovery in the Eurozone and rising oil-based feedstock costs, which could possibly squeeze product margins. Furthermore, the commodity plastics business is a very competitive market and the profitability of our chemicals business is expected to be negatively affected by rising competitive pressures from cheaper products stream from producers in Middle East and in the United States which can leverage on larger plant scale and lower feedstock costs (as in the case of ethane-feed crackers). Looking forward we believe that a business upgrade is needed to achieve profitable and cash-positive operations. The 2021-24 action plan targets: the progressive specialization of polymers vs. higher value-added products and extension of the downstream supply chain towards "compounding" to reduce margins volatility; the development of renewable chemicals with new processes and products; the increase of circular economy mainly mechanical and chemical recycling also through partnerships; the progressive reduction of GHG emissions, increasing energy efficiency.

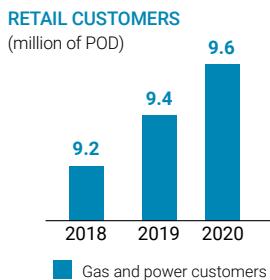
SIGNIFICANT DEVELOPMENTS IN 2021



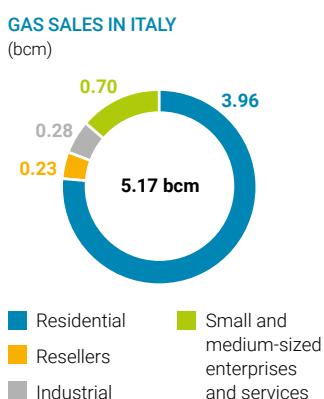
GELA BIOMASS TREATMENT UNIT LAUNCHED

In March 2021, Eni's new BTU (Biomass Treatment Unit) plant has begun production. It will enable the Eni biorefinery in Gela to use up to 100% of biomass not in competition with the food chain for the production of biofuels. The launch of the BTU completes the second phase of the transformation of the industrial site, which is solely dedicated to sustainable production processes and is a solid step forwards in the decarbonization and energy transition process that underlies Eni's strategy, which is committed to achieving the total decarbonization of its products and processes by 2050.

Eni gas e luce, Power & Renewables



The growth of customers base in 2020 benefitted mainly from the increase of power customers in Italy and abroad.



Sales in Italy amounted to 5.17 bcm down by 5.8% vs. 2019, the reduction was mainly due to lower volumes marketed at small and medium enterprises and resellers segments.



The business combination will allow to increase integration along the green power value chain and maximize value generation.

2020 solid and growing performance

In 2020, Eni gas e luce, Power & Renewables segment performed strongly. Eni gas e luce reported a 17% growth in adjusted operating profit thanks to the retention of the customer base, which grew to 9.6 million delivery points (up by 150 thousand), the incremental contribution of non-commodity services/products, the efficiency of marketing and power optimization. The retail gas business is increasingly opening up to decarbonization and innovation with the acquisitions of Evolvere Group, in order to expand the offer of green products and partnerships with Tate in Italy and OVO in France for the enhancement of digital services. The Renewables business reached a first milestone with 1 GW of generation capacity installed or under development.

Renewables business: 2020 developments

In 2020, continued the expansion in the international market thanks to the strategic partnership with the Italian Group Falck; in particular, in the USA were developed the following initiatives: acquired a 49% share of Falck's photovoltaic plants in operation in the Country (57 MW net to Eni); finalized the acquisition from Building Energy SpA of 62 MW of operating capacity (30.2 MW net to Eni) in wind and solar plants and a pipeline of wind projects up to 160 MW. Production in operation will avoid more than 93 ktonnes of CO₂ emissions per year; net to Eni); acquired in November a 30 MW solar project "ready to build" in Virginia from Savion LLC (14.5 MW net to Eni). The plant will allow to avoid over 33 ktonnes of CO₂ emissions per year.

Started a photovoltaic plant at Volpiano (total capacity of 18 MW), with an expected production of 27 GWh/y, avoiding 370 ktonnes of CO₂ emissions over the service life of the plant.

Relating to the wind segment, finalized the acquisition from Asja Ambiente of three wind projects for a total capacity of 35.2 MW expected to produce approximately 90 GWh/y, avoiding around 38 ktonnes of CO₂ emissions per year.

Our transformation

To maximize value generation along the whole green power chain and foster our decarbonization Scope 3 target, we have decided to merge our renewable business with our gas and power retail business. On one side, we will leverage a 10 million customer base, expected to increase to over 11 million by 2024 and accelerating our growth to 15 million by 2030, that will be increasingly supplied with equity renewable energy and biomethane. This business combination makes Eni one of the main green retail operators in the European market. On the other side, our renewables are expected to reach 4 GW by 2024 and 15 GW at 2030. Our generation by the end of the plan will be 60% solar and 40% onshore and offshore wind. We are growing fast to become a major global green power operator in many OECD Countries, in most of which we already have a large retail base, and in other areas in which we are present such as North Africa, Australia and the Middle East. Overall capex for the combined business will be €4.3 billion in the 4 year plan, mainly related to Renewables.

Maximize value generation

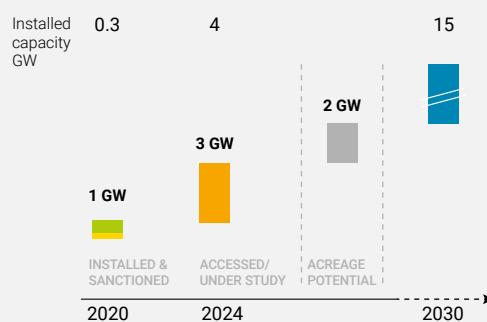
The retail gas and power and renewables business is highly valuable and growing fast. Overall, the retail and renewable business will almost double its EBITDA from €600 million in 2021 to around €1 billion by the end of the plan. In retail we expect EBITDA to grow to €650 million also thanks to an increased share of services, such as distributed generation, energy efficiency solutions and services for e-mobility, which will represent more than 20% of EBITDA. Meanwhile, renewables, which today are a break even, will deliver a robust EBITDA of €230 million in 2024.

STRATEGY

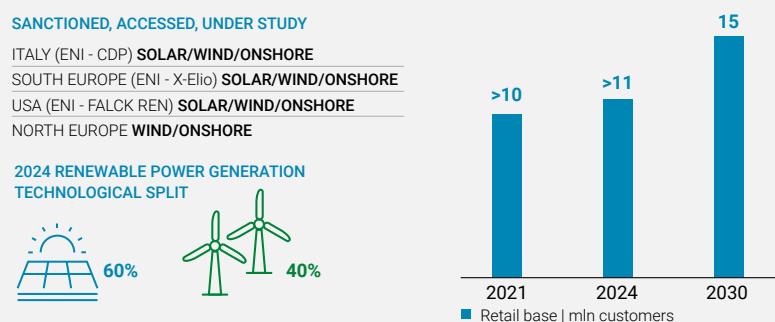
Following the new organization, effective from July 1, 2020, the Eni gas e luce, Power & Renewables business is engaged on retail sales of gas, electricity and related services, production and wholesale sales of electricity from thermoelectric and renewable plants. It includes trading activities of CO₂ emission certificates and forward sale of electricity with a view to hedging/optimizing the margins of the electricity. The new organization represents a fundamental step to implement Eni's strategy to become leader in the supply of decarbonized products by 2050 combining value creation, sustainability and financial resilience.

For this business, we expect steady profitability in the business of marketing gas and power to the retail customers in Italy and other European markets. Going forward, profitability in this business will be underpinned by selectively growing our customer base, which is expected to reach more than 11 million customers by 2024, by extracting more value from the customer portfolio, by supplying an increasing share of equity renewable energy and biomethane, as well as by expanding the offer of new products and services other than the commodity and by continuing innovation in marketing processes including the deployment of digitalization in the acquisition of new customers, a reduction in the cost to serve and effective management of working capital. To maximize the synergies between the retail business and the renewable power business we intend to merge the two businesses. We plan to accelerate the development of the installed capacity to produce renewable power to reach 4 GW by 2024 by finalizing the several growth opportunities in portfolio.

RENEWABLE FUTURE GROWTH



ENI GAS E LUCE CUSTOMERS



Eni gas e luce will promote the growth and enhancement of the customer portfolio, leveraging on the integration with renewables, with the aim of exceeding 11 million supply points in 2024 and 15 million in 2030 thanks to an increasingly green offer and improving the consumer experience through innovation and digitalization. The other drivers will be the expansion of extra commodity services, distributed photovoltaic generation and a constant focus on maintaining the efficiency of the operations.

SIGNIFICANT DEVELOPMENTS IN 2021



Dogger Bank In order to achieve the ambitious targets of renewable installed capacity, Eni finalized at the end of February 2021 the acquisition from Equinor and SSE Renewables of a 20% share of the offshore wind project Dogger Bank (A and B) in the United Kingdom, which will be the largest wind power facility in the world. GE Renewable Energy's Haliade-X (as shown in the picture) is the most powerful offshore wind turbine in operation today and will be installed on the first two phases of Dogger Bank Wind Farm in the North Sea, which are a joint venture between Eni, Equinor and SSE Renewables.

