Annual Report 2021

Eni Plenitude SpA Società Benefit

Board of Directors meeting of February 18, 2022
Shareholders' Meeting of March 22, 2022

Mission

We are a **benefit company** and we want to have a positive impact on society and the environment, including by investing in the **production of energy from renewable sources**. **We support** our customers with state-of-the-art energy solutions to help them **become leaders in the energy transition**.

Corporate Bodies

Board of Directors[1]	
Chairman	Rita Marino[2]
Chief Executive Officer	Stefano Goberti[3]
Directors	Luca De Santis
	Annalisa Muccioli
	Elisabetta Purlalli
Board of Statutory Auditors[4]	
Chairman	Michele Casò
Statutory Auditors	Roberto Colussi Patrizia Ferrari
Alternate Auditors	Monica di Oronzo Tiziano Onesti
Audit firm[5]	PricewaterhouseCoopers S.p.A.

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[1] Appointed by the Shareholders' Meeting of July 31, 2020, for three financial years, expiring on the date of approval of the 2022 Financial Statements.

[2] Elected by the Board of Directors on November 4, 2021 and confirmed by the Shareholders' Meeting of December 16, 2021.

[3] Appointed Chief Executive Officer by the Board of Directors on November 4, 2021.

[4] Appointed by the Shareholders' Meeting of April 17, 2019, for three financial years, expiring on the date of approval of the 2021 Financial Statements.

[5] Appointed by the Shareholders' Meeting of January 23, 2019, for three financial years, expiring on the date of approval of the 2021 Financial Statements.

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Highlights

Integration of Retail and Renewables

With effect from 11:59 p.m. on June 30, 2021, Eni SpA transferred the Renewables business to Eni gas e luce. The transaction is part of Eni's strategy to integrate its retail activities with renewable energy production, maximizing value creation by expanding the services, infrastructure and green energy it offers its extensive retail clientele directly. In particular, the transfer includes: (i) the 100% shareholding held in Eni New Energy SpA, which in turn fully controls CGDB Enrico Srl, CGDB Laerte Srl and Wind Park Laterza Srl, owners of wind power projects that are under construction in southern Italy, (ii) the 51% shareholding in GreenIT SpA, a joint venture with CDP Equity SpA, and (iii) all the assets managed by Eni's Energy Solutions division and related personnel.

As of June 30, 2021, Eni gas e luce has updated its company By-Laws to Società Benefit, becoming the first major Italian company in the energy sector to do so.

On November 22, 2021, the Company acquired from Eni Petroleum Co. Inc. the entire share capital of Eni New Energy US Inc., the holding company for the US Renewables business. Finally, on December 7, 2021, the Company acquired from Eni International B.V. the entire share capital of Eni Energy Solutions B.V., a holding company that groups together the Renewables business in Northern Europe and Kazakhstan.

To complete the integration of the foreign Renewables business into Eni gas e luce, on December 31, 2021 the Group (through 3 Australian subsidiaries) signed a contract for the acquisition of 3 solar farms from Eni Australia Ltd. The actual transfer of the assets is conditional on obtaining the consent of the competent authorities.

In accordance with the reference accounting standards, the economic and financial results of the businesses acquired through the above transactions and those described in the paragraph 'Business developments' have been included in the consolidated financial statements starting from the date of acquisition. The consolidated economic and financial results are therefore not representative of a full year of management.

Business developments

In April 2021, an agreement was finalized to acquire 100% of the company Aldro Energía, with a portfolio of around 250,000 customers in Spain and Portugal.

At the end of July 2021, the acquisition from Glennmont Partners and PGGM Infrastructure Fund of 100% of a portfolio of 13 onshore wind farms in operation, with a total capacity of 315 MW, was finalized through the subsidiary Eni New Energy SpA.

Also at the end of July, an agreement was signed with Azora Capital to acquire a portfolio of nine renewable energy projects in Spain. The transaction involves the acquisition of three operating wind farms and one wind farm under construction in the centre-north of the country, totalling 230 MW, and five large solar projects in an advanced state of development for about 1 GW. The purchase of the three operating plants was finalized at the end of October.

In October, the acquisition of the company Dhamma Energy Group ('Dhamma'), owner of a platform for the development of solar plants in France and Spain, from its founding partners was finalized. Dhamma's portfolio of plants includes a pipeline of projects at various stages of maturity amounting to almost 3 GW, spread across the two countries, as well as plants already in operation or at an advanced stage of construction in France for about 120 MW.

Finally, at the beginning of November, an agreement was finalized for the acquisition of 100% of Be Power SpA, which, through its subsidiary Be Charge, is the second largest Italian operator with over 5,000 electric vehicle charging points on public land.

Commodity and non-commodity business

The growth in the customer portfolio continued, driven by power and foreign subsidiaries, and it more than offset the decline in gas sales in Italy, where the company is the incumbent. Similar movements were seen in sales volumes, which were also positively affected by the recovery in manufacturing activities.

The non-commodity business has benefited from the boost given to the energy efficiency market by tax breaks.

Safety of people

For the third year running, employees had no accidents during 2021.

Results

The Group's 2021 financial year ended with an operating profit of €320 million and a net profit attributable to Eni gas e luce of €191 million, down 12% and 15% respectively on 2020.

However, it should be noted that the 2020 operating profit benefited from €72 million of income from derivative valuations (essentially for positive fair values on subsidiaries that are not designated as hedges) and was burdened by €35 million of other non-recurring costs, mainly for the provision, in compliance with IAS 19, of 'post retirement – benefits' provided for by the Trade Union Agreement for the 73 people leaving on November 30, under Art. 4, paragraphs 1-7, of Law No. 92/2012 as integrated by Law No. 205 of December 27, 2017 (the so-called Iso-pension). On the other hand, as a result of the hedging of most of the subsidiaries' derivatives, 2021 only benefited from €28 million in income from derivative valuations and was burdened by €89 million in other non-recurring costs, mainly due to the revision of estimates of prior-year revenues by the French subsidiary. Net of these income and expenses, the 2020 operating profit would have been €325 million and the 2021 operating result would have been €381 million, an improvement of €56 million (+17%). The increase is attributable to (i) the contribution of the renewable energy business, which also benefited from the high price scenario in the latter part of the financial year; (ii) the improved performance of the non-commodity business, with the contribution of Evolvere's distributed photovoltaic services; (iii) the effectiveness of commercial businesses in Italy; (iv) the increase in the number of customers due to growth in Greece and the acquisition of Aldro Energía in Spain; and (v) lower losses on receivables reflecting the economic upturn.

The sudden increase in prices in the latter part of the year led to an increase in working capital and depressed net cash flow from operating activities to €252 million (€392 million in 2020), which was not enough to cover the outlay for capital expenditure (€260 million). The acquisitions of business units, investments and financing receivables held for operating purposes (€1,886 million), net of the change in payables for investments (€385 million), thus resulted in a negative free cash flow of €1,509 million, which was added to the borrowing of the companies and business units acquired (€1,265 million) and the payment of dividends (€185 million). To rebalance the financial situation, which was burdened by the acquisitions, the shareholder Eni granted a payment to the share premium reserve of €3,300 million, thus enabling the financial year to end with net cash of €359 million (compared to €20 million at the end of 2020).

Financial highlights

2019	(€ million)	2021	2020
6,420	Sales from operations	7,274	6,000
239	Operating profit	320	362
149	Net profit attributable to Eni gas e luce	191	225
448	Net cash flow from operating activities	252	392
172	Investments in tangible and intangible assets	260	175
3,991	Total assets	16,921	4,248
1,418	Shareholders' equity	6,503	1,587
(132)	Net borrowings	(359)	(20)
1,286	Net capital employed	6,144	1,567
(0.09)	Leverage	(0.06)	(0.01)

Key operating and sustainability data

2019			2021	2020
1,547	Employees	(number)	2,027	1,573
0	Injury frequency rate	(injuries/hours worked x 1,000,000)	0	0
9,545	Number of Retail and Business customers	Thousands of supply points	10,040	9,697
8,622	Sales of natural gas	Millions of m^3	7,847	7,683
10.923	Electricity sales to end customers	Terawatt-hours	16.490	12.520
	Installed capacity of production from renewable sources	Megawatts	1,126	
	Installed charging stations	Number	6,246	

Operating review

Market scenario

The macroeconomic scenario showed a significant turnaround in 2021 as economies gradually reopened and post-pandemic production activities resumed.

Natural gas consumption in Italy rose by 8% to its highest level in ten years. Growth appears to be widespread throughout the year and most intense in the spring months, which in 2020 were characterized by the national lockdown induced by the health emergency.

Electricity consumption has been characterized by similar phenomena, with a rebound of more than 5% on 2020, bringing it back to the pre-Covid levels of 2019.

During the year, gas prices, both those recorded at the Dutch TTF hub, and those at the Italian Virtual Trading Point (VTP) showed significant increases (on average over 300%, with peaks of over 500%) compared to 2020, also following the more generalized upswing of all energy prices compared to the lows of 2020. As the increase in the TTF was more than proportional to the increase in the VTP (+386% to +335%) the spread between the two indices almost disappeared from €12/000m^3 in 2020 to €1/000m^3 in 2021, after having been negative in Q3.

A similar trend was seen in the purchase price of electricity (uniform purchase price - Italian acronym PUN) on the Day-Ahead Market (Italian acronym MGP), which, as an annual average, increased by more than 220% compared to 2020.

The increase in prices translated to a lesser extent into an increase in sales revenues as regulated tariff prices (or prices indexed to them) are adjusted with a time delay to the reference prices, while free tariff contracts are in most cases at a fixed price until the expiry of a tariff period of 1/2/3 years. Similarly, the increase in market prices was reflected to a lesser extent in purchase prices because the Group hedges its exposures with derivative contracts that meet the requirements of hedge accounting and were partly entered into at prices prior to the increase.

On the other hand, the rising price scenario was reflected in the fair value of hedging derivatives with a significant increase in the cash flow hedge reserve.

Retail Gas & Power

The Group sells gas, electricity and services on the retail and small business market in Italy, France, Greece, the Iberian Peninsula and Slovenia. The Slovenian subsidiary (Adriaplin) is also active in the distribution of natural gas, while the jointly controlled investee company in Greece (Gas Distribution Company of Thessaloniki-Thessaly) is active exclusively in the distribution of natural gas.

As of December 31, 2021, the Group served 10.0 million supply points, an increase of approximately 350,000 compared to December 31, 2020, resulting from the acquisition of Aldro and the organic increase in power customers, both in Italy and abroad, which more than offset the reduction in gas customers in Italy, where the company is incumbent. In the 2021 financial year, the volumes sold by the Group amounted to 7,847 million cubic metres for gas (an increase of 164 million cubic metres compared to 2020) and 16.5 terawatt-hours for electricity (an increase of 4.0 terawatt-hours compared to 2020). The changes in power volumes sold were mainly due to the increase in customers. While in the case of gas, the contraction in customers was more than offset by higher unit consumption, as a result of colder temperatures, and by higher volumes for business customers, which had been depressed in 2020 due to the pandemic.

Group gas sales

2019	(million m^3)	2021	2020
5,488	Italy	5,142	5,172
2,687	France	2,167	2,079
350	Greece	389	343
97	Slovenia	85	89
	Iberian Peninsula	64	
8,622		**7,847**	**7,683**

Group power sales

2019	(TWh)	2021	2020
7.221	Italy	7.669	7.241
3.398	France	5.433	4.742
	Iberian Peninsula	2.650	
0.304	Greece	0.739	0.537
10.923		**16.491**	**12.520**

Customers – Group

2019	(thousands of retail supply points)	2021	2020
	Gas:		
5,741	Italy	5,492	5,607
771	France	685	761
297	Greece	298	298
	Iberian Peninsula	57	
14	Slovenia	14	14
	Power:		
2,058	Italy	2,329	2,185
591	France	694	695
	Iberian Peninsula	268	
73	Greece	203	137
9,545		**10,040**	**9,697**

Energy production from renewable sources

In relation to its activities in energy production from renewable sources, the Group operates through its own production plants – ensuring their operation and maintenance in accordance with industry standards – and pursues its growth strategies through the development and implementation of new projects.

The Group’s installed capacity at December 31, 2021 (including the Australian business being acquired from Eni) was 1.1 gigawatts and it is broken down by country and technology as follows:

(megawatt)	Total	Photovoltaics	Wind	Storage
Italy	466	116	350	
United States	268	237	30	1
Spain	129		129	
France	108	108		
Kazakhstan	91		91	
Australia	64	58		6
	1,126	**519**	**600**	**7**

E-mobility

In relation to electric mobility activities, the Group has 6,246 recharging points already installed throughout the territory.

Consolidated financial review of the Eni gas e luce Group

Profit and loss account

2019	(€ million)	2021	2020	Change	% var.
6,420	Sales from operations	7,274	6,000	1,274	21%
39	Other income and revenue	93	74	19	26%
(6,064)	Operating expenses	(6,895)	(5,603)	(1,292)	23%
(24)	Other operating income (expense)	83	63	20	32%
(132)	Depreciation and amortization	(235)	(166)	(69)	42%
	Write-off of tangible and intangible assets		(6)	6	(100%)
239	**Operating profit (loss)**	**320**	**362**	**(42)**	**(12%)**
(27)	Net finance expense	(29)	(42)	13	(31%)
10	Net income from investments		10	(10)	(100%)
222	**Profit (loss) before income taxes**	**291**	**330**	**(39)**	**(12%)**
(71)	Income taxes	(88)	(102)	14	(15%)
32%	Tax rate (%)	30%	31%	(1%)	
151	**Net profit (loss)**	**203**	**228**	**(25)**	**(11%)**
149	**attributable to Eni gas e luce**	**191**	**225**	**(34)**	**(15%)**
2	Non-controlling interest	12	3	9	300%

Net profit (loss)

The Group's 2021 financial year ended with an operating profit of €320 million and a net profit attributable to Eni gas e luce of €191 million, down 12% and 15% respectively on 2020.

Please refer to the Highlights paragraph for a reconciliation of the reported operating results with the adjusted normalized operating results.

Profit and loss analysis

Sales from operations

2019	(€ million)	2021	2020	Change	% var.
4,443	Natural gas	4,150	3,754	396	11%
1,896	Electricity	2,673	2,090	583	28%
81	Services and other	343	156	187	120%
6,420	**Total retail gas and power**	**7,166**	**6,000**	**1,166**	**19%**
	Electricity from renewable sources	85		85	
	Electric mobility	23		23	
6,420	**Consolidated total**	**7,274**	**6,000**	**1,274**	**21%**

The breakdown by geographic area is as follows:

2019	(€ million)	2021	2020	Change	% var.
4,494	Italy	4,578	4,209	369	9%
1,652	France	1,733	1,529	204	13%
	Iberian Peninsula	503		503	N.S.
234	Greece	418	225	193	86%
40	Slovenia	42	37	5	14%
6,420		**7,274**	**6,000**	**1,274**	**21%**

The increase in sales is mainly the effect of the higher volumes of electricity sold, also following the acquisition of Aldro. The increase in unit prices had a limited impact on revenue as regulated tariff prices (or prices indexed to them) are adjusted with a time delay to the reference prices, while free tariff contracts are in most cases at a fixed price until the expiry of a tariff period of 1/2/3 years.

Other income and revenue

Other income and revenue amounted to €93 million (€74 million in 2020) and consisted of the recovery of costs related to core business activities for €58 million (€51 million in 2020), GSE (Gestore Servizi Energetici) incentives for €14 million (€14 million in 2020) and income for time-barred and non-existence of payables for €14 million (€9 million in 2020).

Operating expenses

Operating expenses amounted to €6,895 million, as shown in the table below.

2019	(€ million)	2021	2020	Change	% var.
2,779	Costs for raw, ancillary and consumable materials and goods	3,496	2,303	1,193	52%
2,889	Service costs	2,970	2,828	142	5%
152	Net provisions for impairment losses on trade receivables	160	180	(20)	(11%)
135	Payroll and related costs	142	155	(13)	(8%)
(5)	Net provisions/(utilizations) for risks	1	8	(7)	(88%)
114	Other expenses	126	129	(3)	(2%)
6,064		**6,895**	**5,603**	**1,292**	**23%**

Costs for raw, ancillary and consumable materials and goods mainly refer to the purchase of natural gas and electricity and increased both due to higher volumes sold and to the effect of the increase in prices, which was however reflected to a lesser extent on purchases because the Group hedges its exposures with derivative contracts that meet the requirements of hedge accounting and that were partly entered into at prices prior to the increase.

Service costs mainly relate to gas and electricity logistics costs of €2,378 million (€2,372 million in 2020), sales and advertising costs of €243 million (€176 million in 2020) and IT costs of €90 million (€79 million in 2020).

Net provisions for impairment losses on trade receivables are determined based on the evaluation of the possibility of recovering receivables from retail customers for the sale of natural gas and electricity. The decrease is due to better collection performance, also as a result of the post-pandemic economic recovery more generally, which more than offset the effect of higher revenues.

The reduction in **payroll and related costs** derives mainly from the circumstance that 2020 was burdened by €20 million provision, in compliance with IAS 19, of 'post retirement – benefits' provided for by the Trade Union Agreement for the 73 people leaving on November 30, under Art. 4, paragraphs 1-7, of Law No. 92/2012 as integrated by Law No. 205 of December 27, 2017 (the so-called Iso-pension).

Net provisions for risks of €1 million improved by €7 million compared to 2020, which was burdened by the provision in relation to the proceedings (PS11569) of the Italian Competition Authority (AGCM) for alleged unfair commercial practices in connection with the alleged failure to recognize the two-year limitation period.

Other expenses of €126 million (€129 million in 2020) mainly include the purchase of energy efficiency certificates in France for €77 million (€83 million in 2020), indirect taxes for €11 million (€9 million in 2020), charges from settlements, penalties and compensation for €10 million (€13 million in 2020), the contribution due for the Gestione Fondo Bombole Metano for €8 million (€7 million in 2020), expenses from time-barred and non-existence of receivables for €4 million (€9 million in 2020) and the contribution for ARERA operation of €1 million (€2 million in 2020).

Other operating (expense) income

Other net operating income of €83 million (€63 million in 2020) relates to derivatives hedging commodity price risk which, although not for trading purposes, do not meet the formal requirements for hedge accounting. The income resulted from the upward price scenario at the end of the year, which led to significant positive fair values on derivatives purchased at a fixed price.

Depreciation and amortization

2019	(€ million)	2021	2020	Change	% var.
1	Tangible assets	41	11	30	273%
127	Intangible assets	184	148	36	24%
4	Right-of-use assets	10	7	3	43%
132	**Depreciation and amortization**	**235**	**166**	**69**	**42%**
	Impairment losses (reversals)				
132		**235**	**166**	**69**	**42%**

Depreciation of tangible assets mainly relates to plants producing energy from renewable sources, including the photovoltaic plants of Evolvere Spa Benefit. Amortization of intangible assets relates to customer portfolios and acquisition costs of €122 million (€87 million in 2020), IT projects of €56 million (€55 million in 2020) and work on assets under concession of €4 million (€4 million in 2020).

Write-off of tangible and intangible assets

Write-off of €6 million in 2020 related to retired IT systems that had been replaced.

Net finance expense

2019	(€ million)	2021	2020	Change	% var.
(13)	Finance expense related to net borrowings	(15)	(8)	(7)	88%
(16)	Fees and costs for factoring transactions	(6)	(21)	15	(71%)
(5)	Fees for non-utilization of credit lines	(5)	(5)		
	Fair value adjustment of Evolvere put option	(11)	(12)	1	(8%).
7	Net finance income	8	4	4	100%
(27)		**(29)**	**(42)**	**13**	**(31%)**

Net finance expenses related to borrowings worsened by €7 million, mainly due to higher average net borrowings arising from acquisitions during the year. The €5 million fee for non-utilization of credit lines (€5 million in 2020) relates to the €500 million revolving credit line granted by Eni at the time of transfer. The €11 million charge for the fair value adjustment of the Evolvere put option relates to the expected higher value to be recognized to minority shareholders following the improvement in planned results. Other finance income mainly relates to interest charged to customers for late payments and the difference between the purchase and selling price of tax credits from the so-called Superbonus.

Net income from investments

Net income from investments fell to zero since the €6 million gain from the equity valuation of the investment in the Gas Distribution Company of Thessaloniki-Thessaly SA (€10 million in 2020) was offset by write-downs of the same amount.

Income taxes

2019	(€ million)	2021	2020	Change
	Pre-tax profit			
222	Italy	429	262	167
0	Outside Italy	(138)	68	(206)
	Accrued income taxes			
70	Italy	139	82	57
1	Outside Italy	(51)	20	(71)
	Tax rate (%)			
31.5%	Italy	32%	31%	1%
N.S.	Outside Italy	37%	29%	8%

For a description of the main determinants of the tax rate, please refer to Note 32 - 'Income taxes' in the consolidated financial statements.

Summarized Group balance sheet

The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the mandatory form published in the annual financial statements 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 balance sheet is useful information in assisting investors to assess the company's sources of funds and investments in fixed assets and working capital. Management uses the summarized balance sheet to calculate key ratios such as return on invested capital (ROACE) and the financial soundness/equilibrium (leverage).

Summarized Group balance sheet

(€ million)	December 31, 2021	December 31, 2020	Change
Fixed assets:			
Property, plant and equipment	1,070	104	966
Right-of-use assets	128	41	87
Intangible assets	3,006	1,503	1,503
Equity-accounted investments and other investments	695	145	550
Receivables held for operating purposes	20	1	19
Net payables related to capital expenditure	(414)	(1)	(413)
	4,505	**1,793**	**2,712**
Net working capital:			
Inventories	20	7	13
Trade receivables	2,088	1,479	609
Trade payables	(1,746)	(1,204)	(542)
Net tax liabilities	(852)	(70)	(782)
Provisions	(47)	(37)	(10)
Other current assets and liabilities	2,140	(273)	2,413
	1,603	**(98)**	**1,701**
Provisions for employee benefits	**(99)**	**(128)**	**29**
Assets held for sale	**135**		**135**
CAPITAL EMPLOYED, NET	**6,144**	**1,567**	**4,577**
Shareholders' equity	**6,503**	**1,587**	**4,916**
Net borrowings	**(359)**	**(20)**	**(339)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,144**	**1,567**	**4,577**

Fixed assets

Property, plant and equipment, amounting to €1,070 million, relates to plant and machinery (€877 million), assets under construction (€185 million), other assets (€2 million), buildings (€4 million) and industrial and commercial equipment (€2 million). The increase of €966 million is the effect of acquisitions of companies and businesses (€937 million), investments for the year (€53 million) and exchange rate differences and other changes (€17 million), net of depreciation (€41 million).

Right-of-use assets of €128 million are recognized in accordance with IFRS 16 and comprise €90 million in land use rights and €36 million in office building leases. These increased by €87 million due to acquisitions (€86 million), new rights acquired (€10 million) and exchange rate gains (€1 million), only partially offset by depreciation for the year (€10 million).

Intangible assets amounted to €3,006 million, of which €2,447 million for assets with an indefinite useful life represented by goodwill in the Retail segment (€1,214 million), the Renewables segment (€505 million) and the Electric Mobility segment (€728 million). The remainder includes €348 million of customer portfolios and customer acquisition costs, €123 million of software licences and development costs, €46 million of work on assets under concession, €30 million of other intangible assets and €12 million of assets under construction and advances. The increase of €1,503 million relates to €1,480 million in acquisitions and €207 million in investments, net of €184 million in amortization.

Equity-accounted investments and other investments amounting to €695 million mainly relate to the companies Dogger Bank 1 and 2, which manage offshore projects in the North Sea (€484 million), Novis Renewables (€86 million) and Bluebell (€71 million) for activities in the United States, and GreenIT (€9 million) in Italy. The item also includes advances of €30 million paid for the acquisition of companies in the renewable energy sector; the transaction will be concluded upon completion of the development phase of the wind and solar plants under construction. The increase of €550 million is essentially related to acquisitions during the year (€630 million for entering the consolidation scope and €48 million for purchases, subscriptions and advances paid) only partially offset by the reclassification of the jointly controlled Gas Distribution Company of Thessaloniki-Thessaly SA to **Assets held for sale** (€135 million).

Receivables held for operating purposes of €20 million refer to receivables of the Renewables segment (€14 million), receivables of Evolvere (€5 million) and to a receivable with Serfactoring to guarantee loans granted by it to Eni gas e luce employees (€1 million).

Net payables related to capital expenditure of €414 million include €376 million for the deferred payment of part of the purchase price for BE Power, €34 million for investments in the Renewables segment and €4 million for the deferred payment of part of the purchase price for Dhamma Energy Group Sarl.

Net working capital

Inventories of €20 million relate to contract work in progress and the resale of non-commodity goods.

Trade receivables of €2,088 million are recorded net of an allowance for doubtful accounts of €592 million. The increase in net trade receivables of €609 million is related to higher sales volumes as well as higher unit prices in the latter part of the year and to companies entering the scope of consolidation.

Trade payables amounted to €1,746 million and increased by €542 million compared to the previous year due to higher volumes and higher unit costs in the latter part of the year.

Net tax liabilities of €852 million relate to net deferred taxes (mainly related to the fair value gain of derivatives) of €518 million (€205 million of net deferred tax assets in 2020), net excise duties and surcharges of €181 million (€73 million in 2020) and other tax liabilities payable in France (mainly VAT and excise duties) of €247 million (€151 million in 2020). These items are partially offset by net receivables from Eni for tax consolidation and Group VAT of €59 million (€52 million of payables in 2020) and VAT receivables of €36 million from Italian and foreign subsidiaries entering the consolidation scope in 2021. The change of €782 million is mainly due to deferred taxes resulting from the fair value gain of derivatives.

Provisions of €47 million mainly relate to contingent liabilities for agent termination indemnities of €16 million, legal disputes of €10 million, site decommissioning and restoration costs of €6 million, and other risks of €15 million. The increase of €10 million is mainly due to changes in the scope of consolidation (€9 million).

Other net current assets and liabilities of €2,140 million are mainly attributable to net assets from the valuation of derivatives of €2,485 million (€50 million in 2020) and tax credits acquired as part of the energy efficiency activity of €434 million (€94 million in 2020), offset by security deposits received from customers of €223 million (€228 million in 2020), other payables to customers of €197 million (€188 million in 2020) and payables to factoring companies for the purchase of tax credits of €294 million (€25 million in 2020). The change of €2,413 million is mainly due to the fair value gain of hedge derivatives as a result of rising prices and tax credits acquired as part of the energy efficiency activity.

Provisions for employee benefits

Provisions for employee benefits of €99 million relate to commitments made as part of corporate restructuring operations in the amount of €66 million (€97 million in 2020), termination benefits in the amount of €16 million (€14 million in 2020), deferred incentives in the amount of €7 million (€7 million in 2020), health plans in the amount of €6 million (€6 million in 2020), the so-called 'gas fund' in the amount of €3 million (€3 million in 2020) and jubilee awards in the amount of €1 million (€1 million in 2020). The reduction of €29 million resulted mainly from disbursements for the year (€25 million) and a revised estimate of €8 million, which more than offset the net charges set aside (€2 million) and acquisitions (€2 million).

Assets held for sale

Assets held for sale of €135 million consist of the investment in the jointly controlled company Gas Distribution Company of Thessaloniki-Thessaly SA, reclassified during the year following the signing of a commitment to sell to the other shareholder as part of the privatization of the gas distribution networks in Greece.

Statement of comprehensive income

(€ million)	2021	2020	Change
Net profit (loss)	203	228	(25)
Fair value of hedge derivatives, net of tax effect	1,592	113	1,479
Currency translation differences	6		6
	1,801	**341**	**1,460**

The fair value gain of hedge derivatives is a consequence of the significant increase in gas and electricity prices. As the Group has fixed-price binding sales contracts, it hedges its variable-price purchase exposures using fixed-price swaps. The increase in prices resulted in significant fair value gains on these swaps.

Shareholders' equity

Shareholders' equity amounted to €6,503 million, an increase of €4,916 million compared with the previous year, essentially due to Eni’s payment to the share premium reserve (€3,300 million), the total comprehensive income for the year (€1,801 million) and the capital increase following the transfer of the Renewables business (€32 million). These increases were only partially offset by the payment to the shareholder Eni of the €185 million dividend and a lower equity compared to the acquisition value of some investments in the Renewables segment (€32 million).

Reconciliation of net profit and equity of the parent company Eni Gas e Luce SpA to consolidated net profit and equity

	Shareholders' equity - Eni gas e luce					
(€ million)	Financial statements of Eni gas e luce SpA	Excess stated in the separate accounts of consolidated subsidiaries over the	Equity valuation of unconsolidated subsidiaries	Goodwill on merged subsidiaries and other	Non-controlling interest	Consolidated financial statements of Eni gas e luce
Equity at December 31, 2019	**1,400**	**(33)**	**17**	**12**	**22**	**1,418**
Net profit (loss) 2020	195	30			3	228
Fair value of hedge derivatives	113					113
Dividends to third parties	(150)				(1)	(151)
Acquisition of Evolvere		(36)			14	(22)
Other changes			1			1
Equity at December 31, 2020	**1,558**	**(39)**	**18**	**12**	**38**	**1,587**
Net profit (loss) 2021	170	26	(5)		12	203
Fair value of hedge derivatives	953	639				1,592
Dividends to third parties	(185)					(185)
Capital increases	3,332					3,332
Acquisitions of Renewables business		(32)				(32)
Foreign currency translation differences		6				6
Other changes	2	(2)				-
Equity at December 31, 2021	**5,830**	**598**	**13**	**12**	**50**	**6,503**

Leverage and net borrowings

(€ million)	December 31, 2021	December 31, 2020	Change
Short-term debt	1,252	45	1,207
Medium/long-term debt	809	62	747
Finance liabilities	122	43	79
Cash and cash equivalents	(2,542)	(170)	(2,372)
Net borrowings	**(359)**	**(20)**	**(339)**
Shareholders' equity	**6,503**	**1,587**	**4,916**
Leverage	**(0.06)**	**(0.01)**	**(0.05)**

The significant **cash and cash equivalents** are the result of Eni's payment to the share premium reserve made in December. The provisions resulting from this transaction have already been or will be used in the early months of 2022 for similar recapitalization transactions in investee companies with significant borrowings. For the comment on the €339 million increase in net cash, see the comment on the summarized Group cash flow statement.

Leverage, the ratio of net borrowings to equity, was a negative 0.06 (net cash) compared to 0.01 in the previous year.

Summarized Group cash flow statement

Eni gas e luce's summarized Group cash flow statement derives from the statutory form. It enables investors to understand the connection existing between changes in cash and cash equivalents (deriving from the statutory cash flow statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred during the reporting cycle. The measure enabling such a link is the "free cash flow", that is, the surplus or deficit of cash left over after the investment financing. Starting from free cash flow, which is a non-GAAP performance measurement, 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), equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in the consolidation scope and of exchange rate differences; and (ii) change in net borrowings for the period by adding/deducting cash flows relating to equity and the effect of changes in the consolidation and of exchange rate differences.

Summarized Group cash flow statement

2019	(€ million)	2021	2020	Change
151	**Net profit (loss)**	**203**	**228**	**(25)**
	Adjustments to reconcile net profit (loss) to net cash provided by operating activities:			
91	- depreciation and amortization and other non monetary items	203	148	55
72	- dividends, interests, taxes and other changes	93	101	(8)
148	Changes in the working capital related to operations	(206)	(83)	(123)
(14)	Dividends received, taxes paid, interest (paid) received	(41)	(2)	(39)
448	**Net cash provided by operating activities**	**252**	**392**	**(140)**
(172)	Capital expenditure	(260)	(175)	(85)
(2)	Investments and purchase of consolidated subsidiaries	(1,851)	(101)	(1,750)
	Investments of financing receivables held for operating purposes	(35)		(35)
	Other cash flow related to capital expenditure and investments	385		385
274	**Free cash flow**	**(1,509)**	**116**	**(1,625)**
(221)	Changes in short- and long-term finance debt	766	(183)	949
(1)	Dividends paid and changes in non-controlling interest and reserves	3,115	(151)	3,266
52	**NET CASH**	**2,372**	**(218)**	**2,590**

2019	Change in net borrowings	2021	2020	Change
274	***Free cash flow***	**(1,509)**	**116**	**(1,625)**
(39)	Changes in lease liabilities	(9)	(13)	4
	Borrowings of acquired companies	(1,265)	(67)	(1,198)
(1)	Dividends paid and changes in non-controlling interest and reserves	3,115	(151)	3,266
	Exchange differences and other changes in net borrowings	7	3	4
234	**CHANGE IN NET BORROWINGS**	**339**	**(112)**	**451**

The sudden increase in prices in the latter part of the year led to an increase in working capital and depressed net cash flow from operating activities to €252 million (€392 million in 2020), which was not enough to cover the outlay for capital expenditure (€260 million). The acquisitions of businesses, investments and financing receivables held for operating purposes (€1,886 million), net of the change in payables for investments (€385 million), thus resulted in a negative free cash flow of €1,509 million, which was added to the borrowing of the companies and businesses acquired (€1,265 million) and the payment of dividends (€185 million). To rebalance the financial situation, which was burdened by the acquisitions, the shareholder Eni granted a payment to the share premium reserve of €3,300 million, thus enabling the financial year to end with net cash of €359 million (compared to €20 million at the end of 2020).

Reconciliation of summarized group balance sheet and statement of cash flow to statutory schemes

Summarized Group balance sheet

Items of Summarized Group Balance Sheet (where not expressly indicated, the item derives directly from the statutory scheme) (€ million)	Notes on the Consolidated Financial Statements	December 31, 2021 Amounts from statutory scheme	December 31, 2021 Amounts of the summarized Group scheme	December 31, 2020 Amounts from statutory scheme	December 31, 2020 Amounts of the summarized Group scheme
Fixed assets					
Property, plant and equipment			1,070		104
Right-of-use assets			128		41
Intangible assets			3,006		1,503
Equity-accounted investments and other investments			695		145
Receivables held for operating purposes:			20		1
- current		12			
- non-current		8		1	
Net payables related to capital expenditure:			(414)		(1)
- payables for investments	(see note 19)	(404)		(1)	
- other current payables related to capital expenditure	(see note 10)	(1)			
- other non-current payables related to capital expenditure	(see note 10)	(9)			
Total fixed assets			**4,505**		**1,793**
Net working capital					
Inventories			20		7
Trade receivables	(see note 7)		2,088		1,479
Trade payables	(see note 19)		(1,746)		(1,204)
Net tax liabilities, made up of:			(852)		(70)
- current income tax payables		(18)		(9)	
- other current tax liabilities	(see note 10)	(435)		(271)	
- other non-current tax liabilities	(see note 10)	(1)			
- deferred tax liabilities		(524)		(50)	
- payables for Italian consolidated accounts and VAT	(see note 19)	(14)		(52)	
- receivables for Italian consolidated accounts and VAT	(see note 7)	73		4	
- current income tax receivables		5			
- other current tax assets	(see note 10)	50		53	
- non-current tax assets	(see note 10)	6			
- deferred tax assets		6		255	
Provisions			(47)		(37)
Other net current assets, made up of:			2,140		(273)
- other receivables	(see note 7)	80		70	
- other (current) assets	(see note 10)	5,871		291	
- other (non-current) assets	(see note 10)	1,126		125	
- other payables	(see note 19)	(367)		(234)	
- other (current) liabilities	(see note 10)	(3,508)		(183)	
- other (non-current) liabilities	(see note 10)	(1,062)		(342)	
Total net working capital			**1,603**		**(98)**
Provisions for employee benefits			**(99)**		**(128)**
Assets held for sale			**135**		
CAPITAL EMPLOYED, NET			**6,144**		**1,567**
Equity including non-controlling interest			**6,503**		**1,587**
Net borrowings					
Total debt, made up of:			2,183		150
- long-term debt		809		62	
- current portion of long-term debt		59		13	
- short-term debt		1,193		32	
- short-term lease liabilities		8		6	
- long-term lease liabilities		114		37	
less:					
Cash and cash equivalents			(2,542)		(170)
Total net borrowings			**(359)**		**(20)**
TOTAL LIABILITIES AND EQUITY			**6,144**		**1,567**

Summarized Group cash flow statement

Items of the summarized Group cash flow statement and and confluence/reclassification of items in the statutory scheme (€ million)	2021		2020	
	Amounts from statutory scheme	**Amounts of the summarized Group scheme**	**Amounts from statutory scheme**	**Amounts of the summarized Group scheme**
Net profit (loss)		**203**		**228**
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Depreciation and amortization and other non monetary items		203		148
- depreciation and amortization	235		166	
- losses on write-offs			6	
- share of profit (loss) of equity-accounted investments	(3)		(10)	
- other changes	2			
- net change in the provisions for employee benefits	(31)		(14)	
Dividends, interests, income taxes and other changes		93		101
- interest income	(7)		(6)	
- interest expense	12		5	
- income taxes	88		102	
Changes in working capital related to operations		(206)		(83)
- inventories	(7)		(6)	
- trade receivables	(532)		(52)	
- trade payables	493		32	
- provisions for contingencies	(6)		8	
- other assets and liabilities	(154)		(65)	
Dividends received, taxes paid, interest (paid) received		(41)		(2)
- dividends received	10		9	
- interest received	8		10	
- interest paid	(10)		(5)	
Income taxes paid, net of tax receivables received	(49)		(16)	
Net cash provided by operating activities		**252**		**392**
Capital expenditure		(260)		(175)
- tangible assets	(53)		(3)	
- intangible assets	(207)		(172)	
Investments and purchase of consolidated subsidiaries:		(1,851)		(101)
- investments	(48)		(4)	
- consolidated subsidiaries	(1,803)		(97)	
Investments of financing receivables held for operating purposes		(35)		
Change in payables for investments		385		
Free cash flow		**(1,509)**		**116**
Changes in short- and long-term finance debt		766		(183)
- increase in long-term debt	11		3	
- repayments of long-term debt	(30)		(131)	
- repayments of lease liabilities	(8)		(6)	
- increase (decrease) in short-term debt	793		(49)	
Dividends paid and changes in non-controlling interest and reserves		3,115		(151)
Net cash		**2,372**		**(218)**

Risk factors and uncertainties

Preamble

The main business risks, identified and actively managed by the Eni gas e luce Group, are country risk and regulatory risk. These risks, and the methods of managing them, are described below. For a description of financial risks, see the specific section of the Notes on the consolidated financial statements.

Country risk

The Group's activities are mainly located in the countries of the European Union, the United Kingdom and the United States. Therefore the Group has no significant interests in politically or economically unstable countries.

In any case the Eni gas e luce Group periodically monitors the political, social and economic risks of the countries in which it operates, paying attention also to any penalizing changes in the legislative framework, in particular those relating to regulation of the gas and electricity sectors, in order to minimize the effects for the Group.

Risks related to the regulation of the gas and electricity sector in Italy

The Italian Regulatory Authority for Energy, Networks and Environment (ARERA or the "Authority"), by virtue of its founding Law No. 481/95, monitors the price levels of natural gas and defines the economic conditions for the supply of gas to customers who have the right to access the tariff conditions established by the same Authority (so-called regulated customers).

The Authority's decisions in this matter may reduce gas operators' ability to transfer cost increases in raw material into the final price or limit the recognition of costs and risks typical of doing business with regulated customers.

Customers entitled to the gas protection service are domestic customers and condominiums with consumption not exceeding 200,000 standard cubic metres (sm^3)/year. In 2013, the Authority reformed the structure of gas tariffs for regulated customers in the residential segment, switching to hub indexing of the component covering the cost of the raw material – forward quotations recorded at the Dutch TTF hub – instead of the previous, predominantly oil-linked one, in a market context in which gas hub quotations were significantly lower than those of long-term oil-indexed contracts, introducing incentive tools for operators to promote the renegotiation of long-term supply contracts.