X-Elio In February 2021, Eni has signed an agreement with X-Elio for the acquisition of three photovoltaic projects in southern Spain for a total capacity of 140 MW.

GreenIT In March 2021, GreenIT, a joint venture with the Italian agency CDP Equity, was established for building, commissioning and managing power generation plants from renewable sources in Italy and targeting an installed capacity of approximately 1 GW.

Equinor In May 2021, Eni through Vårgrønn, the Norwegian renewable energy company established with HitecVision, signed a collaboration agreement with Equinor for the development of a floating offshore wind project in the Utsira North area in Norway, one of the world's most important areas for wind resources.

Aldro Energía Coherently with the strategic targets of expansion of customer base and extra-commodity services, in 2021, Eni entered the Iberic energy market with the signing of an agreement to acquire 100% of Aldro Energía, with a portfolio of approximately 250,000 retail customers of power, natural gas and services.

Be Charge In addition Eni signed an agreement with the Italian operator Be Charge, to increase the national supply of charging infrastructures for electric mobility. The charging stations will be powered by renewable energy supplied by Eni gas e luce.



Financial review

In tackling COVID-19, Eni reacted fast, exploiting Company's energy, resources and flexibility to overcome this crisis. Management have taken decisive measures to strengthen Eni's financial and capital resilience, defining clear priorities in the cash allocation. Considering the uncertainties and risks of the post-pandemic recovery, a set of actions have been decided for the next four years aimed at further reducing the Group cash neutrality and growing in green, blue and bioproducts.

Group results for the year

Eni's new organizational structure and segment reporting

In 2020, in order to implement Eni's strategy to become a leader in the supply of decarbonized products by 2050 combining value creation, sustainability and financial resilience, and to achieve a better-balanced portfolio, reducing the exposure to the volatility of hydrocarbons prices, Eni created a new organizational setup in line with the transformative strategy by establishing two business groups: the Natural Resources business which has the task of valorizing the Oil & Gas portfolio in a sustainable way and of managing the projects of forestry conservation (REDD+) and CO₂ capture; and the Energy Evolution business which has the task of growing the businesses of power generation, products manufacturing and retail marketing, progressing the portfolio evolution by expanding the generation of green power and developing sustainable products from decarbonized processes (blue) and from biomasses (bio).

Therefore, to comply with the provisions of the international reporting standard that regulates the segment reporting (IFRS 8), the new reportable segments of Eni, substantially confirming the pre-existing setup, are identified as follows:

- Exploration & Production: research, development and production of oil, condensates and natural gas, forestry conservation (REDD+) and CO₂ capture and storage projects.
- Global Gas & LNG Portfolio: supply and sale of wholesale natural gas by pipeline, international transport and purchase and marketing of LNG. It includes gas trading activities finalized to hedging and stabilizing the trade margins, as well as optimising the gas asset portfolio.
- Refining & Marketing and Chemicals: supply, processing, distribution and marketing of fuels and chemicals. The results of the Chemicals segment were aggregated with the Refining & Marketing performance in a single reportable segment, because these two operating segments have similar economic returns. It comprises the activities of trading oil and products with the aim to execute the transactions on the market in order to balance the supply and stabilize and cover the commercial margins.
- Eni gas e luce, Power & Renewables: retail sales of gas, electricity and related services, production and wholesale sales of electricity from thermoelectric and renewable plants. It includes trading activities of CO₂ emission certificates and forward sale of electricity with a view to hedging/optimising the margins of the electricity.
- Corporate and Other activities: includes the main business support functions, in particular holding, central treasury, IT,

human resources, real estate services, captive insurance activities, research and development, new technologies, business digitalization and the environmental activity developed by the subsidiary Eni Rewind.

Eni's resilience to the COVID-19 pandemic

The trading environment in 2020 saw the largest oil demand drop in history (down by an estimated 9% y-o-y) driven by the lockdown measures implemented at global scale to contain the spread of the COVID-19 pandemic causing a material hit to economic activity, international commerce and travel, mainly during the peak of the crisis in the first and second quarter of 2020. The shock in hydrocarbon demand occurred against the backdrop of a structurally oversupplied oil market, as highlighted by the disagreements among OPEC+ members in the response to be adopted to manage the crisis in early March 2020. The producing Countries of the cartel decided against maintaining the existing quotas and as a result the market was inundated with production while demand was crumbling. Those developments led to a collapse in commodity prices.

At the peak of the downturn, between March and April, the Brent marker price fell to about 15 \$/barrel, the lowest level in over twenty years. The oversupply drove oil markets into contango, a situation when prices for prompt delivery quote below prices for future deliveries, while both land and floating storages reached the highest technical filling levels.

Since May, oil prices have been staging a turnaround thanks to a comprehensive agreement reached within OPEC+ on implementing record production cuts as well as an ongoing recovery in the world economy and oil consumption following an ease in restrictive measures and driven in large part by a strong rebound of activity in China. Brent prices recovered to almost 45 \$/barrel in summer months.

The Brent price closes the year at 50 \$/barrel and the recovery accelerates at the beginning of 2021 with the psychological threshold of 60 \$/barrel and an average of almost 58 \$/barrel in the first two months of the year.

In order to respond to a shortfall of such magnitude, management has taken several decisive actions to preserve the Company's liquidity, the ability to cover maturing financial obligations and to mitigate the impact of the crisis on the Group's net financial position, as follows:

- Rescheduled and optimized the capital expenditures for 2020-2021 years; in 2020 Eni reduced capex by approximately

€2.6 billion, around 35% lower than the initial capital budget at constant exchange rates; incurring expenditures of €5 billion. Those capex reductions mainly related to upstream activities, targeting production optimization activities and the rephasing of certain development projects. The delayed or re-phased activities can be recovered once the scenario normalizes, determining a recovery of related production.

- Implemented widespread cost reduction initiatives across all businesses with achieved savings of about €1.9 billion in 2020, of which about 30% are of structural nature; reductions of similar amount are expected in 2021.
- In May 2020, a €2 billion bond was issued. Then, in October 2020 two hybrid bonds were issued for a total amount of €3

billion; those latter bonds are classified among equity for balance sheet purposes.

- A share repurchase program approved before the start of the crisis was put on hold.
- Established a new dividend policy with the introduction of a variable component of the dividend in line with the volatility of the scenario. The new policy establishes a floor dividend currently set at €0.36/share under the assumption of a Brent scenario of at least 43 \$/barrel and a growing variable component based on a recovery in the crude oil scenario up to 65 \$/barrel. The floor amount will be revalued over time depending on the Company delivering on its industrial targets. For 2020, the dividend proposal is equal to the floor dividend.

2020 performance

In 2020, Eni reported a net loss attributable to its shareholders of €8,635 million, driven by an operating loss of €3,275 million, as well as significantly lower income from investments.

The 2020 results were materially and negatively affected by a challenging operating and trading environment due to the economic crisis related to the COVID-19 pandemic, which caused a massive reduction in demands and prices for crude oil and other Company's products. Furthermore, the operating loss was negatively affected by the recognition of impairment losses of €3.2 billion mainly taken at Oil & Gas assets and refineries. Falling oil and product prices negatively affected inventory valuation, which were aligned to their net realizable

values at period end (resulting in an operating charge of €1.3 billion). Net result for the year was also negatively affected by lower net income from investments (down by €1,658 million) affected by the same market and industrial trends as operated activities, as well as by impairment losses of tangible assets and inventory valuation allowance. These losses related to Eni's share of the results of equity accounted entities, mainly attributable to the Vår Energi joint venture as well as to ADNOC Refining associate and Saipem joint venture. Finally, the net result was negatively affected by the write-off of deferred tax assets driven by projections of lower future taxable income (€1.3 billion).

PROFIT AND LOSS ACCOUNT

| | (€ million) | 2020 | 2019 | 2018 | Change | % Ch. |
|--|----------------|--------------|---------------|-----------------|--------|-------|
| Sales from operations | 43,987 | 69,881 | 75,822 | (25,894) | (37.1) | |
| Other income and revenues | 960 | 1,160 | 1,116 | (200) | (17.2) | |
| Operating expenses | (36,640) | (54,302) | (59,130) | 17,662 | 32.5 | |
| Other operating income (expense) | (766) | 287 | 129 | (1,053) | .. | |
| Depreciation, depletion, amortization | (7,304) | (8,106) | (6,988) | 802 | 9.9 | |
| Net impairment reversals (losses) of tangible and intangible and right-of-use assets | (3,183) | (2,188) | (866) | (995) | (45.5) | |
| Write-off of tangible and intangible assets | (329) | (300) | (100) | (29) | (9.7) | |
| Operating profit (loss) | (3,275) | 6,432 | 9,983 | (9,707) | .. | |
| Finance income (expense) | (1,045) | (879) | (971) | (166) | (18.9) | |
| Income (expense) from investments | (1,658) | 193 | 1,095 | (1,851) | .. | |
| Profit (loss) before income taxes | (5,978) | 5,746 | 10,107 | (11,724) | .. | |
| Income taxes | (2,650) | (5,591) | (5,970) | 2,941 | 52.6 | |
| Tax rate (%) | .. | 97.3 | 59.1 | | | |
| Net profit (loss) | (8,628) | 155 | 4,137 | (8,783) | .. | |
| attributable to: | | | | | | |
| - Eni's shareholders | (8,635) | 148 | 4,126 | (8,783) | .. | |
| - Non-controlling interest | 7 | 7 | 11 | | | |

ADJUSTED RESULTS

| | (€ million) | 2020 | 2019 | 2018 | Change | % Ch. |
|---|----------------|--------------|---------------|----------------|---------------|-------|
| Operating profit (loss) | (3,275) | 6,432 | 9,983 | (9,707) | | .. |
| Exclusion of inventory holding (gains) losses | 1,318 | (223) | 96 | | | |
| Exclusion of special items | 3,855 | 2,388 | 1,161 | | | |
| Adjusted operating profit (loss) | 1,898 | 8,597 | 11,240 | (6,699) | (77.9) | |
| Breakdown by segment: | | | | | | |
| <i>Exploration & Production</i> | 1,547 | 8,640 | 10,850 | (7,093) | (82.1) | |
| <i>Global Gas & LNG Portfolio</i> | 326 | 193 | 278 | 133 | 68.9 | |
| <i>Refining & Marketing and Chemicals</i> | 6 | 21 | 360 | (15) | (71.4) | |
| <i>EGL, Power & Renewables</i> | 465 | 370 | 262 | 95 | 25.7 | |
| <i>Corporate and other activities</i> | (507) | (602) | (583) | 95 | 15.8 | |
| <i>Impact of unrealized intragroup profit elimination and other consolidation adjustments</i> | 61 | (25) | 73 | 86 | | |
| Net profit (loss) attributable to Eni's shareholders | (8,635) | 148 | 4,126 | (8,783) | | .. |
| Exclusion of inventory holding (gains) losses | 937 | (157) | 69 | | | |
| Exclusion of special items | 6,940 | 2,885 | 388 | | | |
| Adjusted net profit (loss) attributable to Eni's shareholders | (758) | 2,876 | 4,583 | (3,634) | | .. |

Adjusted operating profit and adjusted net profit are determined by excluding from the reported results inventory holding gains or losses and non-core gains and losses (pre and post-tax, respectively) that in our view do not reflect the ordinary results of our operations.

Adjusted operating profit (or loss) and adjusted net profit (or loss) provide management with an understanding of the results from our underlying operations and are used to evaluate our period-over-period operating performance, as management believes these provide more comparable measures as they adjust for disposals and special charges or gains not reflective of the underlying trends in our business. The Group underlying performance – i.e. excluding non-core losses and the inventory holding loss – was an adjusted operating profit of €1,898 million compared to €8,597 million in 2019, down by 78% or by €6.7 billion. The decrease in adjusted operating profit was driven by lower results in the E&P segment (down by €7.1 billion) and in the Refining & Marketing and Chemical segment (down by €0.02 billion), partly offset by the increase in the Global Gas and LNG Portfolio segment (up by €0.13 billion) and the Eni gas e luce, Power & Renewables segment (up by €0.10 billion).

The main reasons for the decline were:

- ➔ Significantly lower prices and margins of the products that we produced and sold, which negatively impacted the performance for about €6.8 billion, mainly in the E&P segment due to lower realized prices for equity production of oil and natural gas as well as lower refining margins;
- ➔ The impact of COVID-19 pandemic amounting to €1 billion which comprised a reduction in hydrocarbon production due

to capex cuts, the need to comply with OPEC+ quotas and lower global gas demand, lower LNG offtakes in Asia, lower production and sales volumes in R&M, higher allowances for doubtful accounts and other business impacts.

These negative trends were partly offset by a number of positive drivers as a result of management's initiatives to cope with the downturn. These initiatives included cost cutting measures, better results earned at our retail gas and power businesses due to increased non-commodity revenues and an expansion of the customers portfolio, an increased performance achieved in the Global Gas and LNG Portfolio business which leveraged its gas assets to benefit from market volatility, a positive result of the biorefineries due to higher volumes processed and higher margins and in the marketing of refined products due to better efficiency and lower expenses. Management estimated that the Group internal performance increased operating profit by €1.1 billion, partly offsetting the negativity of the trading environment.

Excluding non-core items and the inventory evaluation profit, adjusted net loss for 2020 was €758 million, a €3.63 billion decrease compared to 2019. The result was negatively affected, in addition to a lower operating performance, by lower income from JV and other industrial investments due to the deteriorated macroeconomic framework. Furthermore, net loss reflected an increased Group tax rate due to a depressed trading environment which limited the Company's ability to recognize deferred tax assets for current losses and other factors.

BREAKDOWN OF SPECIAL ITEMS

| | (€ million) | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|
| Special items of operating profit (loss) | | 3,855 | 2,388 | 1,161 |
| - environmental charges | (25) | 338 | 325 | |
| - impairment losses (impairments reversal), net | 3,183 | 2,188 | 866 | |
| - net gains on disposal of assets | (9) | (151) | (452) | |
| - risk provisions | 149 | 3 | 380 | |
| - provision for redundancy incentives | 123 | 45 | 155 | |
| - commodity derivatives | 440 | (439) | (133) | |
| - exchange rate differences and derivatives | (160) | 108 | 107 | |
| - reinstatement of Eni Norge amortization charges | | | (375) | |
| - other | 154 | 296 | 288 | |
| Net finance (income) expense | 152 | (42) | (85) | |
| of which: | | | | |
| - exchange rate differences and derivatives reclassified to operating profit (loss) | 160 | (108) | (107) | |
| Net (income) expense from investments | 1,655 | 188 | (798) | |
| of which: | | | | |
| - gains on disposal of assets | | (46) | (909) | |
| - impairments/revaluation of equity investments | 1,207 | 148 | 67 | |
| Income taxes | 1,278 | 351 | 110 | |
| Total special items of net profit (loss) | 6,940 | 2,885 | 388 | |

Adjusted net loss includes special items consist of net charges of €6,940 million, relating to the following:

(i) net impairment losses recorded at Oil & Gas properties in production or under development (€1,888 million, almost related to the first half), driven by a downward revision to management's expectations for crude oil prices in the long-term, which were reduced to 60 \$/barrel and the associated curtailments of expenditures in the years 2020-2021 with the re-phasing of a number of projects, in order to preserve cash generation, as well as negative revisions of reserves. The main impairment losses were recorded at CGUs in Italy, Algeria, Congo, the USA and Turkmenistan; (ii) impairment losses at refineries driven by a lowered outlook for refining margins and expectations for a continuing narrowing in spreads between medium-sour crudes vs. lightsweet crude qualities, 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 €1,225 million, almost related to the first half); (iii) the impairment of Chemical assets due to a deteriorated margin scenario (€46 million); (iv) the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as hedges, as well as the fair value of forward contracts to sell volumes of gas which were not accounted based on the own use exemption (charges of

€440 million); (v) risk provisions mainly in the E&P business (€137 million); (vi) provisions for redundancy incentives (€123 million); (vii) the reclassification to adjusted operating profit of the negative balance of €160 million related to derivative financial instruments used to manage margin exposure to foreign currency exchange rate movements and exchange translation differences of commercial payables and receivables; (viii) an allowance for doubtful accounts relating to receivables (€77 million) in the E&P business; (ix) charges relating to the JV Vår Energi, mainly driven by impairment losses recorded at Oil & Gas assets due to a revised oil price outlook and downward reserve revisions, netted by the 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 (for overall charges of €1,111 million); (x) a loss of €124 million relating to the alignment of raw material and products inventories to their net realizable values at period end at ADNOC Refining; (xi) Eni's share of non current charges/impairments relating to Saipem (charges of €271 million) relating to Saipem; (xii) tax effects relating to the aforementioned special items, as well as the write-down of deferred taxes due to a deteriorated profitability outlook (an overall effect of €1,278 million).