The indexation to the TTF for regulated customers is confirmed for the time being, while a risk factor relates to the increase in competitive pressure generated by the abolition of gas and power protection tariffs.

Law No. 124 of August 4, 2017, the 'Annual Market and Competition Law' had initially set July 1, 2019 as the end of the Authority's price protection for the electricity (for domestic customers and small businesses connected to low voltage) and natural gas (for domestic customers as defined above) sectors. The law converting Decree-Law No. 91/2018 (the so-called *Milleproroghe* (Thousand Extensions)) – Law No. 108 of September 21, 2018 – had postponed this deadline to July 1, 2020. Decree-Law No. 162/2019 (the so-called *DL Milleproroghe*) – Law No. 124/17 was further amended; in particular, for SMEs that are not micro-enterprises, for the electricity supply service, the date was set at January 1, 2021 (the service was then awarded in July 2021 through a tender defined by ARERA with resolution 491/2020/R/eel), while for micro-enterprises for electricity and for households for gas and electricity, it was set at January 1, 2022. With the law converting Decree-Law No. 183/2020 (*DL Milleproroghe*), the deadline for micro-enterprises and domestic customers for both markets has been postponed again, this time to 2023. Finally, Law No. 233/21 introduced the deadline of January 10, 2024; the date by which ARERA will regulate and assign the graduated protection service to domestic electricity customers who had not yet chosen a free market supplier at that time, guaranteeing continuity of electricity supply. Therefore, this framework lays down: the abolition of tariff protection confirmed, without derogations, for domestic gas customers and micro-enterprise electricity customers on January 1, 2023, while providing the possibility of derogating from this date, until January 10, 2024, for domestic electricity customers. Further derogations from January 1, 2023 cannot be ruled out. In view of the abolition of gas and power protection tariffs, measures have been introduced to facilitate the consumer's choice on the free market with adequate information and by providing tools for comparing the market offers from operators. To this end, ARERA has envisaged that operators, in addition to their market offers, will also provide customers, as of March 2018, with a variable price offer and a fixed price offer for gas and electricity at free prices but with comparable contractual conditions regulated by ARERA ('PLACET' offers). There is also a special web portal managed by the purchasing entity, Acquirente Unico, on behalf of ARERA (Portale Offerte) which compares all the gas and electricity offers available. ARERA has recently proposed guidelines – not yet officially decided – on this area of regulation aimed at increasing the possibility of comparing commercial offers on the basis of price.

In implementing the 2022 Budget Law in the gas and electricity retail sector, ARERA, among the measures to combat exceptional increases in energy prices, has defined the procedures for the 10-month instalment plan, without interest, for amounts relating to invoices issued in the period between January 1, 2022 and April 30, 2022, which all sellers (both protective services and free market) are required to offer to domestic electricity and natural gas customers who cannot pay the bills issued in this period. Procedures are defined to provide sellers with an advance on the amounts to be paid in instalments exceeding 3% of the amount of the bills issued to all the domestic end customers served by each of them by the end of the month following the one in which the instalment plan is proposed to the end customer.

With Decree-Law No. 4 of January 27, 2022 (the so-called *Sostegni ter* (Support B)), a number of urgent measures were defined, including a major intervention on energy produced by renewable energy plants, with the aim of containing the effects of price increases in the electricity sector. In particular, it introduced a two-way compensation mechanism on the price of energy based on the difference between the average historical reference price of the plant and the market price in the zone. This delta, applied to the energy produced from February to December 2022, will result in a cash flow from or to the GSE, thus affecting part of the profits of renewable energy producers, linked to the impact of increases in gas prices on electricity prices.

The Group-owned plants affected by the measure are photovoltaic plants that are not incentivized or are incentivized with a fixed premium from the Feed-in Tariff and wind farms that are not incentivized, since they have an installed capacity of more than 20 kW, supplied at market prices or with contracts at an average price 10% higher than the historical reference price.

Moreover, the Decree itself has intervened in the following areas:

- Superbonus-ecobonus - measures to combat fraud related to tax breaks and economic benefits (Art. 28): the provision limits the possibility of assigning credits as regards superbonus, ecobonus, providing:
    - in the case of the choice of a discount on the bill, the option of assigning the credit by the person who carried out the interventions with a prohibition on subsequent assignments;
    - in the case of assignment of credit, the right to assign the credit by the original beneficiary, with a prohibition on subsequent assignments.

  For credits assigned before 7/2, assignment to other parties is permitted only once.
- Reduction of system charges for Q1 2022 for users with available power equal to or greater than 16.5 kW (Art. 14) - Zeroing of system charges for Q1 2022, with intervention by ARERA, also for users with power ≥ 16.5 kW (Art. 13); for domestic and other low-voltage users up to 16.5 kW, zeroing had already been provided for by Resolution No. 635/21. Zeroing is extended to users with power ≥ 16.5 kW, including those connected to medium and high/very high voltage or for public lighting or electric vehicle charging in places that are accessible to the public. Coverage is based on revenue from CO_2 auctions.
- Reduced bills for energy-intensive businesses (Art. 15) – This is an intervention for energy-intensive businesses that have an annual consumption of over 1 GWh/year. For these customers, if they have had an increase in the cost per KWh of more than 30% of the average cost for Q4 2021 (net of taxes and any subsidies), compared to the same period in 2019, a contribution is recognized in the form of a tax credit, equal to 20% of the cost of the energy component

purchased and used in Q1 2022. The contribution can be cumulated with other facilities if it does not exceed the cost. The credit can be assigned. It is covered by public charges.

Law No. 205 of December 27, 2017, containing the State budget, Article 1(4) established the principle that 'in contracts for the supply of electricity and gas, the right to consideration is limited to two years both in relations between domestic users or micro-enterprises (...) or professionals (...) and the seller, and in relations between the distributor and the seller, as well as in those with the transmission operator and with the other parties in the chain.' This principle did not apply, as stated in paragraph 5 of the same law, 'where the failure to record consumption data or the erroneous recording of such data results from the established liability of the user.' Subsequent legislative updates already in force by the Budget Law 2020 (Law No. 160/2019) have modified the legal provisions on the application of the short statute of limitations in case of liability of end customers.

The Budget Law 2020 also introduced new provisions to protect customers with regard to billing: in contracts for the supply of electricity, gas and water services, for the issue of debit invoices for which the conduct of the operator is found to be unlawful due to violations in consumption measurement, adjustments or billing, the customer is entitled to a refund of any amounts paid, and a penalty of 10% of the disputed amount and in any case of at least €100. New provisions have also been introduced as regards the minimum notice periods for suspending supplies in the event of arrears.

The so-called Gas Settlement, i.e. the determination of the physical and economic items required for the transmission and balancing service, is now fully operational. For Eni gas e luce, the most important issue was managing items, including past items, of difference between input and withdrawal from the distribution network (hereinafter referred to as delta in-output). Snam Rete Gas has already carried out several adjustment sessions, updating the allocation data stopped at the original balancing sessions (input) in line with the evolution of the distributed data (output) and has proceeded to settle the balances concerning the period 2013-2018. It also carried out the first annual adjustment session for 2019. The fully operational phase, which began on January 1, 2020, envisages the procurement of delta in-output by Snam Rete Gas on the GME centralized markets. Snam Rete Gas' burden will be covered by a special tariff component on transmission. Withdrawal profiles will also be updated and made dynamic by introducing a climate-effect correction coefficient.

Involvement in legal actions and proceedings with regulatory authorities

Eni gas e luce is a party in a number of civil actions and administrative arbitral and other judicial proceedings arising in the ordinary course of business. In addition to the provision for litigation risks set aside in the financial statements, it is possible that in the future Eni gas e luce may incur other liabilities, even significant ones, in addition to the amounts already set aside in the financial statements for legal disputes due to: (i) uncertainty as to the final outcome of each proceeding; (ii) the occurrence of further developments that management may not have taken into consideration at the time of evaluating the probable outcome of the litigation on which the provision for litigation was based in the most recent reporting period; (iii) the emergence of new evidence and information; and (iv) inaccuracy of estimates due to the fact that the estimation of provisions in these matters is the result of a complex process that involves subjective judgements by management. Several legal proceedings in which Eni gas e luce or its subsidiaries are involved concern the alleged violation of consumer protection regulations. Violations of consumer protection laws and regulations by Eni gas e luce, its business partners, agents or others acting in its name or on its behalf may expose Eni gas e luce and its employees to the risk of criminal and civil sanctions and could damage the Company's reputation.

Outlook

The operating result is expected to remain largely stable in 2022.

Consolidation of the results of the Renewables business for the entire year will be substantially offset by the operating losses (associated with the start-up phase) of the Electric Mobility business.

Net cash flow from operating activities is expected to return to pre-2021 levels.

Commitment to sustainable development

Introduction

The main commitments made by the company and its subsidiaries in the area of sustainable development are set out below, with special reference to the areas of personnel management and health, safety and the environment.

People

At December 31, 2021, the Group employed 2,038 people.

Employees	December 31, 2021	December 31, 2020
Italy	1,445	1,178
Outside Italy	593	401
	2,038	**1,579**

The increase of 459 staff compared with December 31, 2020 was caused by the following:

- increases:
- 176 resources hired on open-ended contracts;
- 25 resources hired on fixed-term contracts
- 98 resources acquired with the transfer of Renewable business;
- 262 resources entered the scope of consolidation following the acquisition of control of the following companies:
  - Aldro energia y soluciones (80)
  - Instalaciones Martinez Dies (50)
  - Dhamma Energy Development (5)
  - Dhamma Energy Management (18)
  - Green Energy Management Services S.r.l. (20)
  - Be Power (86)
  - PV Family (3)
- 9 resources transferred from other Eni Group companies.

- reductions:
- 5 resources left due to consensual termination of the expansion contract (early retirement);
- 90 resources whose employment ended due to death, dismissal, resignation, consensual termination also due to retirement, contract expiry;
- 4 resources due to the end of their fixed-term contract;
- 12 resources transferred to another Eni Group company.

The breakdown by category is as follows:

Employees	December 31, 2021	December 31, 2020
Executives/Senior managers	67	50
Middle managers and white collar workers	1,929	1,514
Blue collar workers	42	15
	2,038	**1,579**

The distribution of permanent employees by age group is the following:

Age group	Total	%
<30	214	10.5%
30-39	618	30.3%
40-49	546	26.8%
50-59	570	28.0%
> 60	90	4.4%
	2,038	**100%**

At December 31, 2021, the consolidated subsidiaries employed 2,027 people.

Employees	December 31, 2021	December 31, 2020
Executives/Senior managers	69	49
Middle managers and white collar workers	1,916	1,509
Blue collar workers	42	15
	2,027	**1,573**

The number of employees in service is obtained by subtracting those employees seconded to other companies from employees on the payroll and adding those seconded from other companies.

There are 39 employees of Eni gas e luce SpA and its subsidiaries seconded to other Eni Group companies, other entities, on leave or excluded from service, while those seconded from other Eni Group companies to Eni gas e luce SpA and subsidiaries numbered 28.

Training

The training program at Eni gas e luce SpA and its subsidiaries involved resources for a total of 44,004 hours, of which 33,672 hours were delivered at Eni gas e luce and 10,332 hours at its subsidiaries. This training was ensured despite the difficulties of Italy's situation at the time, and was managed largely with the support of Eni Corporate University SpA, the help of qualified external teachers and partly with internal teaching.

The economic commitment for the year involved a total investment of €1,178,021, of which €894,913 was made to Eni Corporate University SpA. The economic commitment of Eni Gas e Luce SpA, in particular, amounted to €805,698.

The following should be highlighted as regards the year:

- the ongoing commitment to the institutional training of new recruits, also using the Eni Corporate University SpA for new graduates;
- the significant commitment to training and information on environmental, health, safety and quality issues, for a total of 5,600 hours, with particular reference to compulsory HSE training;
- training initiatives with the aim of extending to personnel in Italy and abroad all knowledge of compliance, in order to disseminate the guidelines, regulations and internal procedures designed to ensure observance of the laws in conducting the business of Eni gas e luce and Eni SpA;
- attendances at refresher and advanced seminars held at Eni Corporate University SpA or other qualified external organizations, for the development and reinforcement of the transversal skills and specialist know-how of resources operating in the various corporate areas;

- targeted and ad hoc training aimed at supporting the business transformation process by developing a transversal and widespread culture in Big Data and Advanced Analytics and developing the skills and expertise required for the new roles to be played, with particular reference to the Agile Methodology. Commercial training was also provided to reinforce digital literacy and a customer-centric approach. A total of 6,562 hours of training were provided in these areas at Eni gas e luce;
- training programs developed with in-house teaching in order to share skills and the most effective work methods for process management;
- training initiatives for the trainers of our commercial partners to ensure they are fully up-to-date and to further the effectiveness of sales and customer care.

Incentive and remuneration systems

Eni gas e luce SpA, in keeping with the merit-based policy linked to roles and responsibilities, consolidated its variable incentive system for executives related to performance assessments, setting individual targets in line with the company's general objectives. In 2021, performance assessment involved almost all executives and middle managers, identified on the basis of their assigned operating and management responsibilities. The incentive policy is linked to the achievement of results and the level of contribution provided. Furthermore, in 2021 the incentive system was confirmed for the sales force operating in Europe. A long-term incentive system in line with the practices and policies of the Eni Group is in place for executives with greater responsibilities and impact on the result of operations.

Health, safety and environment responsibility

Eni gas e luce’s commitment of economic resources to protecting the health of its workers and the environment, as well as the implementation of prevention measures to guarantee safety in the workplaces where the company operates, amounted to €5.0 million in 2021 (€3.0 million in 2020), of which €3.0 million (€2.2 million in 2020) on **Health and Safety** activities and €2.0 million (€0.8 million in 2020) on **Transversal** and **Environmental** activities. A large part of the increases can be attributed to Adriaplin and the entry of the Renewables business on July 1st.

As regards the control of **greenhouse gas emissions**, 2021 ended with a final balance of CO_2 emissions of 3,376 tons, in line with 2020, of which approximately 69% remains linked to Adriaplin's industrial activities and the remainder to emissions from the heating systems of the offices and company cars of Eni gas e luce and the operating activities of Evolvere.

Moreover, thanks to the production of green energy by the Renewables business during the second half of the year (since the integration of the Renewables business into Eni gas e luce), emissions of 392 ktons of $CO_{2\ eq}$ were avoided. This is in fact the amount of $CO_{2\ eq}$ that would have been released into the atmosphere for the same electricity production with the current generation mix of the various producing countries. Consistent with the forecast growth of the renewables sector over the next four years, avoided emissions will reach 3.4 $MtCO_{2eq}$ in 2025.

Support activities on all safety aspects continued apace for the sites in Italy and abroad. In addition, two Safety and Environment Pacts were signed between SEA and Evolvere and the respective third-party companies to which installation/maintenance work is contracted; these are formal, reciprocal commitments that all employers working on the site make personally to always operate in a way that safeguards people and the environment.

In the area of accident prevention, again in 2021 there were no accidents involving employees or contractors (for the third year in a row).

In addition to safeguarding the physical well-being of employees, the company’s responsibility for health protection is extended increasingly beyond a strictly business operational dynamic to a more social perspective, with the activation of programs aimed at promoting health as well as the control and prevention campaigns for the Covid pandemic. Training methods and development of expertise in health and the environment have been converted to distance learning methods so that skills in this subject can be maintained.

Health protection activities are structured according to a management system that is strongly focused on prevention, where health monitoring is combined with the integrated annual standard programs for environmental surveys.

Other information

Transactions with related parties

Transactions carried out by Eni gas e luce SpA and by the companies included in the consolidation scope with related parties involve essentially the purchase of gas and electricity, the provision of services, the funding and use of financial resources with the parent company Eni SpA and with companies directly or indirectly controlled by the latter. There are also relationships with other companies owned or controlled by the State, mainly with those that manage electricity and natural gas transmission and distribution networks. All transactions form part of ordinary operations and are made at arm's length, that is, at conditions that would have been applied by two independent parties, and were carried out in the interest of the Group companies. Under the provisions of applicable laws, the company has adopted internal procedures to ensure transparency and the material and procedural correctness of transactions with related parties, carried out by the company itself or by its subsidiaries.

The amounts of trade, financial and other transactions with related parties and a description of the most significant types of operations, as well as the impact of these relations and transactions on the balance sheet, financial results and company cash flows are disclosed in the Notes on the (consolidated and separate) financial statements.

Transactions with the parent company and with companies subject to its control and coordination

Eni gas e luce SpA is subject to the control and coordination of Eni SpA. Relations with Eni SpA and with the companies subject to its control and coordination mainly form part of transactions with related parties and are commented on in the previous point.

Treasury shares and parent company shares

In accordance with Article 2428(3) points (3) and (4) of the Italian Civil Code, it is hereby certified that Eni gas e luce and its subsidiaries do not hold, nor have they been authorized by their respective Shareholders' Meetings to purchase treasury shares in Eni gas e luce or in the ultimate parent company Eni SpA.

Subsequent events

In January 2022, the Greek company Solar Konzept Greece 'SKGR' was acquired, which owns a platform for the development of photovoltaic plants in Greece and a pipeline of projects of around 800 MW, which will allow further development of the renewables portfolio in the country.

In February 2022, an agreement was finalized with Equinor and SSE Renewables to acquire a 20% stake in the 1.2 GW Dogger Bank C project.

In February 2022, Eni New Energy US Inc. signed a sale and purchase agreement with BayWa r.e. Solar Asset Holdings LLC for the acquisition of the entire share capital of Corazon Energy Class B LLC. The latter owns a photovoltaic plant in Texas with a total capacity of 266 MW.

Branches

In accordance with Article 2428 of the Italian Civil Code, it is hereby stated that Eni gas e luce SpA does not have any branches.

Obligations under Resolution 11/07 of the Italian Regulatory Authority for Energy, Networks and Environment (ARERA)

The company sells natural gas and electricity and is therefore subject to the obligations of accounting and administrative unbundling set out in ARERA's Resolution no. 11/07.