Sources and uses of cash

Eni's Summarized Group 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.

| | (€ million) | 2020 | 2019 | 2018 | Change |
|--|----------------|----------------|---------------|----------------|--------|
| Net profit (loss) | (8,628) | 155 | 4,137 | (8,783) | |
| <i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i> | | | | | |
| - depreciation, depletion and amortization and other non-monetary items | 12,641 | 10,480 | 7,657 | 2,161 | |
| - net gains on disposal of assets | (9) | (170) | (474) | 161 | |
| - dividends, interests, taxes and other changes | 3,251 | 6,224 | 6,168 | (2,973) | |
| Changes in working capital related to operations | (18) | 366 | 1,632 | (384) | |
| Dividends received by investments | 509 | 1,346 | 275 | (837) | |
| Taxes paid | (2,049) | (5,068) | (5,226) | 3,019 | |
| Interests (paid) received | (875) | (941) | (522) | 66 | |
| Net cash provided by operating activities | 4,822 | 12,392 | 13,647 | (7,570) | |
| Capital expenditure | (4,644) | (8,376) | (9,119) | 3,732 | |
| Investments and purchase of consolidated subsidiaries and businesses | (392) | (3,008) | (244) | 2,616 | |
| Disposals of consolidated subsidiaries, businesses, tangible and intangible assets and investments | 28 | 504 | 1,242 | (476) | |
| Other cash flow related to investing activities and disinvestments | (735) | (254) | 942 | (481) | |
| Free cash flow | (921) | 1,258 | 6,468 | (2,179) | |
| Net cash inflow (outflow) related to financial activities | 1,156 | (279) | (357) | 1,435 | |
| Changes in short and long-term financial debt | 3,115 | (1,540) | 320 | 4,655 | |
| Repayment of lease liabilities | (869) | (877) | | 8 | |
| Dividends paid and changes in non-controlling interests and reserves | (1,968) | (3,424) | (2,957) | 1,456 | |
| Net issue (repayment) of perpetual hybrid bond | 2,975 | | | 2,975 | |
| Effect of changes in consolidation and exchange differences of cash and cash equivalent | (69) | 1 | 18 | (70) | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT | 3,419 | (4,861) | 3,492 | 8,280 | |
| Adjusted net cash before changes in working capital at replacement cost | 6,726 | 11,700 | 12,529 | (4,974) | |

CHANGE IN NET BORROWINGS

| | (€ million) | 2020 | 2019 | 2018 | Change |
|---|--------------|----------------|--------------|----------------|--------|
| Free cash flow | (921) | 1,258 | 6,468 | (2,179) | |
| <i>Repayment of lease liabilities</i> | | | | | |
| Repayment of lease liabilities | (869) | (877) | | 8 | |
| Net borrowings of acquired companies | (67) | | (18) | (67) | |
| Net borrowings of divested companies | | 13 | (499) | (13) | |
| Exchange differences on net borrowings and other changes | 759 | (158) | (367) | 917 | |
| Dividends paid and changes in non-controlling interest and reserves | (1,968) | (3,424) | (2,957) | 1,456 | |
| Net issue (repayment) of perpetual hybrid bond | 2,975 | | | 2,975 | |
| CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES | (91) | (3,188) | 2,627 | 3,097 | |
| IFRS 16 first application effect | | (5,759) | | 5,759 | |
| Repayment of lease liabilities | 869 | 877 | | (8) | |
| Inception of new leases and other changes | (239) | (766) | | 527 | |
| Change in lease liabilities | 630 | (5,648) | | 6,278 | |
| CHANGE IN NET BORROWINGS AFTER LEASE LIABILITIES | 539 | (8,836) | 2,627 | 9,375 | |

Net cash provided by operating activities for the full year 2020 was €4,822 million, 61% lower than 2019 due to a deteriorated scenario and the circumstance that the 2019 amount included higher dividends paid by the JV Vår Energi (€1,057 million in 2019 vs. €274 million in the current period).

Changes in working capital in the full year of 2020 were mainly driven by a reduction in the book value of inventories due to the alignment to their net realizable values at period-end and despite a lower amount of trade receivables due in subsequent reporting periods divested to financing institutions compared to the fourth quarter 2019 (-€1 billion), as well as the settlement of a contractual dispute with a first party in the E&P business (approximately -€0.4 billion).

Adjusted cash flow was €6,726 million with a reduction of

43% compared to the previous year. This non-GAAP measure includes net cash provided by operating activities before changes in working capital excluding inventory holding gains or losses 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 and the fair value of forward gas sale contracts with physical delivery which were not accounted in accordance with the own use exemption. The reduction from the full year of 2019 is due to scenario effects of approximately -€6.0 billion, including the impact of dividends from equity accounted entities, operational impacts associated with the COVID-19 for -€1.3 billion, while the underlying performance was a positive €2.3 billion. The Group cash tax rate was 32% (31% in the full year of 2019).

CAPITAL EXPENDITURE

| | (€ million) | 2020 | 2019 | 2018 | Change | % Ch. |
|---|--------------|---------------|--------------|----------------|---------------|--------|
| Exploration & Production | | 3,472 | 6,996 | 7,901 | (3,524) | (50.4) |
| - acquisition of proved and unproved properties | 57 | 400 | 869 | (343) | (85.8) | |
| - exploration | 283 | 586 | 463 | (303) | (51.7) | |
| - development | 3,077 | 5,931 | 6,506 | (2,854) | (48.1) | |
| - other expenditure | 55 | 79 | 63 | (24) | (30.4) | |
| Global Gas & LNG Portfolio | 11 | 15 | 26 | (4) | (26.7) | |
| Refining & Marketing and Chemicals | 771 | 933 | 877 | (162) | (17.4) | |
| - Refining & Marketing | 588 | 815 | 726 | (227) | (27.9) | |
| - Chemicals | 183 | 118 | 151 | 65 | 55.1 | |
| EGL, Power & Renewables | 293 | 357 | 238 | (64) | (17.9) | |
| - EGL | 175 | 173 | 143 | 2 | 1.2 | |
| - Power | 52 | 42 | 46 | 10 | 23.8 | |
| - Renewables | 66 | 142 | 49 | (76) | (53.5) | |
| Corporate and other activities | 107 | 89 | 94 | 18 | 20.2 | |
| Impact of unrealized intragroup profit elimination | (10) | (14) | (17) | | | |
| Capital expenditure | 4,644 | 8,376 | 9,119 | (3,732) | (44.6) | |
| Investments and purchase of consolidated subsidiaries and businesses | 392 | 3,008 | 244 | (2,616) | (87.0) | |
| Total capex and investments and purchase of consolidated subsidiaries and businesses | 5,036 | 11,384 | 9,363 | (6,348) | (55.8) | |

Cash outflows for capital expenditure and investments were €5,036 million, including the acquisition of the control of the Evolvere company and of minority interests in Finproject and in Novis Renewables Holdings, as well as capital contributions made to certain equity-accounted entities engaged in the execution of projects of Eni's interest. 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 (€0.25 billion), net capital expenditures amounted to €4.97 billion, 36% lower than the same period of 2019 leveraging the curtailments implemented by the management following a review of the industrial plan 2020-2021 in response to the pandemic COVID-19 crisis. In the full year of 2020 net capex were fully funded by the adjusted cash flow.

Capital expenditure amounted to €4,644 million (€8,376 million in 2019), decreasing by 45% from 2019 and mainly related to:

- development activities (€3,077 million) mainly in Egypt, Indonesia, the United Arab Emirates, Italy, the United States, Angola, Mexico, Iraq and Kazakhstan;
- refining activity in Italy and outside Italy (€462 million) mainly relating to the activities to maintain plants' integrity and stay-in-business, as well as HSE initiatives; marketing activity (€126 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 (€175 million).

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).

| | (€ million) | December 31, 2020 | December 31, 2019 | Change |
|---|-----------------|-------------------|-------------------|-----------------|
| Fixed assets | | | | |
| Property, plant and equipment | 53,943 | 62,192 | (8,249) | |
| Right of use | 4,643 | 5,349 | (706) | |
| Intangible assets | 2,936 | 3,059 | (123) | |
| Inventories - Compulsory stock | 995 | 1,371 | (376) | |
| Equity-accounted investments and other investments | 7,706 | 9,964 | (2,258) | |
| Receivables and securities held for operating purposes | 1,037 | 1,234 | (197) | |
| Net payables related to capital expenditure | (1,361) | (2,235) | 874 | |
| | 69,899 | 80,934 | (11,035) | |
| Net working capital | | | | |
| Inventories | 3,893 | 4,734 | (841) | |
| Trade receivables | 7,087 | 8,519 | (1,432) | |
| Trade payables | (8,679) | (10,480) | 1,801 | |
| Net tax assets (liabilities) | (2,198) | (1,594) | (604) | |
| Provisions | (13,438) | (14,106) | 668 | |
| Other current assets and liabilities | (1,328) | (1,864) | 536 | |
| | (14,663) | (14,791) | 128 | |
| Provisions for employee benefits | | (1,201) | (1,136) | (65) |
| Assets held for sale including related liabilities | | 44 | 18 | 26 |
| CAPITAL EMPLOYED, NET | | 54,079 | 65,025 | (10,946) |
| Eni shareholders' equity | 37,415 | 47,839 | (10,424) | |
| Non-controlling interest | 78 | 61 | 17 | |
| Shareholders' equity | | 37,493 | 47,900 | (10,407) |
| Net borrowings before lease liabilities ex IFRS 16 | | 11,568 | 11,477 | 91 |
| Lease liabilities | 5,018 | 5,648 | (630) | |
| - of which Eni working interest | 3,366 | 3,672 | (306) | |
| - of which Joint operators' working interest | 1,652 | 1,976 | (324) | |
| Net borrowings post lease liabilities ex IFRS 16 | | 16,586 | 17,125 | (539) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 54,079 | 65,025 | (10,946) |
| Leverage | | 0.44 | 0.36 | |
| Gearing | | 0.31 | 0.26 | |

Leverage and net borrowings

Eni evaluates its financial condition by reference to net borrowings, which 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. Non-operating financing receivables consist of amounts due to Eni's financing subsidiaries from banks and other financing institutions and amounts due to other subsidiaries from banks for investing purposes and deposits in escrow. Securities not related to operations consist primarily of government and corporate securities.

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.

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.

| | (€ million) | December 31, 2020 | December 31, 2019 | Change |
|--|-------------|-------------------|-------------------|-----------------|
| Total finance debt | | 26,686 | 24,518 | 2,168 |
| - Short-term debt | | 4,791 | 5,608 | (817) |
| - Long-term debt | | 21,895 | 18,910 | 2,985 |
| Cash and cash equivalents | | (9,413) | (5,994) | (3,419) |
| Securities held for trading | | (5,502) | (6,760) | 1,258 |
| Financing receivables held for non-operating purposes | | (203) | (287) | 84 |
| Net borrowings before lease liabilities ex IFRS 16 | | 11,568 | 11,477 | 91 |
| Lease Liabilities | | 5,018 | 5,648 | (630) |
| - of which Eni working interest | | 3,366 | 3,672 | (306) |
| - of which Joint operators' working interest | | 1,652 | 1,976 | (324) |
| Net borrowings post lease liabilities ex IFRS 16 | | 16,586 | 17,125 | (539) |
| Shareholders' equity including non-controlling interest | | 37,493 | 47,900 | (10,407) |
| Leverage before lease liability ex IFRS 16 | | 0.31 | 0.24 | |
| Leverage after lease liability ex IFRS 16 | | 0.44 | 0.36 | |

Supplementary information

Directors and officers

ENI'S BOARD OF DIRECTORS¹



(left to right)

Lucia Calvosa

Chairman

Karina A. Litvack

■ Sustainability and Scenarios Committee
Chairman

■ Remuneration Committee

Claudio Descalzi

Chief Executive Officer

Pietro A. Guindani

■ Control and Risk Committee
Chairman

■ Nomination Committee

Ada Lucia De Cesaris

■ Nomination Committee
Chairman

■ Control and Risk Committee

Nathalie Tocci

■ Remuneration Committee
Chairman

■ Control and Risk Committee

■ Sustainability and Scenarios Committee

Emanuele Piccinno

■ Nomination Committee

■ Sustainability and Scenarios Committee

Filippo Giansante

■ Sustainability and Scenarios Committee

Raphael Louis L. Vermeir

■ Remuneration Committee

■ Control and Risk Committee

■ Sustainability and Scenarios Committee

■ Sustainability and Scenarios Committee

■ Nomination Committee

■ Remuneration Committee

■ Control and Risk Committee

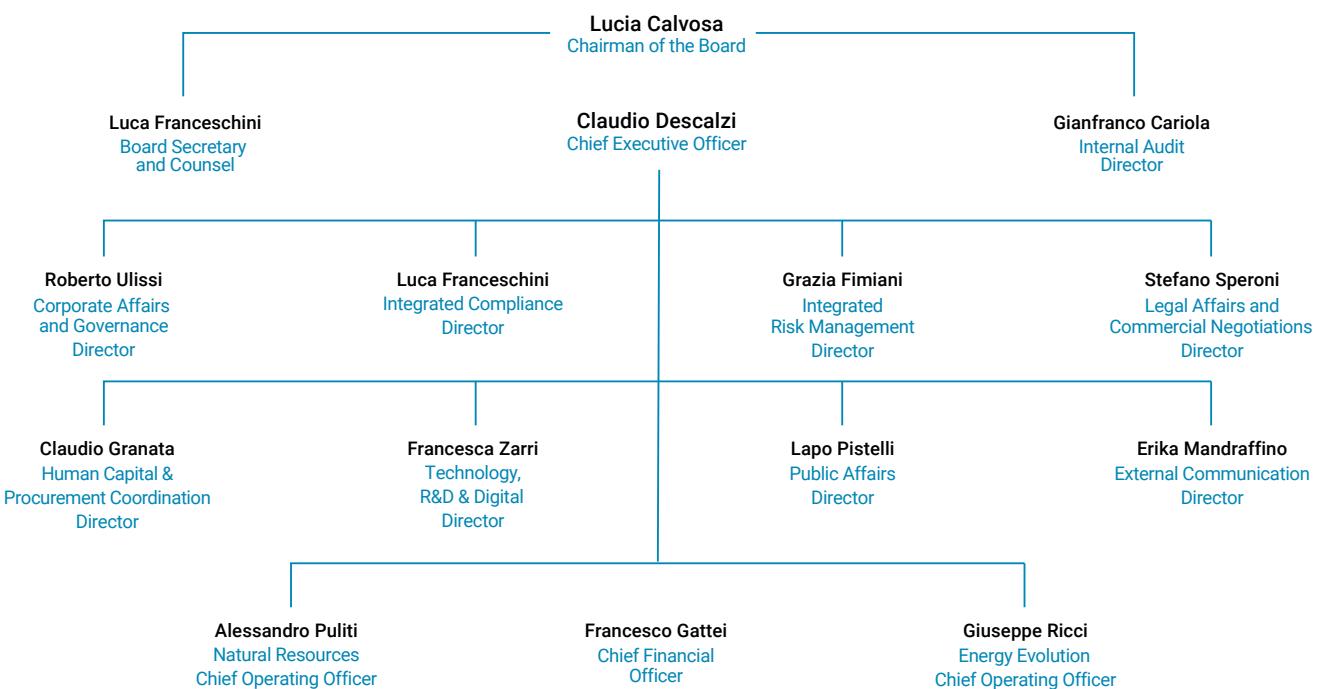
1) From the slate submitted by the Ministry of the Economy and Finance.

2) From the minority slate.

1) Appointed by the Shareholders' Meeting of May 13, 2020 for a three-year term, ending on the date of the Shareholders' Meeting called to approve the 2022 financial statements.
9 members, 7 independents, 1 executive Director, Chairman non-executive and independent pursuant to law.



GROUP OFFICERS²



2) As of April 1, 2021.

BOARD OF STATUTORY AUDITORS

Chairman
Rosalba Casiraghi

Statutory Auditors
Enrico Maria Bignami
Giovanna Ceribelli
Marco Seracini
Roberto Maglio

Remuneration

The Eni Remuneration Policy is approved by the Board of Directors, following a proposal by the Remuneration Committee, which is entirely made up of non-executive, independent Directors. It is defined in accordance with the corporate governance model adopted by the Company as well as with the recommendations of the Italian Corporate Governance Code. This Policy contributes to pursuing the Company's strategies, the long-term interests and the Company sustainable success, with the definition of incentive structures tied to the achievement of financial, business, environmental and social sustainability goals, operational and individual objectives, defined with a view to the achievement of long-term business performance, in line with the guidelines of the Strategic Plan and taking account of the interests of all stakeholders.

Eni's Remuneration Policy contributes to achieving the Company's mission, towards:

→ promoting actions and behaviours reflecting the Company's values and culture, consistent with the principles of plurality, equal opportunity, enhancement of individuals' knowledge and skills, fairness, integrity and non-discrimination, as

described in the Code of Ethics and Eni Policy "Our people";
 → recognising roles and responsibilities, results, and the quality of professional contribution, taking into account the operating environment and relevant market pay scales;
 → defining incentive structures tied to the achievement of financial, business, environmental and social sustainability goals, operational and individual objectives, defined with a view to the achievement of long-term business performance, in line with the guidelines of the Strategic Plan and taking account of the interests of all stakeholders.

With regard to sustainability issues, the CEO objectives set for the year 2021 are focused on environmental matters, as well as on human capital aspects.

The objectives of the Chief Officers of Eni business segments and other Managers with strategic responsibilities are assigned on the basis of those assigned to top management focused on stakeholders' perspectives, as well as on individual objectives assigned in relation to the responsibilities inherent the single managerial position, under the provisions of Company's Strategic Plan.