For the Board of Directors

Stefano Goberti

Chief Executive Officer

Consolidated financial statements 2021

Eni Plenitude SpA Società Benefit

Consolidated balance sheet

(€ million)	Note	31.12.2021 Total amount	31.12.2021 *of which with related parties*	31.12.2020 Total amount	31.12.2020 *of which with related parties*
ASSETS					
Current assets					
Cash and cash equivalents	(5)	2,542	*2,352*	170	*115*
Other current financial assets	(6)	12	*11*		
Trade and other receivables	(7)	2,241	*237*	1,549	*41*
Inventories	(8)	20		7	
Income tax receivables	(9)	5		4	
Other current assets	(10)	5,921	*5,582*	344	*255*
		10,741		**2,074**	
Non-current assets					
Property, plant and equipment	(11)	1,070		104	
Right-of-use assets	(12)	128		41	
Intangible assets	(13)	3,006		1,503	
Equity-accounted investments	(15)	665		145	
Other investments	(16)	30			
Other non-current financial assets	(17)	8		1	*1*
Deferred tax assets	(23)	6		255	
Other non-current assets	(10)	1,132	*801*	125	*55*
		6,045		**2,174**	
Assets held for sale	(18)	135			
TOTAL ASSETS		**16,921**		**4,248**	
LIABILITIES AND EQUITY					
Current liabilities					
Short-term debt	(20)	1,193	*1,086*	32	*2*
Current portion of long-term debt	(20)	59	*3*	13	*3*
Current portion of long-term lease liabilities	(12)	8		6	
Trade and other payables	(19)	2,531	*882*	1,491	*743*
Income tax payables	(9)	18		9	
Other current liabilities	(10)	3,944	*3,488*	454	*175*
		7,753		**2,005**	
Non-current liabilities					
Long-term debt	(20)	809	*480*	62	
Long-term lease liabilities	(12)	114		37	
Provisions	(21)	47		37	
Provisions for employee benefits	(22)	99		128	
Deferred tax liabilities	(23)	524		50	
Other non-current liabilities	(10)	1,072	*501*	342	*35*
		2,665		**656**	
TOTAL LIABILITIES		**10,418**		**2,661**	
EQUITY	(25)				
Non-controlling interest		**50**		**38**	
Equity attributable to equity holders of Eni gas e luce:					
Share capital		770		750	
Reserve of cash flow hedge net of tax effect		1,634		42	
Cumulative currency translation differences		6			
Other reserves		3,852		532	
Profit (loss)		191		225	
Equity attributable to equity holders of Eni gas e luce		**6,453**		**1,549**	
TOTAL EQUITY		**6,503**		**1,587**	
TOTAL LIABILITIES AND EQUITY		**16,921**		**4,248**	

Consolidated profit and loss account

		2021		2020	
(€ million)	Note	Total amount	*of which with related parties*	Total amount	*of which with related parties*
REVENUE AND OTHER INCOME	(28)				
Sales from operations		7,274	*77*	6,000	*131*
Other income and revenue		93	*14*	74	*15*
Total revenue and other income		**7,367**		**6,074**	
OPERATING EXPENSES					
Purchases, services and other	(29)	(6,593)	*(3,870)*	(5,268)	*(3,677)*
Net (impairment losses) reversals of trade and other receivables	(7) (29)	(160)		(180)	
Payroll and related costs	(29)	(142)		(155)	
Other operating income (expense)	(29)	83	*81*	63	*63*
Depreciation and amortization	(11) (12) (13) (29)	(235)		(166)	
Write-off of tangible and intangible assets	(13) (29)			(6)	
		(7,047)		**(5,712)**	
OPERATING PROFIT (LOSS)		**320**		**362**	
FINANCE INCOME (EXPENSE)	(30)				
Finance income		12		7	
Finance expense		(42)	*(14)*	(49)	*(10)*
Derivative financial instruments		1	*1*		
		(29)		**(42)**	
INCOME (EXPENSE) FROM INVESTMENTS	(15) (31)				
Share of profit (loss) from equity-accounted investments		3		10	
Other gain (loss) from investments		(3)			
				10	
PROFIT (LOSS) BEFORE INCOME TAXES		**291**		**330**	
Income taxes	(32)	(88)		(102)	
PROFIT (LOSS)		**203**		**228**	
Attributable to:					
Eni gas e luce		**191**		**225**	
Non-controlling interest		**12**		**3**	
Earnings (loss) per share (€ per share)	(33)	**0.25**		**0.30**	

Consolidated statement of comprehensive income

(€ million)	Note	2021	2020
Profit (loss)		**203**	**228**
Items of other comprehensive income:			
Items that may be reclassified to profit or loss in later periods			
Currency translation differences	(25)	6	
Change in the fair value of cash flow hedge derivatives	(25)	2,203	158
Tax effect	(25)	(611)	(45)
		1,598	**113**
Total items of other comprehensive income		**1,598**	**113**
Total comprehensive income		**1,801**	**341**
Attributable to:			
Eni gas e luce		**1,789**	**338**
Non-controlling interest		**12**	**3**

Consolidated statement of changes in equity

		Equity attributable to equity holders of Eni gas e luce							
(€ million)	Note	Share capital	Reserve of cash flow hedge net of tax effect	Cumulative currency translation differences	Other reserves	Profit (loss) for the year	Equity attributable to equity holders of Eni gas e luce	Non-controlling interest	Total equity
Balance at December 31, 2020	(25)	**750**	**42**		**532**	**225**	**1,549**	**38**	**1,587**
Profit (loss) for the year						**191**	**191**	**12**	**203**
Items of other comprehensive income:									
Items that may be reclassified to profit or loss in later periods									
Currency translation differences				6			**6**		**6**
Change in the fair value of cash flow hedge derivatives net of tax effect			1,592				**1,592**		**1,592**
			1,592	**6**			**1,598**		**1,598**
Total comprehensive income of the year			**1,592**	**6**		**191**	**1,789**	**12**	**1,801**
Transactions with shareholders									
Capital increase for the acquisition of the 'Attività Rinnovabili Italia' business		20			12		**32**		**32**
Capital contributions from the shareholder Eni					3,300		**3,300**		**3,300**
Dividend distribution of Eni gas e luce (€0.246 per share)						(185)	**(185)**		**(185)**
Dividend distribution of other companies									
Allocation of 2020 net profit					40	(40)			
		20			**3,352**	**(225)**	**3,147**		**3,147**
Other changes in equity									
Other changes					(32)		**(32)**		**(32)**
Balance at December 31, 2021		**770**	**1,634**	**6**	**3,852**	**191**	**6,453**	**50**	**6,503**

continued Consolidated statement of changes in equity

(€ million)	Note	Equity attributable to equity holders of Eni gas e luce: Share capital	Reserve of cash flow hedge net of tax effect	Other reserves	Profit (loss) for the year	Equity attributable to equity holders of Eni gas e luce	Non-controlling interest	Total equity
Balance at December 31, 2019	(23)	**750**	**(71)**	**568**	**149**	**1,396**	**22**	**1,418**
Profit (loss) for the year					**225**	**225**	**3**	**228**
Items of other comprehensive income:								
Items that may be reclassified to profit or loss in later periods								
Change in the fair value of cash flow hedge derivatives net of tax effect			113			**113**		**113**
			113			**113**		**113**
Total comprehensive income of the year			**113**		**225**	**338**	**3**	**341**
Transactions with shareholders								
Dividend distribution of Eni gas e luce (€0.20 per share)					(150)	**(150)**		**(150)**
Dividend distribution of other companies							(1)	**(1)**
Allocation of 2019 net profit				(1)	1			
				(1)	**(149)**	**(150)**	**(1)**	**(151)**
Other changes in equity								
Other changes				(35)		**(35)**	14	**(21)**
Balance at December 31, 2020		**750**	**42**	**532**	**225**	**1,549**	**38**	**1,587**

(€ million)	Note	Equity attributable to equity holders of Eni gas e luce: Share capital	Reserve of cash flow hedge net of tax effect	Other reserves	Profit (loss) for the year	Equity attributable to equity holders of Eni gas e luce	Non-controlling interest	Total equity
Balance at December 31, 2018		**750**	**(19)**	**489**	**78**	**1,298**	**19**	**1,317**
Allocation of 2018 net profit				78	(78)			
Profit (loss) for the year					**149**	**149**	**2**	**151**
Items of other comprehensive income:								
Items that may be reclassified to profit or loss in later periods								
Change in the fair value of cash flow hedge derivatives net of tax effect			(52)			**(52)**		**(52)**
			(52)			**(52)**		**(52)**
Total comprehensive income of the year			**(52)**		**149**	**97**	**2**	**99**
Transactions with shareholders								
Dividend distribution of other companies							(1)	**(1)**
Other changes in equity								
Other changes				1		**1**	2	**3**
Balance at December 31, 2019		**750**	**(71)**	**568**	**149**	**1,396**	**22**	**1,418**

Consolidated statement of cash flows

(€ million)	Note	2021		2020	
Profit (loss)			203		228
Adjustments to reconcile profit (loss) to net cash provided by operating activities:					
Depreciation and amortization	(11) (12) (13) (29)		235		166
Write-off of tangible and intangible assets	(13) (29)				6
Share of (profit) loss from equity-accounted investments	(15) (31)		(3)		(10)
Interest income			(7)		(6)
Interest expense			12		5
Income taxes	(32)		88		102
Other changes			2		
Changes in working capital:					
- inventories		*(7)*		*(6)*	
- trade receivables		*(532)*		*(52)*	
- trade payables		*493*		*32*	
- provisions		*(6)*		*8*	
- other assets and liabilities		*(154)*		*(65)*	
Cash flow from changes in working capital			(206)		(83)
Net change in the provisions for employee benefits			(31)		(14)
Dividends received			10		9
Interest received			8		10
Interest paid			(10)		(5)
Income taxes paid, net of tax receivables received			(49)		(16)
Net cash provided by operating activities			**252**		**392**
- of which with related parties	(35)		***(3,741)***		***(3,533)***
Investing activities:					
- tangible assets	(11)		(53)		(3)
- intangible assets	(13)		(207)		(172)
- consolidated subsidiaries and businesses net of cash and cash equivalents acquired	(26)		(1,803)		(97)
- investments	(15) (16)		(48)		(4)
- financing receivables held for operating purposes			(35)		
- change in payables in relation to investing activities			385		
Cash flow from investing activities			(1,761)		(276)
Net cash used in investing activities			**(1,761)**		**(276)**
- of which with related parties	(35)		***(249)***		***(4)***
Increase in long-term financial debt	(20)		11		3
Repayments of long-term financial debt	(20)		(30)		(131)
Payments of lease liabilities	(12)		(8)		(6)
Increase (decrease) in short-term financial debt	(20)		793		(49)
			766		**(183)**
Dividends paid to the shareholder Eni			(185)		(150)
Dividends paid to third parties' shareholders					(1)
Capital contribution from the shareholder Eni			3,300		
Net cash used in financing activities			**3,881**		**(334)**
- of which with related parties	(35)		***4,679***		***(310)***
Net cash for the year			**2,372**		**(218)**
Cash and cash equivalents - beginning of the year	(5)		**170**		**388**
Cash and cash equivalents - end of the year	(5)		**2,542**		**170**

Notes on the Consolidated Financial Statements

1 Significant accounting policies, estimates and judgments

Basis of preparation

The Consolidated Financial Statements of Eni gas e luce SpA and its subsidiaries (collectively referred to as Eni gas e luce or the Group) have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS)[1] as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) pursuant to article 6 of the EC Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in accordance with article 9 of the Italian Legislative Decree No. 38/05[2].

The Consolidated Financial Statements have been prepared under the historical cost convention, taking into account, where appropriate, value adjustments, except for certain items that under IFRSs must be measured at fair value as described in the accounting policies that follow. The principles of consolidation and the significant accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

The 2021 Consolidated Financial Statements, approved by the Board of Directors of Eni gas e luce on February 18, 2022, were audited by the external auditor PricewaterhouseCoopers SpA. The external auditor of Eni gas e luce, as the main external auditor, is wholly in charge of the auditing activities of the Consolidated Financial Statements; when there are other external auditors, PricewaterhouseCoopers SpA takes the responsibility of their work.

The Consolidated Financial Statements are presented in euros and all values are rounded to the nearest million euros (€ million), except where otherwise indicated.

Significant accounting estimates and judgments

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the assets, liabilities, revenue and expenses recognized in the financial statements, as well as amounts included in the notes thereto, including disclosure of contingent assets and contingent liabilities. Estimates made are based on complex judgements and past experience of other assumptions deemed reasonable in consideration of the information available at the time. Although the Company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used. The accounting estimates and judgments relevant for the preparation of the Consolidated Financial Statement are described below.

Principles of consolidation

Subsidiaries

The Consolidated Financial Statements comprise the financial statements of Eni gas e luce SpA Società Benefit and its subsidiaries, being those entities over which the Company has control, either directly or indirectly, through exposure or rights to their variable returns and the ability to affect those returns through

1 IFRSs include also International Accounting Standards (IAS), currently effective, as well as the interpretations developed by the IFRS Interpretations Committee, previously named International Financial Reporting Interpretations Committee (IFRIC) and initially Standing Interpretations Committee (SIC).

2 As applied to Eni gas e luce, there are no differences between IFRSs as issued by the IASB and those adopted by the EU, effective for the year 2021.

its power over the investees. To have power over an investee, the investor must have existing rights that give it the current ability to direct the relevant activities of the investee, i.e. the activities that significantly affect the investee's returns.

Subsidiaries are consolidated, on the basis of consistent accounting policies, from the date on which control is obtained until the date that control ceases.

Assets, liabilities, income and expenses of consolidated subsidiaries are fully recognized with those of the parent in the Consolidated Financial Statements, taking into account the appropriate eliminations of intragroup transactions (see the accounting policy for 'Intragroup transactions'); the parent's investment in each subsidiary is eliminated against the corresponding parent's portion of equity of each subsidiary. Non-controlling interests are presented separately on the balance sheet within equity; the profit or loss and comprehensive income attributable to non-controlling interests are presented in specific line items, respectively, in the profit and loss account and in the statement of comprehensive income.

Taking into account the lack of material[3] impacts on the on the representation of the financial position and performance of the Group[4], the Consolidated Financial Statements do not consolidate subsidiaries that are immaterial, both individually and in the aggregate.

When the proportion of the equity held by non-controlling interests changes, any difference between the consideration paid/received and the amount by which the related non-controlling interests are adjusted is attributed to Eni gas e luce owners' equity. Conversely, the sale of equity interests with loss of control determines the recognition in the profit and loss account of: (i) any gain or loss calculated as the difference between the consideration received and the corresponding transferred net assets; (ii) any gain or loss recognized as a result of the remeasurement of any investment retained in the former subsidiary at its fair value; and (iii) any amount related to the former subsidiary previously recognized in other comprehensive income which may be reclassified subsequently to the profit and loss account[5]. Any investment retained in the former subsidiary is recognized at its fair value at the date when control is lost and shall be accounted for in accordance with the applicable measurement criteria.

Interests in joint arrangements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method as described in the accounting policy for 'The equity method of accounting'.

Investments in associates

An associate is an entity over which Eni gas e luce has significant influence, that is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Investments in associates are accounted for using the equity method as described in the accounting policy for 'The equity method of accounting'.

Investments in subsidiaries, joint arrangements and associates are presented separately in the annex 'List of companies owned by Eni gas e luce SpA as of December 31, 2021', which is an integral part of these notes. This annex also includes the changes to the scope of consolidation.

Consolidated companies' financial statements, as well as their reporting packages prepared for the Group's Consolidated Financial Statements, are audited by external auditors.

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[3] According to IFRSs, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

[4] Unconsolidated subsidiaries are accounted for as described in the accounting policy for 'The equity method of accounting'; for further information, see the annex 'List of companies owned by Eni gas e luce SpA Società Benefit as of December 31, 2021'.

[5] Conversely, any amount related to the former subsidiary previously recognized in other comprehensive income, which may not be reclassified subsequently to the profit and loss account, are reclassified in another item of equity.

The equity method of accounting

Investments in joint ventures, associates and immaterial unconsolidated subsidiaries, are accounted for using the equity method[6].

Under the equity method, investments are initially recognized at cost, allocating it, similarly to business combinations procedures, to the investee's identifiable assets/liabilities; any excess of the cost of the investment over the share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill, not separately recognized but included in the carrying amount of the investment. If this allocation is provisionally recognized at initial recognition, it can be retrospectively adjusted within one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed at the acquisition date. Subsequently, the carrying amount is adjusted to reflect: (i) the investor's share of the profit or loss of the investee after the date of acquisition, adjusted to account for depreciation, amortization and any impairment losses of the equity-accounted entity's assets based on their fair values at the date of acquisition; and (ii) the investor’s share of the investee’s other comprehensive income. Distributions received from an equity-accounted investee reduce the carrying amount of the investment. In applying the equity method, consolidation adjustments are considered (see also the accounting policy for ‘Subsidiaries’). Losses arising from the application of the equity method in excess of the carrying amount of the investment, recognized in the profit and loss account within ‘Income (Expense) from investments’, reduce the carrying amount, net of the related expected credit losses (see below), of any financing receivables towards the investee for which settlement is neither planned nor likely to occur in the foreseeable future (the so-called long-term interests), which are, in substance, an extension of the investment in the investee. The investor's share of any losses of an equity-accounted investee that exceeds the carrying amount of the investment and any long-term interests (the so-called net investment), is recognized in a specific provision only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee.

Whenever there is objective evidence of impairment (e.g. relevant breaches of contracts, significant financial difficulty, probable default of the counterparty, etc.), the carrying amount of the net investment, resulting from the application of the abovementioned measurement criteria, is tested for impairment by comparing it with the related recoverable amount, determined by adopting the criteria indicated in the accounting policy for ‘Impairment of non-financial assets’. When an impairment loss no longer exists or has decreased, any reversal of the impairment loss is recognized in the profit and loss account within ‘Income (Expense) from investments’. The impairment reversal of the net investment shall not exceed the previously recognized impairment losses.

The sale of equity interests with loss of joint control or significant influence over the investee determines the recognition in the profit and loss account of: (i) any gain or loss calculated as the difference between the consideration received and the corresponding transferred share; (ii) any gain or loss recognized as a result of the remeasurement of any investment retained in the former joint venture/ associate at its fair value[7]; and (iii) any amount related to the former joint venture/associate previously recognized in other comprehensive income which may be reclassified subsequently to the profit and loss account[8]. Any investment retained in the former joint venture/associate is recognized at its fair value at the date when joint control or significant influence is lost and shall be accounted for in accordance with the applicable measurement criteria.

Business combination

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is the sum of the acquisition-date fair value of the assets transferred, the liabilities incurred and the equity interests issued by the acquirer. The consideration transferred includes

6 Joint ventures, associates and immaterial unconsolidated subsidiaries are accounted for at cost less any impairment losses, if this does not result in a misrepresentation of the Group’s financial position and performance.

7 If the retained investment continues to be classified either as a joint venture or an associate and so accounted for using the equity method, no remeasurement at fair value is recognized in the profit and loss account.

8 Conversely, any amount related to the former joint venture/associate previously recognized in other comprehensive income, which may not be reclassified subsequently to the profit and loss account, are reclassified in another item of equity.

also the fair value of any assets or liabilities resulting from contingent considerations, contractually agreed and dependent upon the occurrence of specified future events. Acquisition related costs are accounted for as expenses when incurred.

The acquirer shall measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values[9], unless another measurement basis is required by IFRSs. The excess of the consideration transferred over the Group's share of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed is recognized, on the balance sheet, as goodwill; conversely, a gain on a bargain purchase is recognized in the profit and loss account.

Any non-controlling interests are measured as the proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date excluding the portion of goodwill attributable to them (partial goodwill method).

In a business combination achieved in stages, the purchase price is determined by summing the acquisition-date fair value of previously held equity interests in the acquiree and the consideration transferred for obtaining control; the previously held equity interests are remeasured at their acquisition-date fair value and the resulting gain or loss, if any, is recognized in the profit and loss account. Furthermore, on obtaining control, any amount recognized in other comprehensive income related to the previously held equity interests is reclassified to the profit and loss account, or in another item of equity when such amount may not be reclassified to the profit and loss account.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts recognized at the acquisition date shall be retrospectively adjusted within one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Significant accounting estimates and judgments: investments and business combinations

The assessment of the existence of control, joint control, significant influence over an investee requires that the management makes complex judgments on the basis of the characteristics of the investee's structure, arrangements between parties and other relevant facts and circumstances. Significant accounting estimates by management are required also for measuring the identifiable assets acquired and the liabilities assumed in a business combination at their acquisition-date fair values. For such measurement, to be performed also for the application of the equity method, Eni adopts the valuation techniques generally used by market participants taking into account the available information; for the most significant business combinations, Eni gas e luce engages external independent evaluators.

Intragroup transactions

All balances and transactions between consolidated companies, and not yet realized with third parties, including unrealized profits arising from such transactions have been eliminated. Unrealized profits arising from transactions between the Group and its equity-accounted entities are eliminated to the extent of the Group's interest in the equity-accounted entity. In both cases, unrealized losses are not eliminated as the transaction provides evidence of an impairment loss of the asset transferred.

Foreign currency translation

The financial statements of foreign operations having a functional currency other than the euro, that represents the parent's functional currency, as well as the presentation currency of the Consolidated Financial Statements, are translated into euros using the spot exchange rates on the balance sheet date for assets and liabilities, historical exchange rates for equity and average exchange rates for the profit and loss account and the statement of cash flows.

[9] Fair value measurement principles are described in the accounting policy for 'Fair value measurements'.

The cumulative resulting exchange differences are presented in the separate component of Eni gas e luce owners' equity 'Cumulative currency translation differences'[10]. Cumulative amount of exchange differences relating to a foreign operation are reclassified to the profit and loss account when the entity disposes the entire interest in that foreign operation or when the partial disposal involves the loss of control, joint control or significant influence over the foreign operation. On a partial disposal that does not involve loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative exchange differences is reattributed to the non-controlling interests in that foreign operation. On a partial disposal of interests in joint arrangements or in associates that does not involve loss of joint control or significant influence, the proportionate share of the cumulative exchange differences is reclassified to the profit and loss account. The repayment of share capital made by a subsidiary having a functional currency other than the euro, without a change in the ownership interest, implies that the proportionate share of the cumulative amount of exchange differences relating to the subsidiary is reclassified to the profit and loss account.

The financial statements of foreign operations which are translated into euros are denominated in the foreign operations' functional currencies which generally is the U.S. dollar. The main foreign exchange rates used to translate the financial statements into the parent's functional currency are indicated below:

(currency amount for 1 €)	**Annual average exchange rate 2021**	**Exchange rate at December 31, 2021**
U.S. dollar	1.18	1.13
Pound Sterling	0.86	0.84
Kazakhstani Tenge	504.68	492.48

Significant accounting policies

The most significant accounting policies used in the preparation of the Consolidated Financial Statements are described below.

Property, plant and equipment

Property, plant and equipment are carried using the cost model and initially recognised at their purchase price or construction cost including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. For assets that necessarily take a substantial period of time to get ready for their intended use, the purchase price or construction cost comprises the borrowing costs incurred in the period to get the asset ready for use that would have been avoided if the expenditure had not been made.

In the case of a present obligation for dismantling and removal of assets and restoration of sites, the initial carrying amount of an item of property, plant and equipment includes the estimated (discounted) costs to be incurred when the removal event occurs; a corresponding amount is recognized as part of a specific provision (see the accounting policy for 'Decommissioning and restoration liabilities').

Property, plant and equipment are never revalued for financial reporting purposes.

Expenditures on upgrading, revamping and reconversion are recognized as items of property, plant and equipment when it is probable that they will increase the expected future economic benefits of the asset. Assets acquired for safety or environmental reasons, although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, qualify for recognition as assets when they are necessary for running the business.

Depreciation of tangible assets begins when they are available for use, i.e. when they are in the location and condition necessary for it to be capable of operating as planned. Property, plant and equipment are

10 When the foreign subsidiary is partially owned, the cumulative exchange difference, that is attributable to the non-controlling interests, is allocated to and recognized as part of 'Non-controlling interest'.

depreciated on a systematic basis over their useful life. The useful life is the period over which an asset is expected to be available for use by the Company.

When tangible assets are composed of more than one significant part with different useful lives, each part is depreciated separately. The depreciable amount is the asset's carrying amount less its residual value at the end of its useful life, if it is significant and can be reasonably determined. Land is not depreciated, even when acquired together with a building. Tangible assets held for sale are not depreciated. Changes in the asset's useful life, in its residual value or in the pattern of consumption of the future economic benefits embodied in the asset, are accounted for prospectively.

Assets to be handed over for no consideration are depreciated over the shorter term between the duration of the concession or the asset's useful life.

Replacement costs of identifiable parts in complex assets are capitalized and depreciated over their useful life; the residual carrying amount of the part that has been substituted is charged to the profit and loss account. Non-removable leasehold improvements are depreciated over the earlier of the useful life of the improvements and the lease term. Expenditures for ordinary maintenance and repairs are recognized as an expense as incurred.

The carrying amount of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from their use or disposal; any arising gain or loss is recognized in the profit and loss account.

Leasing

A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration[11]; such right exists whether, throughout the period of use, the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

At the commencement date of the lease (i.e. the date on which the underlying asset is available for use), a lessee recognizes on the balance sheet an asset representing its right to use the underlying leased asset (hereinafter also referred as right-of- use asset) and a liability representing its obligation to make lease payments during the lease term (hereinafter also referred as lease liability[12]). The lease term is the non-cancellable period of a contract, together with, if reasonably certain, periods covered by extension options or by the non-exercise of termination options.

In particular, the lease liability is initially recognized at the present value of the following lease payments[13] that are not paid at the commencement date: (i) fixed payments (including in-substance fixed payments), less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate[14]; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The latter is determined considering the term of the lease, the frequency and currency of the contractual lease payments, as well as the features of the lessee's economic environment (reflected in the country risk premium assigned to each country where Eni gas e luce operates).

After the initial recognition, the lease liability is measured on an amortized cost basis and is remeasured, normally, as an adjustment to the carrying amount of the related right-of-use asset, to reflect changes to the lease payments due, essentially, to: (i) modifications in the lease contract not accounted as a separate

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11 The assessment of whether the contract is, or contains, a lease is performed at the inception date, that is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

12 Eni gas e luce applies the recognition exemptions allowed for short-term leases (for certain classes of underlying assets) and low-value leases, by recognising the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

13 Eni gas e luce, in accordance with the practical expedient allowed by the accounting standard, does not separate non-lease components from lease components.

14 Conversely, the other kinds of variable lease payments (e.g. payments that depend on the use of an underlying leased asset) are not included in the carrying amount of the lease liability, but are recognized in the profit and loss account as operating expenses over the lease term.

lease; (ii) changes in indexes or rates (used to determine the variable lease payments); or (iii) changes in the assessment of contractual options (e.g. options to purchase the underlying asset, extension or termination options).

The right-of-use asset is initially measured at cost, which comprises: (i) the amount of the initial measurement of the lease liability; (ii) any initial direct costs incurred by the lessee[15]; (iii) any lease payments made at or before the commencement date, less any lease incentives received; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. After the initial recognition, the right-of-use asset is adjusted for any accumulated depreciation[16], any accumulated impairment losses (see the accounting policy for 'Impairment of non-financial assets') and any remeasurement of the lease liability.

Significant accounting estimates and judgments: lease transactions

With reference to lease contracts, management makes significant estimates and judgments related to: (i) determining the lease term, making assumptions about the exercise of extension and/or termination options; (ii) determining the lessee's incremental borrowing rate; (iii) identifying and, where appropriate, separating non-lease components from lease components, where an observable stand-alone price is not readily available, taking into account also the analysis performed with external experts; (iv) identifying the variable lease payments and the related characteristics in order to include them in the measurement of the lease liability.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, controlled by the Company and able to generate future economic benefits, and goodwill. Intangible assets are initially recognized at cost as determined by the criteria used for tangible assets. Intangible assets are never revalued for financial reporting purposes.

Intangible assets with finite useful lives are amortized on a systematic basis over their useful life; the amount to be amortized is determined in accordance with the criteria described in the accounting policy for 'Property, plant and equipment'.

Goodwill and intangible assets with indefinite useful lives are not amortized. For the recoverability of the carrying amounts of goodwill and other intangible assets see the accounting policy for 'Impairment of non-financial assets'.

Costs of obtaining a contract with a customer are recognized on the balance sheet if the Company expects to recover those costs. The intangible asset arising from those costs is amortized on a systematic basis, that is consistent with the transfer to the customer of the goods or services to which the asset relates, and is tested for impairment.

Costs of technological development activities are capitalized when: (i) the cost attributable to the development activity can be measured reliably; (ii) there is the intention and the availability of financial and technical resources to make the asset available for use or sale; and (iii) it can be demonstrated that the asset is able to generate probable future economic benefits.

The carrying amount of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal; any arising gain or loss is recognized in the profit and loss account.

Impairment of non-financial assets

[15] Initial direct costs are incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained.

[16] Depreciation charges are recognized on a systematic basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Nevertheless, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

Non-financial assets (tangible assets, intangible assets and right-of-use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable.

The recoverability assessment is performed for each cash-generating unit (hereinafter also CGU) represented by the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs may include corporate assets which do not generate cash inflows independently of other assets or group of assets, allocable on a reasonable and consistent basis. Corporate assets not attributable to a single cash-generating unit are allocated to a group of CGUs. Goodwill is tested for impairment at least annually, and whenever there is any indication of impairment, at the lowest level within the entity at which it is monitored for internal management purposes. Right-of-use assets, which generally do not generate cash inflows independently of other assets or groups of assets, are allocated to the CGU to which they belong; the right-of-use assets which cannot be fully attributed to a CGU are considered as corporate assets.

The recoverability of a CGU is assessed by comparing its carrying amount with the recoverable amount, which is the higher of the CGU's fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the CGU and, if significant and reliably measurable, the cash flows expected to be obtained from its disposal at the end of its useful life, after deducting the costs of disposal. The expected cash flows are determined on the basis of reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the cash-generating unit, giving greater weight to external evidence.

The value in use of CGUs which include material right-of-use assets is calculated, normally, by ignoring lease payments included in the measurement of the lease liabilities.

With reference to commodity prices, management uses the price scenario adopted for economic and financial projections and for the evaluation of investments over their entire life.

For the determination of value in use, the estimated future cash flows are discounted using a rate that reflects a current market assessment of the time value of money and of the risks specific to the asset that are not reflected in the estimated future cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC) adjusted for the specific country risk of the CGU. These adjustments are measured considering information from external parties. Value in use is calculated net of the tax effect as this method results in values similar to those resulting from discounting pre-tax cash flows at a pre-tax discount rate derived, through an iteration process, from a post-tax valuation.

When the carrying amount of the CGU, including goodwill allocated thereto, determined taking into account any impairment loss of the non-current assets belonging to the CGU, exceeds its recoverable amount, the excess is recognized as an impairment loss. The impairment loss is allocated first to reduce the carrying amount of goodwill; any remaining excess is allocated to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the CGU, up to the related recoverable amount.

When an impairment loss no longer exists or has decreased, a reversal of the impairment loss is recognized in the profit and loss account. The impairment reversal shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed in a subsequent period[17].

Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and other supplies held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

[17] Impairment losses recognized for goodwill in an interim period are not reversed also when, considering conditions existing in a subsequent interim period, they would have been recognized in a smaller amount or would not have been recognized.

Significant accounting estimates and judgments: impairment of non-financial assets

The recoverability of non-financial assets is assessed whenever events or changes in circumstances indicate that carrying amounts of the assets are not recoverable.

Such impairment indicators include changes in the Group's business plans, changes in commodity prices leading to unprofitable performance and reduced capacity utilization of the plants. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain and complex matters such as future commodity prices, future discount rates and economic parameters, the outlook for global or regional market supply-and-demand conditions and the effects of changes in regulatory requirements, etc.

The definition of CGUs and the identification of their appropriate grouping for the purpose of testing for impairment the carrying amount of goodwill require judgment by management. In particular, CGUs are identified considering, inter alia, how management monitors the entity's operations or how management makes decisions about continuing or disposing of the entity's assets and operations.

The expected future cash flows used for impairment analyses are based on judgmental assessments of future prices, costs, growth rates of demand considering available information at the date of review and are discounted by using a rate which considers the risks specific to the asset.

More details on the main assumptions underlying the determination of the recoverable amount of tangible, intangible and right-of-use assets are set out in note 14 - Impairment review of tangible and intangible assets and right-of-use assets.

Financial instruments

Financial assets

Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories: (i) financial assets measured at amortized cost; (ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value through profit or loss (hereinafter also FVTPL).

At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and any impairment losses[18] (see the accounting policy for 'Impairment of financial assets') are recognized in the profit and loss account.

Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model). In these cases: (i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for 'Impairment of financial assets') are recognized in the profit and loss account; (ii) changes in fair value of the instruments are recognized in equity, within other comprehensive income. The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reclassified to the profit and loss account when the financial

[18] Receivables and other financial assets measured at amortized cost are presented on the balance sheet net of their loss allowance.

asset is derecognized. Currently the Group does not have any financial assets measured at fair value through OCI.

A financial asset represented by a debt instrument that is neither measured at amortized cost nor at FVTOCI, is measured at FVTPL; financial assets held for trading fall into this category. Interest income on assets held for trading contributes to the fair value measurement of the instrument and is recognized in 'Finance income (expense)', within 'Net finance income (expense) from financial assets held for trading'.

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, as well as financial assets originally due, generally, up to three months, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Impairment of financial assets

The expected credit loss model is adopted for the impairment of financial assets that are debt instruments, but are not measured at FVTPL.

In particular, the expected credit losses are generally measured by multiplying: (i) the exposure to the counterparty's credit risk net of any collateral held and other credit enhancements (Exposure At Default, EAD); (ii) the probability that the default of the counterparty occurs (Probability of Default, PD); and (iii) the percentage estimate of the exposure that will not be recovered in case of default (Loss Given Default, LGD), considering the past experiences and the range of recovery tools that can be activated (e.g. extrajudicial and/or legal proceedings, etc.).

With reference to trade and other business customer receivables, Probabilities of Default of counterparties are determined by adopting the internal credit ratings already used for credit worthiness and are periodically reviewed using, inter alia, back-testing analyses. For customers without internal credit ratings, the expected credit losses are measured by using a provision matrix, defined by grouping, where appropriate, receivables into adequate clusters to which apply expected loss rates defined on the basis of their historical credit loss experiences, adjusted, where appropriate, to take into account forward-looking information on credit risk of the counterparty or clusters of counterparties[19].

Considering the characteristics of the reference markets, financial assets with more than 180 days past due or, in any case, with counterparties undergoing litigation, restructuring or renegotiation, are considered to be in default. Counterparties are considered undergoing litigation when judicial/legal proceedings aimed to recover a receivable have been activated or are going to be activated. Impairment losses of trade and other receivables are recognized in the profit and loss account, net of any impairment reversal, within the line item of the profit and loss account 'Net (impairment losses) reversals of trade and other receivables'.

Significant accounting estimates and judgments: impairment of financial assets

Measuring impairment losses of financial assets requires management evaluation of complex and highly uncertain elements such as, for example, Probabilities of Default of counterparties, the assessment of any collateral or other credit enhancements, the expected exposure that will not be recovered in case of default, as well as the definition of customers' clusters to be adopted.

Further details on the main assumptions underlying the measurement of expected credit losses of financial assets are provided in note 7 - Trade and other receivables.

Investments in equity instruments

19 For credit exposures arising from intragroup transactions, the recovery rate is normally assumed equal to 100% taking into account, inter alia, the Group central treasury function which supports both financial and capital needs of subsidiaries.

Investments in equity instruments that are not held for trading are measured at fair value through other comprehensive income, without subsequent transfer of fair value changes to profit or loss on derecognition of these investments; conversely, dividends from these investments are recognized in the profit and loss account, within the line item 'Income (Expense) from investments', unless they clearly represent a recovery of part of the cost of the investment. In limited circumstances, an investment in equity instruments can be measured at cost if it is an appropriate estimate of fair value.

Financial liabilities

At initial recognition, financial liabilities, other than derivative financial instruments, are measured at their fair value, minus transaction costs that are directly attributable, and are subsequently measured at amortized cost.

Derivative financial instruments and hedge accounting

Derivative financial instruments, including embedded derivatives (see below) that are separated from the host contract, are assets and liabilities measured at their fair value.

With reference to the defined risk management objectives and strategy, the qualifying criteria for hedge accounting requires: (i) the existence of an economic relationship between the hedged item and the hedging instrument in order to offset the related value changes and the effects of counterparty credit risk do not dominate the economic relationship between the hedged item and the hedging instrument; and (ii) the definition of the relationship between the quantity of the hedged item and the quantity of the hedging instrument (the so-called hedge ratio) consistent with the entity's risk management objectives, under a defined risk management strategy; the hedge ratio is adjusted, where appropriate, after taking into account any adequate rebalancing. A hedging relationship is discontinued prospectively, in its entirety or a part of it, when it no longer meets the risk management objectives on the basis of which it qualified for hedge accounting, it ceases to meet the other qualifying criteria or after rebalancing it.

When derivatives hedge the risk of changes in the fair value of the hedged items (fair value hedge, e.g. hedging of the variability in the fair value of fixed interest rate assets/ liabilities), the derivatives are measured at fair value through profit or loss. Consistently, the carrying amount of the hedged item is adjusted to reflect, in the profit and loss account, the changes in fair value of the hedged item attributable to the hedged risk; this applies even if the hedged item should be otherwise measured.

When derivatives hedge the exposure to variability in cash flows of the hedged items (cash flow hedge, e.g. hedging the variability in the cash flows of assets/liabilities as a result of the fluctuations of commodity prices), the effective changes in the fair value of the derivatives are initially recognized in the equity reserve related to other comprehensive income and then reclassified to the profit and loss account in the same period during which the hedged transaction affects the profit and loss account. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the accumulated changes in fair value of hedging derivatives, recognized in equity, are included directly in the carrying amount of the hedged non-financial asset/liability (commonly referred to as a 'basis adjustment').

The changes in the fair value of derivatives that are not designated as hedging instruments, including any ineffective portion of changes in fair value of hedging derivatives, are recognized in the profit and loss account. In particular, the changes in the fair value of non-hedging derivatives on interest rates and exchange rates are recognized in the profit and loss account line item 'Finance income (expense)'; conversely, the changes in the fair value of non-hedging derivatives on commodities are recognized in the profit and loss account line item 'Other operating (expense) income'.

Derivatives embedded in financial assets are not accounted for separately; in such circumstances, the entire hybrid instrument is classified depending on the contractual cash flow characteristics of the financial instrument and the business model for managing it (see the accounting policy for 'Financial assets'). Derivatives embedded in financial liabilities and/or non-financial assets are separated if: (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the entire hybrid contract is not measured at FVTPL. Eni gas e luce assesses the existence of embedded derivatives to be separated when it becomes party to the contract and, afterwards, when a change in the terms of the contract that modifies its cash flows occurs.

Contracts to buy or sell commodities entered into and continued to be held for the purpose of their receipt or delivery in accordance with the Group's expected purchase, sale or usage requirements are recognized on an accrual basis (the so-called normal sale and normal purchase exemption or own use exemption).

Offsetting financial assets and liabilities

Financial assets and liabilities are set off on the balance sheet if the Group currently has a legally enforceable right to set off and intends to settle on a net basis (or to realize the asset and settle the liability simultaneously).

Derecognition of financial assets and liabilities

Transferred financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets expire or are transferred to another party. Financial liabilities are derecognized when they are extinguished, or when the obligation specified in the contract is discharged, cancelled or expired.

Provisions, contingent liabilities and contingent assets

A provision is a liability of uncertain timing or amount on the balance sheet date.

Provisions are recognized when: (i) there is a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation or to transfer it to third parties on the balance sheet date. The amount recognized for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any compensation or penalties arising from failure to fulfill these obligations. Where the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expenditures expected to be required to settle the obligation at a discount rate that reflects the Company's average borrowing rate taking into account the risks associated with the obligation. The change in provisions due to the passage of time is recognized within ‘Finance income (expense)’.

A provision for restructuring costs is recognized only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation in the affected parties that it will carry out the restructuring.

Provisions are periodically reviewed and adjusted to reflect changes in the estimates of costs, timing and discount rates. Changes in provisions are recognized in the same profit and loss account line item where the original provision was charged.

Contingent liabilities are: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or (ii) present obligations arising from past events, whose amount cannot be reliably measured or whose settlement will probably not result in an outflow of resources embodying economic benefits. Contingent liabilities are not recognized in the financial statements, but are disclosed. Contingent assets, that are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, are not recognized in financial statements unless the realization of economic benefits is virtually certain. Contingent assets are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed periodically to ensure that developments are appropriately reflected in the financial statements.

Decommissioning and restoration liabilities

Liabilities for decommissioning and restoration costs are recognized, together with a corresponding amount as part of the related property, plant and equipment, when the conditions indicated in the accounting policy “Provisions, contingent liabilities and contingent assets” are met.

Considering the long-time span between the recognition of the obligation and its settlement, the amount recognized is the present value of the future expenditures expected to be required to settle the obligation.