2021 TARGETS FOR THE SHORT-TERM INCENTIVE PLAN WITH DEFERRAL 2022

| ECONOMIC AND FINANCIAL RESULTS (25%) | OPERATING RESULTS AND SUSTAINABILITY OF ECONOMIC RESULTS (25%) | ENVIRONMENTAL SUSTAINABILITY AND HUMAN CAPITAL (25%) | EFFICIENCY AND FINANCIAL STRENGTH (25%) |
|---|--|---|--|
| INDICATORS Earning Before Tax (12.5%) Free Cash Flow (12.5%) | INDICATORS Hydrocarbon production (12.5%) Incremental Installed Capacity from renewable (12.5%) | INDICATORS GHG emission intensity Scope 1 and 2 – equity (12.5%) Severity Incident Rate (12.5%) | INDICATORS ROACE (12.5%) Net Debt/EBITDA adjusted (12.5%) |
| DRIVERS Upstream expansion Strengthen Gas & Power operations Resilience in downstream Green business | DRIVERS Fast track approach Renewable energies development | DRIVERS Decarbonisation HSE and sustainability | DRIVERS Financial discipline Efficiency of operating costs and G&A Optimisation of working capital |

The Policy defined for the next term 2020-2023 provides the confirmation, in the Short-Term Plan of Incentive of Short Term with deferral, of a target related to environmental sustainability and human capital (weight 25%), focused on safety and reduction of GHG emission intensity (direct and indirect), as well as a new target related to the increase of renewables installed capacity (weight 12.5%), in place of the

target connected to the explorative resources.
 The 2020-2022 Long-Term Equity Incentive Plan includes a target related to environmental sustainability and energy transition (overall weight 35%), articulated on a series of goals linked to the processes of decarbonization and energy transition and to the circular economy.

Remuneration paid in 2020

The table below reports the remuneration paid to the Chairman of the Board of Directors, the Chief Executive Officer and General Manager and, in aggregate form, Managers with strategic responsibilities.

The remuneration received from subsidiaries and/or associates, except that waived or paid to the company, are shown separately.

REMUNERATION PAID TO DIRECTORS, STATUTORY AUDITORS, TO THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER, TO CHIEF OPERATING OFFICERS AND TO OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES (€ thousand)

| First Name and Surname | Position | Period for which the position was held | Expiration of office ^(a) | Variable non-equity remuneration | | | | | | Fair value of equity-based remuneration | Severance indemnity for end of office or termination of employment | |
|---|---|--|-------------------------------------|----------------------------------|--|------------------------------|----------------|-----------------------|--------------------|---|--|---------------|
| | | | | Fixed remuneration | Remuneration for participation in Committees | Bonuses and other incentives | Profit sharing | Non-monetary benefits | Other remuneration | | | |
| Board of Directors | | | | | | | | | | | | |
| Emma Marcegaglia | Chairwoman | 01.01 - 05.13 | 2020 | 185 | | | | | | 185 | | |
| Lucia Calvosa | Chairwoman | 05.13 - 12.31 | 2023 | 316 | | | | | | 14 | 330 | |
| Claudio Descalzi | Chief Executive Officer and General Manager | 01.01 - 12.31 | 2023 | 1,600 | | 3,702 | | 40 | | 5,342 | 690 | |
| Managers with strategic responsibilities^(b) | | Remuneration in the reporting entity | | 9,599 | | 10,183 | | 244 | | 112 | 20,138 | 1,129 |
| | | | | 11,700 | | 13,885 | | 284 | | 126 | 25,995 | 1,819 |
| | | | | | | | | | | | | 22,149 |

(a) The term of office expires with the Shareholders' Meeting approving the Financial Statements for the year ending 31st December, 2022.

(b) Managers who were permanent members of the Company's Management Committee during the year, together with the Chief Executive Officer and who reported directly to the CEO (twenty-three managers). It includes the remuneration paid to Massimo Mondazzi and Alessandro Puliti in charge as Chief Operating Officer on Energy Evolution and Natural Resources Business Group respectively.

MONETARY INCENTIVE PLANS FOR THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER, CHIEF OPERATING OFFICERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES (€ thousand)

| First Name and Surname | Position | Bonus for the year | | Bonus for previous years | | | | | Other bonuses |
|---|---|--------------------|--------------|--------------------------|-------------------|-----------------------------|----------------|-------|---------------|
| | | Payable/paid | Deferred | Dereffal period | No longer payable | Payable/paid ^(a) | Still deferred | | |
| Claudio Descalzi | Chief Executive Officer and General Manager | 2,153 | 1,159 | Three-year | | 1,549 | | 2,134 | |
| Other Managers with strategic responsibilities ^(b) | | 5,539 | 2,645 | Three-year | 937 | 4,645 | 4,374 | | |
| | | 7,692 | 3,804 | | 937 | 6,194 | 6,508 | | |

(a) Annual portion of the 2021 Short-Term Incentive Plan earned in 2020, whose payment shall be deferred in 2022 for a portion of 25%.

(b) Managers who were permanent members of the Company's Management Committee during the year, together with the Chief Executive Officer and who reported directly to the CEO (twenty-three managers). It includes the monetary incentive plan for Massimo Mondazzi and Alessandro Puliti in charge as Chief Operating Officer on Energy Evolution and Natural Resources Business Group respectively.

INCENTIVE PLANS BASED OF FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER, FOR CHIEF OPERATING OFFICERS AND FOR OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

| First Name and Surname | Position | Plan | Number of Eni shares | Financial instruments awarded in previous years and not vested during the year | | | | Financial instruments awarded during the year | | | | Financial instruments vested during the year and not assignable | Financial instruments vested during the year and assignable | Financial instruments for the year |
|---|---|--|----------------------|--|--|----------------|-----------------|---|----------------------|----------------------|---------------------------------------|---|---|------------------------------------|
| | | | | Vesting date | Fair value at assignment date (€ thousand) | Vesting period | Assignment date | Market price on assignment date (€) | Number of Eni shares | Number of Eni shares | Value at date of vesting (€ thousand) | | | |
| Claudio Descalzi | Chief Executive Officer and General Manager | 2020 Equity-based Long-Term Incentive Plan | 292,451 | 991 | 3 years | 10/28/2020 | 5.885 | | | | | | | 28 |
| | | 2019 Equity-based Long-Term Incentive Plan | 171,114 | 3 years | | | | | | | | | | 564 |
| | | 2018 Equity-based Long-Term Incentive Plan | | | | | | | 10,481 | 139,241 | | | | 489 |
| Total | | | 292,451 | 991 | | | | | 10,481 | | 1,081 | | | |
| Managers with strategic responsibilities | | | | | | | | | | | | | | |
| Managers with strategic responsibilities ^(a) | | 2020 Equity-based Long-Term Incentive Plan | 496,375 | 2,704 | 3 years | 11/30/2020 | 8.303 | | | | | | | 16 |
| | | 2019 Equity-based Long-Term Incentive Plan | 288,471 | 3 years | | | | | 70,906 | | | | | 920 |
| | | 2018 Equity-based Long-Term Incentive Plan | | | | | | | 69,860 | 140,345 | | | | 661 |
| Total | | | 496,375 | 2,704 | | | | | 140,766 | | | | | 1,597 |
| | | | 788,826 | 3,695 | | | | | 151,247 | | | | | 2,678 |

(a) Managers who were permanent members of the Company's Management Committee, during the year together with the Chief Executive Officer or who reported directly to the Chief Executive Officer (twentythree managers). It includes the incentive plan for Massimo Mondazzi and Alessandro Puliti in charge as Chief Operating Officer on Energy Evolution and Natural Resources Business Group respectively.

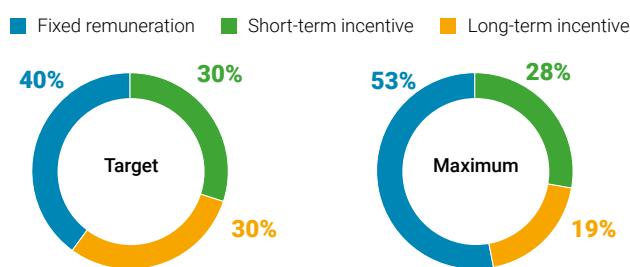
Pay mix

The remuneration package for the Chief Executive Officer includes a fixed component, a short-term variable component, and a long-term variable component, which comprises a short-term incentive deferral and long-term share incentive determined using internationally recognized methodologies

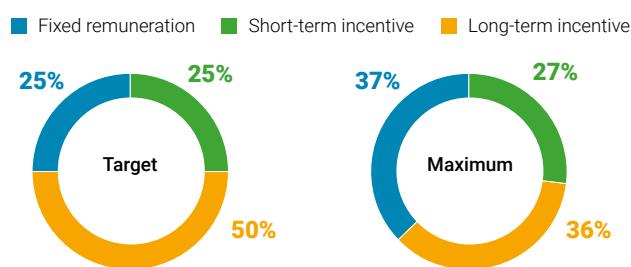
for remuneration benchmarks.

The pay mix, calculated by considering fixed remuneration as the base, is weighted significantly towards the variable components, with a dominant weighting attributed to the long-term component.