Any change due to the unwinding of discount on provisions is recognized within ‘Finance income (expense)’. Such liabilities are reviewed regularly to take into account the changes in the expected costs to be incurred, contractual obligations, regulatory requirements and practices in force in the countries where the tangible assets are located.

The effects of any changes in the estimate of the liability are recognized generally as an adjustment to the carrying amount of the related property, plant and equipment; however, if the resulting decrease in the liability exceeds the carrying amount of the related asset, the excess is recognized in the profit and loss account.

Significant accounting estimates and judgments: decommissioning and restoration liabilities and other provisions

Eni gas e luce holds provisions for dismantling and removing items of property, plant and equipment, and restoring sites at the end of the production activity. Estimating obligations to dismantle, remove and restore items of property, plant and equipment is complex. It requires management to make estimates and judgments with respect to removal obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve in the countries where Eni gas e luce operates, as do political, environmental, safety and public expectations. The discount rate used to determine the provision and the timing of future cash outflows, as well as any related update, are based on complex managerial judgments.

Any decommissioning and restoration provisions, since the time when the asset will be abandoned is uncertain, are generally recognized when the date on which the cost will actually be incurred can be determined and when the amount of the obligation can be reliably estimated. In this regard, Eni gas e luce performs periodic reviews for any changes in facts and circumstances that might require recognition of a decommissioning and restoration provision.

In addition to decommissioning and restoration liabilities, Eni gas e luce recognizes provisions primarily related to legal and trade proceedings. These provisions are estimated on the basis of complex managerial judgments related to the amounts to be recognized and the timing of future cash outflows. After the initial recognition, provisions are periodically reviewed and adjusted to reflect the current best estimate.

Employee benefits

Employee benefits are considerations given by the Group in exchange for service rendered by employees or for the termination of employment.

Post-employment benefit plans, including informal arrangements, are classified as either defined contribution plans or defined benefit plans depending on the economic substance of the plan as derived from its principal terms and conditions. Under defined contribution plans, the Company's obligation, which consists in making payments to the State or to a trust or a fund, is determined on the basis of contributions due. The liabilities related to defined benefit plans, net of any plan assets, are determined on the basis of actuarial assumptions and charged on an accrual basis during the employment period required to obtain the benefits.

Net interest includes the return on plan assets and the interest cost to be recognized in the profit and loss account. Net interest is measured by applying to the liability, net of any plan assets, the discount rate used to calculate the present value of the liability; net interest of defined benefit plans is recognized in ‘Finance income (expense)’.

Remeasurements of the net defined benefit liability, comprising actuarial gains and losses, resulting from changes in the actuarial assumptions used or from changes arising from experience adjustments, and the return on plan assets excluding amounts included in net interest, are recognized within the statement of comprehensive income. Remeasurements of the net defined benefit liability, recognized within other comprehensive income, are not reclassified subsequently to the profit and loss account.

Obligations for long-term benefits are determined by adopting actuarial assumptions. The effects of remeasurements are taken to profit and loss account in their entirety.

The liabilities for termination benefits are recognized at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that involves the payment of termination benefits. Such liabilities are measured in accordance with the nature of the employee benefit. Liabilities for termination benefits are determined applying the requirements: (i) for short-term employee benefits, if the termination benefits are expected to be settled wholly before twelve months after the end of the annual reporting period in which the termination benefits are recognized; or (ii) for long-term benefits if the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period.

Share-based payments

The line item 'Payroll and related costs' includes the cost of the share-based incentive plan of the parent Eni, consistent with its actual remunerative nature. The cost of the share-based incentive plan is measured by reference to the fair value of the equity instruments granted and the estimate of the number of shares that eventually vest; the cost is recognized on an accrual basis pro rata temporis over the vesting period, that is the period between the grant date and the settlement date. The fair value of the shares underlying the incentive plan is measured at the grant date, taking into account the estimate of achievement of market conditions (e.g. Total Shareholder Return), and is not adjusted in subsequent periods; when the achievement is linked also to non-market conditions, the number of shares expected to vest is adjusted during the vesting period to reflect the updated estimate of these conditions. If, at the end of the vesting period, the incentive plan does not vest because of failure to satisfy the performance conditions, the portion of cost related to market conditions is not reversed to the profit and loss account

Significant accounting estimates and judgments: employee benefits and share-based payments

Defined benefit plans are evaluated with reference to uncertain events and based upon actuarial assumptions including, among others, discount rates, expected rates of salary increases, mortality rates, estimated retirement dates and medical cost trends.

The significant assumptions used to account for defined benefit plans are determined as follows: (i) discount and inflation rates are based on the market yields on high quality corporate bonds (or, in the absence of a deep market of these bonds, on the market yields on government bonds) and on the expected inflation rates in the reference currency area; (ii) the future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority and promotion; (iii) healthcare cost trend assumptions reflect an estimate of the actual future changes in the cost of the healthcare related benefits provided to the plan participants and are based on past and current healthcare cost trends, including healthcare inflation, changes in healthcare utilization, changes in health status of the participants and the contributions paid to health funds; and (iv) demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for individual employees involved.

Differences in the amount of the net defined benefit liability (asset), deriving from the remeasurements, comprising, among others, changes in the current actuarial assumptions, differences in the previous actuarial assumptions and what has actually occurred and differences in the return on plan assets, excluding amounts included in net interest, usually occur.

Similar to the approach followed for the fair value measurement of financial instruments, the fair value of the shares underlying the incentive plans is measured by using complex valuation techniques and identifying, through structured judgments, the assumptions to be adopted.

Revenue from contracts with customers

Revenue from contracts with customers is recognized on the basis of the following five steps: (i) identifying the contract with the customer; (ii) identifying the performance obligations, that are promises in a contract to transfer goods and/or services to a customer; (iii) determining the transaction price; (iv) allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each good or service; and (v) recognizing revenue when (or as) a performance obligation is satisfied, that is when a promised good or service is transferred to a customer. A promised good or service is transferred when (or as) the customer obtains control of it. Control can be transferred over time or at a point in time. With reference to the most important products sold by Eni gas e luce, revenue is generally recognized upon delivery to the customer.

In particular, for the sale of natural gas and electricity, revenue is determined on the basis of consumption as resulting from actual or estimated readings, applying the specific commercial conditions of the contracts with customers and including the costs related to the transport and dispatching service and related pass-through costs.

Revenue is measured at the fair value of the consideration to which the Company expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. In determining the transaction price, the promised amount of consideration is adjusted for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. The promised amount of consideration is not adjusted for the effect of the significant financing component if, at contract inception, it is expected that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods and/or services to a customer; in particular, the amount of consideration can vary because of discounts, refunds, incentives, price concessions, performance bonuses, penalties or if the price is contingent on the occurrence or non-occurrence of future events.

If, in a contract, the Company grants a customer the option to acquire additional goods or services for free or at a discount (e.g. sales incentives, customer award points, etc.), this option gives rise to a separate performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into that contract.

When goods or services are exchanged for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

Significant accounting estimates and judgments: revenue from contracts with customers

Revenue from sales of electricity and gas to retail customers includes the amount accrued for electricity and gas supplied between the date of the last invoiced meter reading (actual or estimated) of volumes consumed and the end of the year. These estimates consider information provided by the grid managers about the volumes allocated among the customers of the secondary distribution network, about the actual and estimated volumes consumed by customers, as well as internal estimates about volumes consumed by customers. Therefore, revenue is accrued as a result of a complex estimate based on the volumes distributed and allocated, communicated by third parties, likely to be adjusted, according to applicable regulations, within the fifth year following the one in which they are accrued, as well as on estimates about volumes consumed by customers. Considering the contractual obligations on the supply delivery points, revenue from sales of electricity and gas to retail customers includes costs for transportation and dispatching and in these cases the gross amount of consideration to which the Company is entitled is recognized.

Costs

Costs are recognized when the related goods and services are sold or consumed during the year, when they are allocated on a systematic basis or when their future economic benefits cannot be identified.

The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or, in any case, costs incurred for other scientific research activities or technological development, which cannot be capitalized (see also the accounting policy for 'Intangible assets'), are included in the profit and loss account when they are incurred.

Exchange differences

Revenue and costs associated with transactions in foreign currencies are translated into the functional currency by applying the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate on the balance sheet date and any resulting exchange differences are included in the profit and loss account within 'Finance income (expense)'. Non-monetary assets and liabilities denominated in foreign currencies, measured at cost, are not retranslated subsequent to initial recognition. Non-monetary items measured at fair value, recoverable amount or net realisable value are retranslated using the exchange rate at the date when the value is determined.

Dividends

Dividends are recognized when the right to receive payment of the dividend is established.

Dividends and interim dividends to owners are shown as changes in equity when the dividends are declared by, respectively, the shareholders' meeting and the Board of Directors.

Income taxes

Current income taxes are determined on the basis of estimated taxable profit. Current income tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences arising between the carrying amounts of the assets and liabilities and their tax bases, based on tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized when their recoverability is considered probable, i.e. when it is probable that sufficient taxable profit will be available in the same year as the reversal of the deductible temporary difference.

Similarly, deferred tax assets for the carry-forward of unused tax credits and unused tax losses are recognized to the extent that their recoverability is probable. The carrying amount of the deferred tax assets is reviewed, at least, on an annual basis.

If there is uncertainty over income tax treatments, if the company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the (current and/or deferred) income taxes to be recognized in the financial statements consistent with the tax treatment used or planned to be used in its income tax filings. Conversely, if the company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the company reflects the effect of uncertainty in determining the (current and/or deferred) income taxes to be recognized in the financial statements.

Relating to the taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, the related deferred tax liabilities are not recognized if the investor is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented within non-current assets and liabilities and are offset at a single entity level if related to offsettable taxes. The balance of the offset, if positive, is recognized in the line item 'Deferred tax assets' and, if negative, in the line item 'Deferred tax liabilities'. When the results of transactions are recognized in other comprehensive income (loss) or directly in equity, the related current and deferred taxes are also recognized in other comprehensive income (loss) or directly in equity.

Significant accounting estimates and judgments: income taxes

The computation of income taxes involves the interpretation of applicable tax laws and regulations in the various jurisdictions in which Eni gas e luce operates. Although Eni gas e luce aims to maintain a relationship with the taxation authorities characterized by transparency, dialogue and cooperation (e.g. by not using aggressive tax planning and by using, if available, procedures intended to eliminate or reduce tax litigations), there can be no assurance that there will not be a tax litigation with the taxation authorities where the legislation could be open to more than one interpretation. The resolution of tax disputes, through negotiations with relevant taxation authorities or through litigation, could take several years to complete.

The estimate of liabilities related to uncertain tax treatments requires complex judgments by management. After the initial recognition, these liabilities are periodically reviewed for any changes in facts and circumstances.

Management makes complex judgments regarding mainly the assessment of the recoverability of deferred tax assets, related both to deductible temporary differences and unused tax losses, which requires estimates and evaluations about the amount and the timing of future taxable profits.

Assets held for sale and related liabilities

Non-current assets and current and non-current assets included within disposal groups, are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or the disposal group is available for immediate sale in its present condition.

Non-current assets held for sale, current and non-current assets included within disposal groups that have been classified as held for sale and the liabilities directly associated with them are recognized on the balance sheet separately from other assets and liabilities.

Immediately before the initial classification of a non-current asset and/or a disposal group as held for sale, the non-current asset and/or the assets and liabilities in the disposal group are measured in accordance with applicable IFRSs. Subsequently, non-current assets held for sale are not depreciated or amortized and they are measured at the lower of the fair value less costs to sell and their carrying amount.

If an equity-accounted investment, or a portion of that investment meets the criteria to be classified as held for sale, it is no longer accounted for using the equity method and it is measured at the lower of its carrying amount at the date the equity method is discontinued, and its fair value less costs to sell. Any retained portion of the equity-accounted investment that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. Any difference between the carrying amount of the non-current assets and the fair value less costs to sell is taken to the profit and loss account as an impairment loss; any subsequent reversal is recognized up to the cumulative impairment losses, including those recognized prior to qualification of the asset as held for sale.

If events or circumstances occur that no longer allow to classify a non-current asset or a disposal group as held for sale, the non-current asset or the disposal group is reclassified into the original line items of the balance sheet and measured at the lower of: (i) its carrying amount at the date of classification as held for sale adjusted for any depreciation, amortization, impairment losses and reversals that would have been recognized had the asset or disposal group not been classified as held for sale, and (ii) its recoverable amount at the date of the subsequent decision not to sell.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (not in a forced liquidation or a distress sale) at the measurement date (exit price).

Fair value measurement is based on the market conditions existing at the measurement date and on the assumptions of market participants (market-based measurement). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market to which the entity has access, independently from the entity's intention to sell the asset or transfer the liability to be measured.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Highest and best use is determined from the perspective of market participants, even if the entity intends a different use; an entity's current use of a non-financial asset is presumed to be its highest and best use, unless market or other factors suggest that a different use by market participants would maximize the value of the asset.

The fair value of a liability, both financial and non-financial, or of the Company's own equity instrument, in the absence of a quoted price, is measured from the perspective of a market participant that holds the identical item as an asset at the measurement date.

The fair value of financial instruments takes into account the counterparty's credit risk for a financial asset (Credit Valuation Adjustment, CVA) and the Company's own credit risk for a financial liability (Debit Valuation Adjustment, DVA).

In the absence of available market quotation, fair value is measured by using valuation techniques that are appropriate in the circumstances, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

Significant accounting estimates and judgments: fair value

Fair value measurement, although based on the best available information and on the use of appropriate valuation techniques, is inherently uncertain, requires the use of professional judgment and could result in expected values other than the actual ones.

2 Primary financial statements

Assets and liabilities on the balance sheet are classified as current and non-current. Items in the profit and loss account are presented by nature.

The statement of comprehensive income (loss) shows net profit integrated with income and expenses that are not recognized directly in the profit and loss account according to IFRSs.

The statement of changes in equity includes the total comprehensive income (loss) for the year, transactions with owners in their capacity as owners and other changes in equity.

The statement of cash flows is presented using the indirect method, whereby net profit (loss) is adjusted for the effects of non-cash transactions.

3 Changes in accounting policies

The amendments to IFRSs effective from January 1, 2021 and adopted by Eni gas e luce, did not have a material impact on the Consolidated Financial Statements.

4 IFRSs not yet effective

IFRSs issued by the IASB and adopted by the EU

By the Commission Regulation No. 2021/1080 issued on June 28, 2021, the European Commission adopted:

- the amendments to IAS 37, aimed to provide clarifications for the purpose of assessing whether a contract is onerous;
- the amendments to IAS 16, aimed to state that the proceeds from selling items produced while the company is preparing the asset for its intended use shall be recognized in the profit and loss account, together with the related production costs;
- the amendments to IFRS 3, aimed to: (i) replace all remaining references to the previous versions of the IFRS Framework with references to the new Conceptual Framework for Financial Reporting included in IFRS 3; (ii) provide clarifications on the requirements for recognising, at the acquisition date, provisions, contingent liabilities and levies assumed in a business combination; (iii) state explicitly that a contingent asset acquired in a business combination cannot be recognized.
- the document 'Annual Improvements to IFRS Standards 2018-2020 Cycle', which includes, basically, technical and editorial changes to existing standards.

Such amendments shall be applied for annual reporting periods beginning on or after January 1, 2022.

By the Commission Regulation No. 2021/2036 issued on November 19, 2021, the European Commission adopted IFRS 17 'Insurance Contracts' (hereinafter IFRS 17), as well as the related amendments, issued in 2020 providing, among others, the deferral of the effective date of IFRS 17 by two years. In particular, IFRS 17, which replaces IFRS 4 'Insurance Contracts', sets out the accounting for the insurance contracts issued and the reinsurance contracts held. IFRS 17 shall be applied for annual periods beginning on or after January 1, 2023.

IFRSs issued by the IASB and not yet adopted by the EU

On January 23, 2020, the IASB issued the amendments to IAS 1 'Classification of Liabilities as Current or Non-current' (hereinafter the amendments), which clarify how to classify debt and other liabilities as current or non-current. Because of further amendments issued on July 15, 2020 ('Classification of Liabilities as Current or Non-current — Deferral of Effective Date'), the amendments shall be applied for annual reporting periods beginning on or after January 1, 2023.

On February 12, 2021, the IASB issued:

- the amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (hereinafter the amendments), aimed to provide clarifications on identifying the material accounting policies to be disclosed in the financial statements. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2023;
- the amendments to IAS 8 'Definition of Accounting Estimates' (hereinafter the amendments), which introduce the definition of accounting estimates essentially to clarify how to distinguish changes in accounting policies from changes in accounting estimates. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2023.

On May 7, 2021, the IASB issued the amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (hereinafter the amendments), aimed to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments shall be applied for annual reporting periods beginning on or after January 1, 2023.

Eni gas e luce is currently reviewing the IFRSs not yet adopted in order to determine the likely impact on the Consolidated Financial Statements.

5 Cash and cash equivalents

Cash and cash equivalents of €2,542 million (€170 million at December 31, 2020) comprised €2,352 million (€115 million at December 31, 2020) in current account balances, deposits and loans with Eni Group's financial institutions and €190 million (€50 million at December 31, 2020) in current account balances with third-party Italian and foreign banks.

The amount of restricted cash is approximately €54 million to guarantee loans granted by third party banks.

The increase of €2,372 million is mainly due to the recapitalization of Eni gas e luce (€3,300 million), which will be used for capital increases of indebted companies and to pay for acquisitions already made or planned.

6 Other current financial assets

Other financial assets of €12 million relate to financing receivables held for operating purposes of Eni New Energy US Inc for €11 million to Novis Renewables Holdings Llc for the financing of projects in progress and receivables of Evolvere Spa Benefit Company for €1 million.

7 Trade and other receivables

Trade and other receivables of €2,241 million (€1,549 million at December 31, 2020) can be broken down as follows:

(€ million)	31.12.2021	31.12.2020
Trade receivables	2,088	1,479
Other receivables	153	70
	2,241	**1,549**

Gross trade receivables amount to €2,680 million and are shown net of the €592 million allowance for doubtful accounts. They mainly concern receivables for the gas and electricity bills of retail and business customers.

The increase in net trade receivables of €609 million is related to higher sales volumes as well as higher unit prices in the latter part of the year and to companies entering the scope of consolidation.

Net trade receivables at December 31, 2021 include the net receivable position from Eni Global Energy Markets SpA, for approximately €85 million, accrued in Eni gas e luce SpA Benefit Company, with reference to financial derivatives realized at the date and not yet settled.

At December 31, 2021, Eni gas e luce sold without recourse receivables due in 2022 for €368 million (€313 million at December 31, 2020).

By virtue of the contractual provisions set out, Eni gas e luce is responsible for managing the collection of the receivables sold and, within the limits of the same, the transfer of the money received to the factor.

The other receivables can be broken down as follows:

(€ million)	31.12.2021	31.12.2020
Other receivables:		
- from parent company for group VAT	73	
- from others	80	70
	153	**70**

The other receivables from the parent company concern the VAT credit deriving from the reduction of the rate on methane gas supplies, which led to an advance payment higher than the amount charged to customers.

Other receivables amounting to €80 million mainly concern advances to suppliers for €50 million, receivables for guarantees on derivative transactions of the subsidiary Aldro for €18 million, receivables from tax authorities other than tax receivables for €5 million and receivables from insurance companies for €1 million.

The Group distinguishes between credit exposures arising from commercial and other relationships based on the presence of an individual credit line process. In particular, for counterparties subject to an individual credit line process, the probability of default is calculated on the basis of an internal rating which is defined by taking into account: (i) specialist analyses of the customers' current and prospective equity and financial situation; (ii) past commercial and administrative relations (regularity of payments, presence of elements mitigating the risk, etc.); (iii) any additional qualitative information gathered by the commercial functions of the individual businesses and by specialist info-providers; (iv) any specific contractual clauses protecting the credit; (v) trends in the reference sector. Internal ratings and corresponding default probability levels are updated using back-testing analyses and current and forward-looking portfolio risk assessments.