PAY MIX AD



PAY MIX DIRS



Overall remuneration of key management personnel

Remuneration of persons responsible of key positions in planning, direction and control functions of Eni Group companies, including executive and non-executive Directors,

Chief Operating Officers and other managers with strategic responsibilities in charge at December 31, 2020, amounted to €65 million, as described in the following table:

| | (€ million) | 2020 |
|--|-------------|------|
| Fees and salaries | 30 | |
| Post employment benefits | 2 | |
| Other long-term benefits | 12 | |
| Indemnities upon termination of the office | 21 | |
| TOTAL | 65 | |

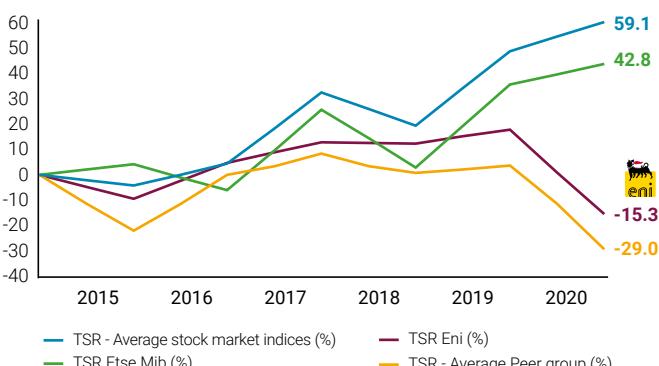
Performance and remuneration

In 2015-2020, Eni delivered a total shareholder return of -15.3%, compared with -29% for the peer group¹, while the FTSE Mib index produced a TSR of 42.8% compared with an average

59.1% for the peer companies' respective benchmark stock market indices². The following table compares developments in Eni TSR and total CEO/GM remuneration for 2015-2019:

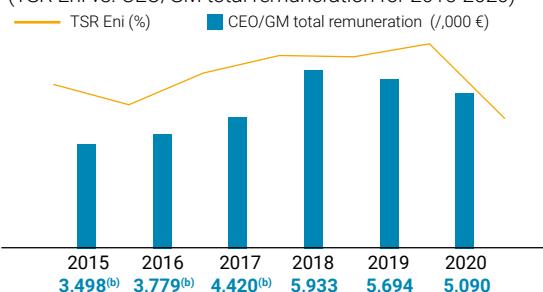
TOTAL SHAREHOLDER RETURN

(Eni vs. Peer Group and benchmark Stock Market Indices)



PAY FOR PERFORMANCE ANALYSIS

(TSR Eni vs. CEO/GM total remuneration for 2015-2020)^(a)



(a) Data reported in table 1 Consob of the 2016-2020 Remuneration Reports and in table 13 on p. 48 of this Report.

(b) Total remuneration data for in 2015, 2016 and 2017 include incentives accrued by the CEO/GM in his previous role as GM of the E&P department.

(1) The Peer Group consists of: Exxon Mobil, Chevron, BP, Shell, Total, ConocoPhillips, Equinor, Apache, Marathon Oil, Occidental Petroleum.

(2) Benchmark indices: Standard&Poors 500, Cac 40, FTSE 100, AEX, OBX.

Investor information

Eni share performance in 2020

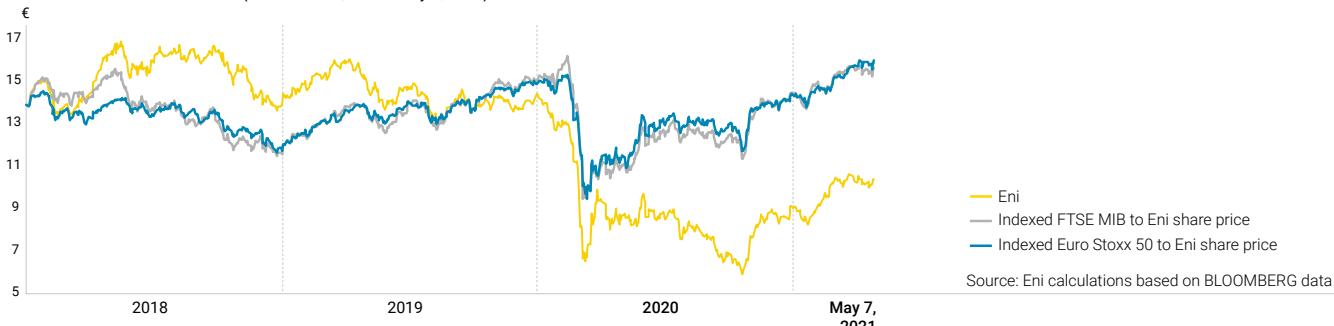
In accordance with Article 5 of the By-laws, the Company's share capital amounts to €4,005,358,876.00, fully-paid, and is represented by 3,605,594,848 ordinary registered shares without indication of par value.

In the last session of 2020, Eni share price, quoted on the Italian Stock Exchange, was €8.55, down by 38.3% from the price quoted at the end of 2019 (€13.85). The Italian Stock Exchange is the primary market where Eni share is traded. During the year, FTSE/MIB index, the basket including the 40 most important shares listed on the Italian Stock Exchange, decreased by 5.4 percentage points.

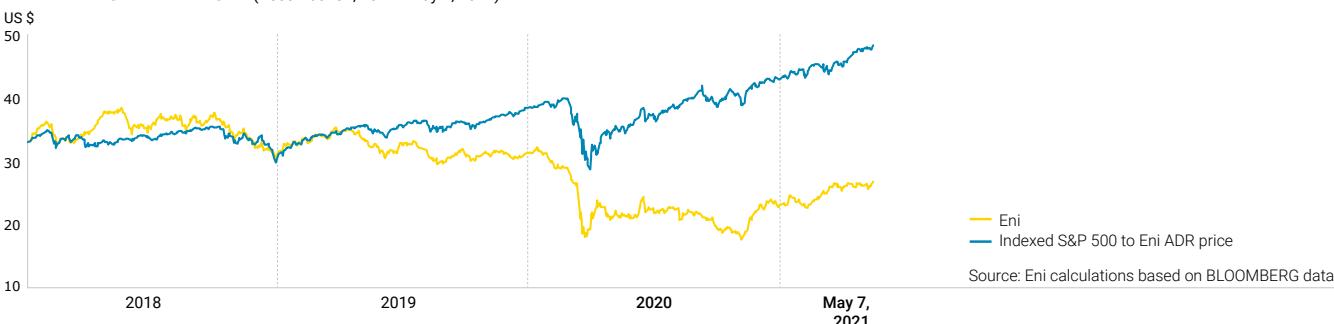
At the end of 2020, Eni ADR listed on the NYSE was \$20.60, down by 33.5% compared to the price registered in the last session of 2019 (\$30.96). One ADR is equal to two Eni ordinary shares. In the same period the S&P 500 index increased by 15.5 percentage points. Eni market capitalization at the end of 2020 was €31 billion (€50 billion at the end of 2019). Shares traded during the year totaled almost 5.2 billion, with a daily average of shares traded of 20.4 million (11.4 million in 2019). The total traded value of Eni shares amounted to approximately €45.5 billion (€41.2 billion in 2019), equal to a daily average of €178.4 million.

| | | 2020 | 2019 | 2018 |
|---|------------------|-------|-------|-------|
| Market quotations for common stock on the Mercato Telematico Azionario (MTA) | | | | |
| High | (€) | 14.32 | 15.94 | 16.76 |
| Low | | 5.89 | 13.04 | 13.33 |
| Average daily close | | 8.96 | 14.36 | 15.25 |
| Year-end close | | 8.55 | 13.85 | 13.75 |
| Market quotations for ADR on the New York Stock Exchange | | | | |
| High | (\\$) | 32.12 | 36.17 | 40.09 |
| Low | | 13.71 | 28.84 | 30.00 |
| Average daily close | | 20.28 | 32.12 | 35.98 |
| Year-end close | | 20.60 | 30.92 | 31.50 |
| Average daily traded volumes | (million shares) | 20.40 | 11.41 | 12.99 |
| Value of traded volumes | (€ million) | 178 | 164 | 197 |

ENI SHARE PRICE IN MILAN (December 31, 2017 - May 7, 2021)



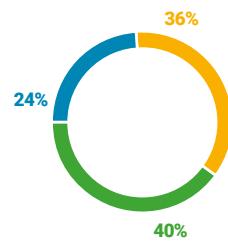
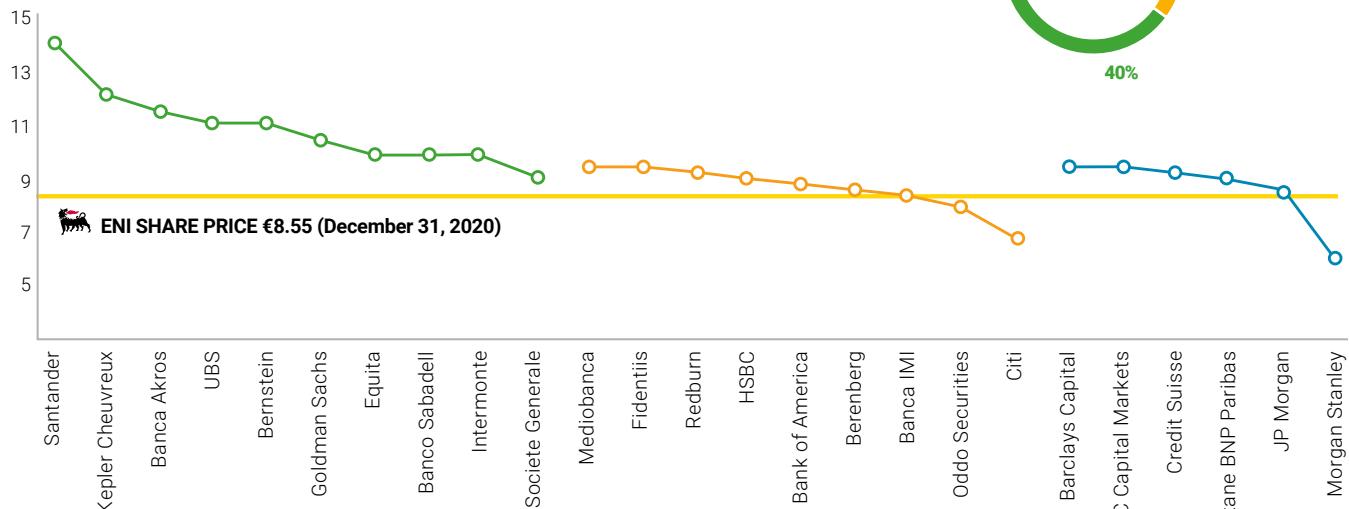
ENI ADR PRICE IN NEW YORK (December 31, 2017 - May 7, 2021)