For retail customers, determination of probability of default is carried out by homogeneous customer cluster based on past collection experience, which is systematically updated and supplemented, where necessary, to take account of forward-looking information on the credit risk of counterparty clusters.

For counterparties that are not subject to an individual credit line process and are not classifiable within homogeneous clusters, the expected loss is determined on the basis of a generic model that summarizes the probability of default (PD) and loss given default (LGD) values in a single parameter (ratio of expected loss).

The exposure to credit risk and expected losses relating to customers of Eni gas e luce was assessed based on a provision matrix as follows:

		Ageing				
(€ million)	Not-past due	from 0 to 3 months	from 3 to 6 months	from 6 to 12 months	over 12 months	Total
31.12.2021						
Customers:						
- Retail	1,291	70	55	92	337	1,845
- Business	424	22	5	7	188	646
- Business Eni Group	109					109
- Other	106	43	6	1	3	159
- Other Eni Group	76					76
Gross carrying amount at December 31, 2021	**2,006**	**135**	**66**	**100**	**528**	**2,835**
Allowance for doubtful accounts	(63)	(22)	(27)	(52)	(430)	(594)
Net carrying amount at December 31, 2021	**1,943**	**113**	**39**	**48**	**98**	**2,241**
Expected loss (%)	3.1	16.3	40.9	52.0	81.4	20.9
31.12.2020						
Customers:						
- Retail	1,155	105	50	102	366	1,778
- Business	75	16	3	8	232	334
- Business intragroup	12					12
- Other	61					61
- Other intragroup	10					10
Gross carrying amount at December 31, 2020	**1,313**	**121**	**53**	**110**	**598**	**2,195**
Allowance for doubtful accounts	(46)	(23)	(22)	(57)	(498)	(646)
Net carrying amount at December 31, 2020	**1,267**	**98**	**31**	**53**	**100**	**1,549**
Expected loss (%)	3.5	19.0	41.5	51.8	83.3	29.4

The allowance for doubtful accounts for trade and other receivables are broken down as follows:

(€ million)	Trade receivables	Other receivables	Total allow. for doubtful accounts
Allowance for doubtful accounts at 31.12.2020	**645**	**1**	**646**
Additions	170	1	171
Reversal of unutilized provisions	(44)		(44)
Reversal of utilized provisions	(194)		(194)
Change in the scope of consolidation	15		15
Allowance for doubtful accounts at 31.12.2021	**592**	**2**	**594**
Allowance for doubtful accounts at 31.12.2019	**666**		**666**
Additions	180		180
Reversal of unutilized provisions	(22)		(22)
Reversal of utilized provisions	(178)		(178)
Other changes	(1)	1	
Allowance for doubtful accounts at 31.12.2020	**645**	**1**	**646**

The provision of €171 million is calculated on the basis of the expected loss.

Utilizations of the allowance for doubtful accounts for charges of €194 million derive from both the effect of non-performing disposals and write-offs/reversals during the year.

Because of the short-term maturity and conditions of remuneration of trade and other receivables, the fair values approximated the carrying amounts. Receivables with related parties are described in note 35 – Transactions with related parties.

8 Inventories

Inventories of finished products and goods of €20 million (€7 million at December 31, 2020) relate to contract work in progress and the resale of non-commodity goods.

9 Income tax receivables and payables

Income tax receivables and payables are broken down as follows:

	31.12.2021				31.12.2020			
	Receivables		Payables		Receivables		Payables	
(€ million)	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Current income taxes	**5**		**18**		**4**		**9**	
- Italian taxes	3		12		4		6	
- Foreign taxes	2		6				3	

Current income tax receivables refer to the tax credits of Italian companies and foreign tax credits.

Income tax payables represent the tax calculated at December 31, 2021 net of advances paid. These relate to Italian tax payables for €12 million and foreign tax payables for €6 million.

The taxes are shown in Note no. 32 - Income taxes.

10 Other assets and liabilities

Other assets and liabilities are disclosed as follows:

	31.12.2021				31.12.2020			
	Receivables		Payables		Receivables		Payables	
(€ million)	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Fair value of derivative financial instruments	5,750	796	3,497	563	257	55	175	87
Contract liabilities			4				3	
Other Taxes	50	6	435	1	53		271	
Other assets and liabilities	121	330	8	508	34	70	5	255
	5,921	**1,132**	**3,944**	**1,072**	**344**	**125**	**454**	**342**

Other current assets of €5,921 million include the fair value of derivative financial instruments of €5,750 million, which is disclosed in Note 24 - Derivative financial instruments, assets related to other taxes for €50 million and other assets for €121 million.

Other tax receivables of €50 million (€53 million at December 31, 2020) mainly relate to VAT credits for €36 million of the Italian and foreign subsidiaries that entered the scope of consolidation in 2021, consumer tax advances paid in excess of the amount accrued on the basis of sales to customers for €7 million (€47 million at December 31, 2020) and deposits paid to the tax authorities for €6 million (€3 million at December 31, 2020).

Other current assets of €121 million (€34 million at December 31, 2020) mainly relate to receivables acquired in relation to tax deductions, bonuses, energy efficiency and similar receivables for €110 million (€25 million at December 31, 2020) and expenses for services prepaid in the year but pertaining to the following year for €8 million (€9 million at December 31, 2020).

Other non-current assets of €1,132 million include the fair value of derivative instruments for €796 million, analysed in Note 24 - Derivative financial instruments, and other assets for €330 million, which mainly relate to receivables acquired in relation to tax deductions, bonuses, energy efficiency and similar long-term receivables for €324 million (€69 million at December 31, 2020). The latter, together with the related short-term portion, represent the tax credit transferred to EGL that can be used, by offsetting its own tax liabilities, in 5/10 years as provided for by Decree Law No. 34 of April 30, 2019 and subsequent regulations; the types relate to: (i) transfer of tax credit deriving from the *'CappottoMio and anti-seismic measures'* solution; (ii) transfer of tax credit deriving from the *'purchase of boilers and water heaters*" solution by end customers, (iii) transfer of 110% superbonus tax credit.

Other current liabilities of €3,944 million include the fair value of derivative financial instruments for €3,497 million, discussed in Note 24 - Derivative financial instruments, liabilities from contracts with customers for €4 million, liabilities related to other taxes for €435 million and other liabilities for €8 million.

Liabilities related to other taxes of €435 million (€271 million at December 31, 2020) concern the estimate of excise duties on revenues of Eni gas e luce SpA Benefit Company that have not yet been invoiced for €128 million (€101 million at December 31, 2020), the VAT debt for €109 million mainly related to Eni Gas & Power France (€68 million at December 31, 2020), payables for excise duties paid in an amount less than the amount invoiced for €60 million (€19 million at December, 31 2020) and the payables for other duties and taxes for €138 million (€83 million at December 31, 2020) mainly referred to excise duties on natural gas (Taxe intérieure de consommation sur le gaz naturel, TICGN) of Eni Gas & Power France SA for €129 million (€78 million at December 31, 2020) and the withholding taxes to be paid for employment and self-employment for €6 million (€5 million at December 31, 2020).

The estimate of excise duties on revenues not yet invoiced is recorded as a contra to receivables for invoices to be issued.

Other current liabilities of €8 million (€5 million at December 31, 2020) mainly relate to deferred revenues for €4 million (€3 million at December 31, 2020) and other current liabilities for investments for €1 million.

Other non-current liabilities of €1,072 million (€342 million at December 31, 2020) mainly relate to the fair value of derivatives for €563 million (€87 million at December 31, 2020), security deposits with customers relating to gas and electricity commodity supply contracts for €223 million (€228 million at December 31, 2020), the long-term debt to factoring companies related to the transfer of tax credits accrued under the Ecobonus and Superbonus measure for €240 million (€25 million at December 31, 2020), deferred revenue for €13 million and other non-current liabilities for investments for €9 million.

Transactions with related parties are described in note 35 – Transactions with related parties.

11 Property, plant and equipment

Property, plant and equipment of €1,070 million (€104 million at December 31, 2020) are disclosed as follows:

(€ million)	Buildings	Plant and machinery	Other plant and machinery	Other assets	Other tangible assets in progress and advances	Total
2021						
Net carrying amount - beginning of the year	**1**	**100**	**2**	**1**		**104**
Additions		13			40	**53**
Depreciation	(1)	(39)		(1)		**(41)**
Currency translation differences				2	7	**9**
Change in the scope of consolidation	4	752			181	**937**
Transfers		43			(43)	
Other changes		8				**8**
Net carrying amount - end of the year	**4**	**877**	**2**	**2**	**185**	**1,070**
Gross carrying amount - end of year	7	1,017	5	18	191	**1,238**
Provisions for depreciation and impairment	3	140	3	16	6	**168**
2020						
Net carrying amount - beginning of the year		**2**	**2**	**2**		**6**
Additions	1	1	1			3
Depreciation		(9)	(1)	(1)		(11)
Change in the scope of consolidation		105				105
Other changes		1				1
Net carrying amount - end of the year	**1**	**100**	**2**	**1**		**104**
Gross carrying amount - end of year	2	152	5	16		175
Provisions for depreciation and impairment	1	52	3	15		71

The increase in property, plant and equipment of €966 million is mainly due to the inclusion of companies acquired in 2021 in the scope of consolidation (€817 million) and to the transfer of the Renewables business from Eni SpA (€120 million).

Capital expenditures in 2021 relate to: (i) the project to build a photovoltaic plant in Texas, acquired in 2021, with a planned installed capacity of 263 MW, for €32 million; (ii) the construction and completion of photovoltaic plants and wind farms in Italy for €9 million and abroad for €9 million; and (iii) the expansion of the network infrastructure of charging points for electric vehicles in Italy for €3 million.

The main depreciation rates adopted are within the following ranges:

(%)	
Buildings	3-10
Plant and machinery	3-33
Industrial and commercial equipment	3-10
Other assets	4-20

12 Right-of-use assets and lease liabilities

Right-of-use assets of €128 million (€41 million at December 31, 2020) are disclosed as follows:

(€ million)	Office buildings	Other assets	Total
2021			
Net carrying amount - beginning of the year	**39**	**2**	**41**
Additions	3	7	10
Depreciation	(7)	(3)	(10)
Change in the scope of consolidation	1	85	86
Currency translation differences		1	1
Net carrying amount - end of the year	**36**	**92**	**128**
Gross carrying amount - end of year	52	98	150
Provisions for depreciation and impairment	16	6	22
2020			
Net carrying amount - beginning of the year	**33**	**2**	**35**
Additions	12	1	13
Depreciation	(6)	(1)	(7)
Net carrying amount - end of the year	**39**	**2**	**41**
Gross carrying amount - end of year	48	4	52
Provisions for depreciation and impairment	9	2	11

Right-of-use assets (RoU) of €128 million relate to the rights of use of land on which photovoltaic and wind power plants are installed for €90 million, the lease of office buildings for €36 million (€39 million at December 31, 2020) and cars for €2 million (€2 million at December 31, 2020).

The change in the scope of consolidation of €86 million relates to the entry of the Renewables energy companies acquired during the year for €77 million and the transfer of the Renewables business by Eni SpA for €9 million.

Additions of €10 million relate to new contracts and revisions of previous contracts.

Lease liabilities of €122 million (€43 million at December 31, 2020) were as follows:

(€ million)	Current portion of long-term lease liabilities	Long-term lease liabilities	Total
2021			
Carrying amount at the beginning of the year	**6**	**37**	**43**
Additions		10	10
Decreases	(5)	(3)	(8)
Change in the scope of consolidation	1	75	76
Currency translation differences		1	1
Other changes	6	(6)	
Carrying amount at the end of the year	**8**	**114**	**122**
2020			
Carrying amount at the beginning of the year	**4**	**32**	**36**
Additions		13	13
Decreases	(5)	(1)	(6)
Other changes	7	(7)	
Carrying amount at the end of the year	**6**	**37**	**43**

Total cash outflows for leases amount to €9 million (€7 million at December 31, 2020) and are broken down as follows: (i) cash payments for the principal portion of lease liabilities for €8 million (€6 million in 2020); (ii) cash payments for the interest expense of €1 million (€1 million in 2020).

The change in the scope of consolidation relates to the acquisitions made during the year of companies in the Renewables energy segment for €75 million and the transfer of the Renewables business by Eni SpA for €1 million.

The amounts recognized in the profit and loss account consist of the following:

(€ million)	2021	2020
Depreciation and amortization:		
- depreciation of right-of-use assets	10	7
Finance income and expense:		
- interests on lease liabilities	1	1
	11	**8**

13 Intangible assets

The breakdown of intangible assets of €3,006 million (€1,503 million at December 31, 2020) is as follows:

(€ million)	Concessions, licenses, trademarks and similar items	Industrial patents and intellectual property rights	Capitalized costs for customer acquisition	Concession service agreements	Assets under construction and advances	Other intangible assets	Intangible assets with finite useful lives	Goodwill	Total
2021									
Net carrying amount - beginning of the year	**32**	**94**	**258**	**46**	**11**	**16**	**457**	**1,046**	**1,503**
Additions	5	1	152	4	45		**207**		**207**
Amortization	(9)	(45)	(123)	(4)		(3)	**(184)**		**(184)**
Change in the scope of consolidation	1		62			16	**79**	1,401	**1,480**
Other changes		44			(44)		**0**		**0**
Net carrying amount at the end of the year	**29**	**94**	**349**	**46**	**12**	**29**	**559**	**2,447**	**3,006**
Gross carrying amount at the end of the year	97	328	778	96	12	52	**1,363**	2,447	**3,810**
Provisions for amortization and impairment	68	234	429	50		23	**804**		**804**
2020									
Net carrying amount - beginning of the year	**33**	**107**	**222**	**50**	**7**	**17**	**436**	**980**	**1,416**
Additions	11	6	123		32		**172**		**172**
Amortization	(12)	(43)	(87)	(4)		(2)	**(148)**		**(148)**
Write-off		(6)					**(6)**		**(6)**
Change in the scope of consolidation					2	1	**3**	66	69
Other changes		30			(30)				
Net carrying amount at the end of the year	**32**	**94**	258	46	**11**	**16**	**457**	1,046	**1,503**
Gross carrying amount at the end of the year	90	284	564	93	11	37	1,079	1,046	2,125
Provisions for amortization and impairment	58	190	306	47		21	622		622

Industrial patents and intellectual property rights of €94 million and concessions, licences, trademarks and similar rights of €29 million mainly refer to costs for the acquisition and internal development of software and related user rights.

The costs of customer acquisition of €349 million relate to the capitalization, in application of IFRS 15, of commissions paid to agents for acquiring new customers.

Service concession agreements of €46 million relate to work on the distribution network of the subsidiary Adriaplin d.o.o. It should be noted that these rights cannot be sold without the prior consent of the local authorities.

Assets under construction and payments on account of €12 million essentially concern costs incurred for the development of software that had not yet entered into operation at December 31, 2021.

Other intangible assets of €29 million mainly relate to the acquisition of customer portfolios.

Goodwill amounted to €2,447 million. More information on goodwill is given in note 14 – Impairment review of tangible and intangible assets and right-of-use assets.

This item increased by €1,401 million due to acquisitions made during the year.

The main amortization rates adopted ranged as follows:

(%)	
Other concessions, licenses, trademarks and similar items	10 - 33
Service concession arrangements	5-33
Capitalized costs for customer acquisition	7-33
Concession service agreements	3
Other intangible assets	4-33

14 Impairment review of tangible and intangible assets and right-of-use assets

In order to verify the recoverability of the carrying amounts of non-financial assets (i.e., property, plant and equipment, intangible assets and rights-of-use assets), management considers the presence at year-end of any impairment indicators, which may be of external origin, such as changes in monetary variables (interest/exchange rates, inflation), country risk, changes in the regulatory/contractual framework, and internal origin, such as expected increases in costs, obsolescence and other factors that determine a significant decrease in budgeted net cash flows. In the event of a reversal in the trend of scenario variables or improved industrial performance compared to the comparison period, management assesses whether the factors underlying previous impairment losses have ceased to exist.

Impairment losses are determined by comparing the carrying amount of the assets with their recoverable amount, represented by the higher of the fair values, less costs of disposal and their value in use. Reversals of impairment losses on assets are recognized to the extent that the value that these assets would have had if the impairment losses recognized in previous reporting periods had not been recognized, net of depreciation that would have been calculated in the meantime on their carrying amount before impairment losses.

Given the nature of Eni gas e luce's business, information on the fair value of the assets is difficult to obtain, except when an active negotiation is underway with a potential buyer. Therefore, with the exception of assets resulting from recent acquisitions, management estimates their value-in-use (VIU). Valuation is carried out for each single asset or for the smallest identifiable group of assets that generates cash inflows independent of those generated from other activities (so-called cash generating unit - CGU). The main CGUs of Eni gas e luce's business segments are those to which goodwill from acquisitions and investee companies has been allocated. In this regard, it should be noted that, for the purposes of the 2020 consolidated financial statements, i.e., prior to the acquisition of the businesses operating in the Renewables and E-mobility segment (carried out in 2021), the impairment assessments were carried out: (i) considering the foreign 'geographic' CGUs as separate entities (France, Greece and Slovenia), to which the goodwill arising from the acquisitions of these companies was allocated; (ii) combining Eni gas e luce SpA Benefit Company, Sea SpA and Evolvere SpA Benefit Company into a higher-level CGU, called the Italian Market CGU, to which the goodwill arising from the acquisitions of these companies was allocated. This approach was necessary in order to better reflect the important market synergies between the three entities, deriving from the close connection between EGL's business, which is oriented towards energy efficiency, and those of SEA and Evolvere, operating in synergic sectors, as well as from the fact that the asset on which all the businesses of the three companies revolve is the customer, which cannot be segregated by product (commodity/non-commodity) or by legal entity, but which acquires value precisely in consideration of the possibility of offering different services by different legal entities.

During 2021, Eni gas e luce changed its organizational structure and strategy with the aim of exploiting cross-country synergies and maximizing results in individual international markets. In relation to this, the CGU structure was also revised, providing: (i) with reference to the Retail segment, the identification of CGUs referring to entities operating both in the business of retail sales of energy commodities and in the energy efficiency business. With regard to the recoverability of all goodwill deriving from the business combinations pertaining to the Retail segment, this was verified by considering a new CGU of a higher level, called the 'Italy-Export Market CGU' (which replaces the previous 'Italy Market' CGU and includes the entire Retail segment); (ii) the identification of a single CGU related to the E-mobility segment, which includes the tangible assets and the goodwill related to the acquisition of Be Power. With reference to the Renewables segment, the valuation is carried out at the asset level, in production and under development, relating to photovoltaic/wind power plants, or pools of assets, in the event that the management monitors them as a unit in relation to technical, economic or contractual aspects. With regard to the recoverability of all goodwill deriving from business combinations pertaining to the Renewables segment, this was verified by considering a new CGU of a higher level, called the 'Renewables CGU'.

The grouping of CGUs defined in 2021 for the purpose of impairment of goodwill is consistent with the way in which the businesses are managed and their performance monitored in light of the major strategic and organizational changes in the Group that took place during the year.

The VIU of the CGUs of the Retail segment, as well as the assets of the Renewables segment, other than those acquired during 2021, is determined by discounting the expected cash flows arising from the use of the CGU and, if significant and reliably measurable, the cash flows from its disposal at the end of its useful life. Expected cash flows are determined on the basis of the best information available at the time of the estimate as follows: (i) for the first four years of the estimate, cash flows are inferred from the latest four-year business plan approved by management containing forecasts of sales volumes, investments, operating costs and margins and industrial and commercial assets, as well as trends in the main monetary variables (inflation, nominal interest rates and exchange rates); (ii) for the years following the fourth year, taking into account assumptions on the long-term evolution of the main macroeconomic variables adopted by management (inflation rates, economic growth, etc.), cash flow projections are made according to the industrial or commercial nature of the various CGUs, consistent with the flows adopted by management for the authorization and subsequent monitoring of investments. In this regard, the following are assumed: (i) for the Retail business, cash flow projections based on the perpetuity method of the last year of the normalized plan, using a nominal growth rate of zero; and (ii) for the Renewables business, the expected cash flows over the useful life of each plant. With reference to commodity prices, management uses the price scenario adopted for the economic and financial projections of the four-year business plan and for the evaluation of investments over their entire life.