ENI RATINGS DISTRIBUTION AS OF DECEMBER 31, 2020

(€/share)

Buy
Hold
Sell



SUMMARY FINANCIAL DATA

| | 2020 | 2019 | 2018 |
|--|---------------|--------|-------|
| Net profit (loss) | | | |
| - per share ^(a) | (€) | (2.42) | 0.04 |
| - per ADR ^{(a)(b)} | (\$) | (5.53) | 0.09 |
| Adjusted net profit (loss) | | | |
| - per share ^(a) | (€) | (0.21) | 0.80 |
| - per ADR ^{(a)(b)} | (\$) | (0.48) | 1.79 |
| Cash flow | | | |
| - per share ^(a) | (€) | 1.35 | 3.45 |
| - per ADR ^{(a)(b)} | (\$) | 3.08 | 7.72 |
| Adjusted Return on average capital employed (ROACE) | (%) | (0.6) | 5.3 |
| Leverage ante IFRS 16 | | 31 | 24 |
| Leverage post IFRS 16 | | 44 | 36 |
| Gearing | | 31 | 26 |
| Coverage | | (3.1) | 7.3 |
| Current ratio | | 1.4 | 1.2 |
| Debt coverage | | 29.1 | 72.4 |
| Debt/EBITDA adjusted | | 174.1 | 100.7 |
| Dividend pertaining to the year | (€ per share) | 0.36 | 0.86 |
| Total Share Return (TSR) | (%) | (34.1) | 6.7 |
| Dividend yield ^(c) | | 4.2 | 6.3 |
| (a) Fully diluted. Ratio of net profit (loss)/cash flow and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by Reuters (WMR) for the period presented. | | | |
| (b) One American Depository Receipt (ADR) is equal to two Eni ordinary shares. | | | |
| (c) Ratio of dividend for the period and the average price of Eni shares as recorded in December. | | | |

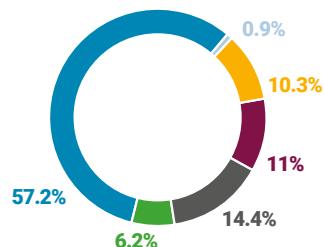
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(b) One American Depository Receipt (ADR) is equal to two Eni ordinary shares.

(c) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

SHAREHOLDERS DISTRIBUTION BY GEOGRAPHIC AREA^(*)

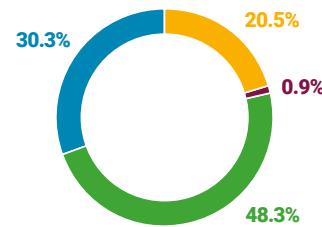
| | |
|------------------|------------------|
| ■ Rest of world | ■ USA and Canada |
| ■ Italy | ■ Other |
| ■ UK and Ireland | ■ Rest of Europe |



(*) As of March 18, 2021.

CLASS OF SHAREHOLDERS^(*)

| | |
|--------------------|------------------------------|
| ■ Retail investors | ■ Treasury shares |
| ■ Public holding | ■ Institutional shareholders |

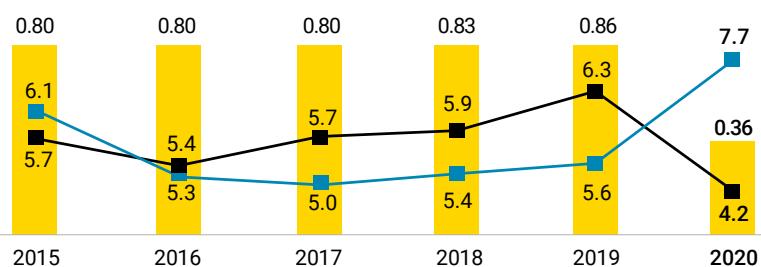


(*) As of March 18, 2021.

DIVIDEND PER SHARE

| |
|--|
| ■ Dividend (€/share) |
| ■ Eni's Dividend yield (%) |
| ■ Dividend yield - average of Oil & Gas petroleum companies ^(a) (%) |

(a) Refer to: BP, Chevron, Repsol, ExxonMobil, Royal Dutch Shell and Total.



Dividends

Management has established a new dividend policy with the introduction of a variable component of the dividend in line with the volatility of the scenario. The new policy establishes a floor dividend currently set at €0.36/share under the assumption of a Brent scenario of at least 43 \$/barrel and a growing variable component based on a recovery in the crude oil scenario up to 65 \$/barrel. The floor amount will be revalued over time depending on the Company delivering on its industrial targets. For 2020, the dividend proposal is equal to the floor dividend.

Holders of ADRs receive their dividends in US dollars. The dividend for 2020 based on the management's proposal to the General Shareholders' Meeting and subject to approval was translated as per the portion related to the interim dividend (€0.24 per ADR) at the Noon Buying Rate recorded on the payment date on September 23, 2020, while the balance of €0.48 per ADR was translated at the Noon Buying Rate as recorded on December 31, 2020.

On ADR payment date (May 26, 2021), Citibank N.A. pays the dividend less the amount of any withholding tax under Italian law (currently 26%) to all Depository Trust Company Participants, representing payment of Eni SpA's gross dividend. By submitting to Citibank N.A. certain required documents with respect to each dividend payment, US holders of ADRs will enable the Italian Depository bank and Citibank N.A. as ADR Depository to pay the dividend at the reduced withholding tax rate of 15% US shareholders can obtain relevant documents as well as a complete instruction packet to benefit from this tax relief by contacting Citibank N.A. at +1-781-575-4555.

Publications

| | | |
|--|--|---|
| <p>ANNUAL REPORT ON FORM 20-F 2020 a comprehensive report on Eni's activities and results required by the US Securities Exchange Act of 1934 and filed with the US Securities and Exchange Commission.</p> |  | <p>REPORT ON REMUNERATION POLICY AND REMUNERATION PAID 2021 a report on Eni's compensation and remuneration policies pursuant to rule 123-ter of Legislative Decree No. 58/1998.</p> |
| <p>ANNUAL REPORT 2020 a comprehensive report on Eni's activities and financial and sustainability results for the year. Includes the consolidated disclosure of non-financial information (NFI), prepared in accordance with Legislative Decree No. 254/2016, relating to environment, social, people, human rights and anti-corruption issues.</p> |  | <p>CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT 2020 a report on the Corporate Governance system adopted by Eni pursuant to rule 123-bis of Legislative Decree No. 58/1998.</p> |
| <p>FACT BOOK 2020 Supplement to Eni's annual report. A report on Eni's businesses development and performances including a full set of operating and financial statistics.</p> |  | <p>ENI FOR 2020 a report that describes how Eni creates value in the long term through the integrated business model and pursues local development and the path to decarbonization through its model for operational excellence.</p> |

These and other Eni publications are available on Eni's internet site eni.com, in the section Publications <https://www.eni.com/en-IT/publications.html>. Shareholders may receive a hard copy of Eni's publications, free of charge, through an e-mail request addressed to the mailbox: request@eni.com.

Financial calendar

The dates of the Board of Directors' meetings to be held during 2021 in order to approve/review the Company's quarterly, semi-annual and annual preliminary results are the following:

| | |
|--|-------------------------|
| Results for the first quarter of 2021 | April 29, 2021 |
| Results for the second quarter and the first half of 2021 and proposal of interim dividend for the financial year 2021 | July 29, 2021 |
| Results for the third quarter of 2021 | October 28, 2021 |
| Preliminary full-year results for the year ending December 31, 2021 and dividend proposal for the financial year 2021 | February 2022 |

A press release on quarterly results is disseminated to the market the following day, when management also hosts a conference call with financial analysts to review the Group performance.



Eni SpA

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Piazzale Enrico Mattei, 1 - Rome - Italy

Capital Stock as of December 31, 2020: € 4,005,358,876.00 fully paid

Tax identification number 00484960588

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