For the Renewables and E-mobility businesses acquired in 2021, the recoverable amount is identified as the fair value inferred from the price that settled the transaction (net of disposal costs) determined by discounting the cash flows underlying the negotiations and resulting from the approved business plans.

The carrying amount of the CGUs, including allocated goodwill, is disclosed as follows:

(€ million)	31.12.2021
Retail CGU	
Italy Market (EGL SpA)	268
Sea Market	1
Evolvere Market	104
France Market	127
Slovenia Market	54
Greece Market	61
Spain Market	68
Total 1st level CGU	**683**
Retail Goodwill	**1,214**
Total Retail CGU	**1,897**
Renewables CGU	
Cef 3, GreenEnergy, Finpower, Eolica Lucana	443
Eni New Energy	91
Enrico	15
Laerte	18
Wind Park Laterza Srl	14
Ecovent, Energias Ambientales, Desarollos	72
Dhamma Group	134
Arm Wind LLP (3 CGU)	154
Brazoria	106
Total 1st level CGU	**1,047**
Renewables Goodwill	**505**
Total Renewables CGU	**1,552**
E-Mobility CGU	
Be Power	**35**
Goodwill	**728**
Total E-Mobility CGU	**763**
Total	**4,212**

Goodwill acquired through business combinations has been allocated to the CGUs that are expected to benefit from the synergies of the acquisition.

In particular, the value of goodwill allocated to the different CGUs is disclosed as follows:

(€ million)	31.12.2021	31.12.2020
Retail	1,214	1,046
Renewables	505	
E-mobility	728	
Total	**2,447**	**1,046**

In particular, the value of goodwill in the Retail segment essentially refers to the amount recognized on the occasion of the buy-out of the former Italgas minorities and other companies subsequently incorporated in Italy, the goodwill related to the acquisition of Eni Gas & Power France SA in France, the goodwill and the value of the customer portfolio related to the acquisition of the Gas Supply Company of Thessaloniki-Thessalia SA in Greece and the goodwill related to the acquisition of Adriaplin d.o.o., SEA SpA, Evolvere SpA Benefit Company and Aldro Energìa y Soluciones SLU.

The value of goodwill in the Renewables segment derives from the acquisitions of companies operating in the renewable energy sector in Italy (for €303 million) and abroad (for €202 million, in France and Spain, from Dhamma Energy Group and, in Spain, from Azora Capital).

Finally, the goodwill value of the E-mobility segment refers to the acquisition of Be Power.

On this point, it should be noted that some goodwill derives from provisional allocations and could therefore be adjusted when the purchase price allocation process is completed.

More information on acquisitions made during 2021 is given in note 26 - Other information.

In particular, the carrying value of the CGUs, including the amount of goodwill allocated to each of them, was verified by comparing this value with the relative value in use, or fair value, estimated using the discounted cash flow (DCF) method.

The cash flows used to determine the value in use were discounted at the post-tax WACC adjusted for country risk, which amounted to 4.9% for Italy, 4.8% for France, 4.7% for Slovenia and 4.9% for Greece, respectively, and, for the new countries considered after the new acquisitions, 4.8% for Spain, 5.1% for Kazakhstan, 4.6% for the UK and 4.8% for the US. Post-tax cash flows and discount rates are adopted because they result in an assessment that substantially approximated a pre-tax assessment.

With reference to the Retail segment, there are no reasonable assumptions of changes in the discount rate, growth rate, profitability or volumes that would lead to the zeroing of the headroom relating to this segment, equal to approximately €5 billion, calculated as the difference between the segment's value in use and the relative carrying amount, including the goodwill allocated to it.

With reference to the Renewables segment, assuming a 1% increase in WACC, the headroom of this segment - equal to approximately €200 million, determined as the difference between the recoverable amount of the segment's assets and their carrying amount, including the goodwill allocated to them - would be zero[1].

15 Equity-accounted investments

Equity-accounted investments amounted to €665 million (€145 million at December 31, 2020) and mainly related to associates and joint ventures, as shown below:

[1] No sensitivity analysis was carried out for the E-mobility segment assets, mainly due to the fact that they were acquired close to the end of 2021.

(€ million)	2021 Joint ventures	2021 Associates	2021 Total	2020 Joint ventures	2020 Associates	2020 Total
Carrying amount - beginning of the year	**140**	**5**	**145**	**139**		**139**
Additions and subscriptions	11	7	18		4	4
Share of profit of equity-accounted investments	3		3	10		10
Share of loss of equity-accounted investments		(3)	(3)			
Deduction for dividends	(10)		(10)	(9)		(9)
Change in the scope of consolidation	489	141	630		1	1
Currency translation differences	11	7	18			
Other changes	(136)		(136)			
Carrying amount - end of the year	**508**	**157**	**665**	**140**	**5**	**145**

The increase in this item mainly relates to:

- €484 million for the inclusion in the scope of consolidation of the 20% stake in Doggerbank Offshore Wind Farm Project 1 Holdco Ltd and Doggerbank Offshore Wind Farm Project 2 Holdco Ltd held by Eni North Sea Wind, relating to the development of the Dogger Bank offshore wind projects (A and B) in the UK with a capacity of 2.4 GW;
- €86 million for the inclusion in the scope of consolidation of the 50% and 49% stakes held respectively in Novis Renewable LLC and Novis Renewables Holding LC by Eni New Energy US Inc, as part of the partnership with Falk Renewables for the joint development of renewable energy projects in the US;
- €71 million for the inclusion in the scope of consolidation of the 99% stake in Bluebell Solar Class A LLC held by Eni New Energy US Inc, which manages a photovoltaic project in Texas (USA) that is currently operational and has an installed capacity of 150 MWp;
- €9 million for the inclusion in the scope of consolidation of the 51% stake in, and subsequent capital increase of GreenIT SpA contributed with the Renewables business by Eni SpA, held by Eni Gas e Luce SpA Benefit Company in JV with CDP Equity for the development, construction and management of plants for the production of electricity from renewable sources in Italy;
- €5 million for the acquisition, by the subsidiary Evolvere Venture Spa, of an additional 16% stake in Tate Srl, an innovative start-up company active in the sale of electricity and gas from 2019;
- €3 million for the inclusion in the scope of consolidation of the 70% stake in Vargronn AS held by Eni Energy Solution BV, as part of the agreement with Equinor for the development of offshore wind farms in the North Utsira area (North Sea);
- €3 million for the acquisition of the 45% stake in Fotovoltaica Escudero SL held by Dhamma Energy Group S.à.r.l.;
- 1 million for the acquisition by the subsidiary Eni Gas & Power France S.A of a 51% stake in Enera Conseil Sas, an energy efficiency services company.

The previous increase was partially absorbed by the decrease of €136 million, mainly related to the reclassification of the investment in the Greek joint venture Gas Distribution Company of Thessaloniki-Thessaly SA, which operates in the distribution of natural gas, as an asset held for sale.

Net carrying amount related to the following companies:

(€ million)	31.12.2021 Net carrying amount	31.12.2021 % control of the shareholder	31.12.2020 Net carrying amount	31.12.2020 % control of the shareholder
Associates				
- Novis Renewables Holdings Llc	75	49		
- Bluebell Solar Class A Holdings II Llc	71	99		
- Tate Srl	7	36	2	20
- Fotovoltaica Escudero SL	3	45		
- Ovo Energy France SA		25	2	25
- Other (*)	1		1	
	157		**5**	
Joint ventures				
- Doggerbank Offshore Wind Farm Project 1 Holdco Ltd	246	20		
- Doggerbank Offshore Wind Farm Project 2 Holdco Ltd	238	20		
- Novis Renewables Llc	11	50		
- GreenIT Spa	9	51		
- Vårgrønn AS	3	70		
- Gas Distribution Company of Thessaloniki - Thessaly SA			140	49
- Other (*)	1			
	508		140	
	665		**145**	

(*) With a unit carrying amount of less than one million

Investments in subsidiaries, joint ventures and associates as of December 31, 2021 are presented separately in the annex 'List of companies owned by Eni gas e luce SpA as of December 31, 2021', which is an integral part of these notes.

16 Other investments

Other investments of €30 million concern advances paid for the acquisition of companies in the renewables energy sector; the transaction will be concluded upon completion of the development phase of the wind and solar plants under construction.

17 Other non-current financial assets

Other non-current financial assets of €8 million (€1 million in 2020) relate to receivables of Evolvere SpA Benefit Company (€3 million) and to restricted deposits in escrow to guarantee loans obtained by the acquired companies.

18 Assets held for sale

Assets held for sale of €135 million are related to the investment in the joint venture Gas Distribution Company of Thessaloniki-Thessaly SA, classified among assets held for sale, as of October 1, 2021, in accordance with the provisions of IFRS 5, based on an agreement signed for the sale of the investment in the company.

19 Trade payables and other payables

Trade and other payables of €2,531 million (€1,491 million at December 31, 2020) can be broken down as follows:

(€ million)	31.12.2021	31.12.2020
Trade payables	1,746	1,204
Down payments and advances		1
	1,746	**1,205**
Other payables:		
- relating to investing activities	404	1
- relating to national tax consolidation and group VAT	14	52
- other payables	367	233
	785	**286**
	2,531	**1,491**

Trade payables amounted to €1,746 million and included payables to suppliers, provisions for invoices to be received and payables to the parent company Eni S.p.A.

Payables from investing activities of €404 million include payables for the portion of deferred payment related to the acquisition of Be Power and payables from investing activities in the Renewables segment mainly for the Brazoria project in the USA.

The other payables can be broken down as follows:

(€ million)	31.12.2021	31.12.2020
Other payables:		
- payables to retail and middle customers	197	188
- personnel	16	16
- non-financial governmental entities	12	13
- pension and social security institutions	8	6
- consultants and other professionals	5	4
- commission agents and other agents	2	2
- other payables	127	4
	367	**233**

Payables to retail and middle customers of €197 million relate to debt positions with customers. Other payables of €127 million mainly relate to payables to factoring companies regarding the transfer of the tax credit accrued under the Ecobonus and Superbonus measures for €54 million and payables for guarantees received on derivative transactions of the subsidiary Aldro for €66 million.

Because of the short-term maturity and conditions of remuneration of trade payables, the fair values approximated the carrying amounts.

Trade and other payables due to related parties are described in note 35 – Transactions with related parties.

20 Finance debts and information on net borrowings

(€ million)	31.12.2021 Short-term debt	Current portion of long-term debt	Long-term debt	Total	31.12.2020 Short-term debt	Current portion of long-term debt	Long-term debt	Total
Banks	65	33	243	**341**	8	10	62	**80**
Ordinary bonds		15	82	**97**				
Other financial institutions	42	8	4	**54**	22			**22**
Debt to shareholders/group finance companies	1,086	3	480	**1,569**	2	3		**5**
	1,193	**59**	**809**	**2,061**	**32**	**13**	**62**	**107**

Short-term debt with banks at December 31, 2021 mainly refer to borrowing facilities granted to the subsidiary Aldro for €73 million and drawn down for €65 million.

Short-term loans from shareholders and group finance companies relate to loans granted by Eni SpA and Eni Finance International SA, a subsidiary of Eni, to the Group's Italian companies for €586 million and foreign companies for €500 million, respectively.

At December 31, 2021, the Group had undrawn borrowing facilities granted by Eni Finance International SA for €389 million and additional undrawn borrowing facilities totalling €525 million, mainly related to a revolving credit line granted by Eni.

The following table provides a breakdown of ordinary bonds by issuing entity, maturity date, interest rate and currency:

(€ million)	Amount	Discount on bond issue and accrued expense	Total	Maturity	Rate (%)
Issuing entity					
CEF 3 Wind Energy Spa	99	(2)	97	2025	2.010

Payables to other lenders of €54million (€22 million at December 31, 2020) mainly relate to payables to factoring companies for receivables sold and subsequently collected.

As of December 31, 2021, Eni was in compliance with covenants and other contractual provisions in relation to borrowing facilities.

The fair value assessment of short-term debt has no significant effects due to the short time period between the debt being incurred and its maturity and the payment terms.

The breakdown of long-term debt by maturity at December 31, 2021 is as follows:

(€ million)	2023	2024	2025	2026	Beyond	Long-term debt
Banks	29	20	20	31	143	243
Ordinary bonds	31	33	18			82
Other financial institutions	4					4
Financial payables to shareholders/group finance	110	335	4	4	27	480
	174	**388**	**42**	**35**	**170**	**809**

Long-term debt, including short-term portions, amounted to €868 million (€75 million at December 31, 2020).

The long-term portions of €809 million (€62 million at December 31, 2020) mainly consist of debts towards Eni Finance International SA of the subsidiaries Eni North Sea Wind for €317 million and Arm Wind Llp for €123 million, debt towards Eni SpA of the subsidiary Eni New Energy SpA for €40 million and debts towards banks for €243 million, mainly referring to the subsidiaries Dhamma for €97 million, Finpower Wind Srl for €53 million, Evolvere SpA Benefit Company for €50 million, Energias Ambientales for €15 million and Adriaplin d.o.o. for €8 million.

The following table provides a breakdown by currency of finance debt:

	31.12.2021		31.12.2020	
	Short-term debt (€ million)	**Long-term debt and current portion** (€ million)	**Short-term debt** (€ million)	**Long-term debt and current portion** (€ million)
Euro	976	428	32	75
U.S. dollar	38	123		
Pound Sterling	179	317		
	1,193	**868**	**32**	**75**

Debts towards third party banks guaranteed by restricted deposits of CEF 3 Wind Energy SpA, SER1 SpA and Finpower Wind Srl amount to €54 million.

Debts due to related parties are described in note 35 – Transactions with related parties.

A reconciliation of the financial liabilities arising from financing activities is provided below, showing the changes (monetary and non-monetary) in these liabilities:

(€ million)	Short-term debt	Long-term debt and current portion (€ million)	Current portion of long-term lease liabilities	Long-term lease liabilities	Total
Carrying amount at December 31, 2020	**32**	**75**	**6**	**37**	**150**
Assumptions and reimbursements	797	(19)	(5)	(3)	770
Change in the scope of consolidation	297	792	1	74	1,164
Business acquisition	62	40		1	103
New leases				10	10
Currency translation differences	5	10		1	17
Other changes		(31)	6	(6)	(31)
Carrying amount at December 31, 2021	**1,193**	**868**	**8**	**114**	**2,183**

Financial liabilities, excluding lease liabilities, increased by €1,954 million due to the consolidation of companies acquired during the year for €1,089 million, the contribution of the Renewables business by Eni SpA for €102 million, new loans net of repayments for €778 million and exchange rate differences from translation for €15 million.

Information on net borrowings

(€ million)	31.12.2021	31.12.2020
A. Cash	2,542	120
B. Cash equivalents		50
C. Other current financial assets		
D. Liquidity (A+B+C)	**2,542**	**170**
E. Current financial debt	1,193	32
F. Current portion of non-current financial debt	67	19
G. Current borrowings (E+F)	**1,260**	**51**
H. Net current borrowings (G-D)	**(1,282)**	**(119)**
I. Non-current financial debt	841	99
J. Debt instruments	82	
K. Non-current trade and other payables		
L. Non-current borrowings (I+J+K)	**923**	**99**
M. Total borrowings (H+L)	**(359)**	**(20)**

Borrowings does not include payables to factoring companies in connection with the purchase of tax credits. In fact, these payables are not classified as financial debts since: (i) they have the same maturity as the receivables acquired and (ii) the beneficiary of the advance made by the factor is the assigning company and not Eni gas e luce.

It should also be noted that the group does not include in net borrowings payables for cautionary deposits received from customers, with reference to gas and electricity supply relationships, since the guarantee nature is considered prevailing.

For more details, see the comment on the Consolidated summarized cash flow statement in the 'Management report'.

21 Provisions

Provisions of €47 million (€37 million at December 31, 2020) can be broken down as follows:

(€ million)	Provisions for litigations	Provisions for agents' severance indemnity	Other	Total
Carrying amount at December 31, 2020	**13**	**14**	**10**	**37**
New or increased provisions	10		1	11
Reversal of utilized provisions	(7)		(2)	(9)
Reversal of unutilized provisions	(6)		(2)	(8)
Change in the scope of consolidation			9	9
Other changes		2	5	7
Carrying amount at December 31, 2021	**10**	**16**	**21**	**47**
Carrying amount at December 31, 2019	**10**	**11**	**10**	**31**
New or increased provisions	7		6	13
Reversal of utilized provisions	(1)		(1)	(2)
Reversal of unutilized provisions	(3)		(1)	(4)
Change in the scope of consolidation			1	1
Other changes		3	(5)	(2)
Carrying amount at December 31, 2020	**13**	**14**	**10**	**37**

Litigation provisions of €10 million (€13 million at December 31, 2020) comprise expected liabilities associated with legal proceedings and other matters arising from contractual claims, including arbitrations, and other proceedings. These provisions represent the Company's best estimate of the expected and probable liabilities associated with ongoing litigation.

With regard to Eni gas e luce SpA Benefit Company, the item includes €0.5 million related to the risk of repayment of additional excise duties for electricity for 2010 and 2011, which represents the best estimate of the expected outlay at the date. The maximum amount that could be claimed by customers amounts to approximately €50 million, which would however be subject to a refund procedure with the Customs Agency for the amount not set aside. This case is linked to the Court of Cassation's ruling no. 27101/2019, which established that the surcharge did not apply from the date of entry into force of Directive 2008/118.

The provision for agents' severance indemnity of €16 million (€14 million at December 31, 2020) comprises amounts payable to agents at the end of the agency relationship.

Other provisions of €21 million mainly comprise the €6 million provision for decommissioning and site restoration of the renewable energy companies, the €3 million provision for the potential repayment to customers of amounts paid relating to time-barred periods, and the €2 million provision for social security contributions and severance indemnities related to the share/monetary incentive plans.

22 Provisions for employee benefits

Provisions for employee benefits can be broken down as follows:

(€ million)	31.12.2021	31.12.2020
Defined benefit plans		
Italian defined benefit plans	16	14
FISDE and other foreign medical plans	6	6
	22	**20**
Other benefit plans	77	108
	99	**128**

The provision for severance indemnities, regulated by Article 2120 of the Italian Civil Code, reflects the estimate of the obligation, calculated on the basis of actuarial techniques, concerning the amount to be paid to employees of Italian companies at the end of the employment relationship. The benefit, paid in the form of capital, is equal to the sum of the accruals calculated on the remuneration paid as a function of the employment relationship and revalued up to the moment of its termination. As a result of the legislative changes introduced from January 1, 2007, maturing severance indemnities are allocated to pension funds, the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies with fewer than 50 employees, can remain in the company. This means that a significant portion of the maturing indemnities are classified as a defined contribution plan as the company's obligation is exclusively represented by the payment of contributions to the pension fund or to INPS. The liability for severance indemnities set aside prior to January 1, 2007 continues to be a defined-benefit plan and must be assessed based on actuarial techniques.

The amount of the liability and the healthcare costs relating to the Executive Supplementary Healthcare Fund for companies of the Eni Group (FISDE) and other foreign medical plans are determined with reference to the contribution that the company pays for retired executives.

Other benefit plans of €77 million (€108 million at December 31, 2020) relate to: (i) commitments made as part of restructuring transactions entered into in 2017 for €4 million at December 31, 2021 (€10 million at December 31, 2020), in 2018 for €49 million at December 31, 2021 (€72 million at December 31, 2020) and in 2020 for €13 million at December 31, 2021 (€15 million at December 31, 2020), respectively; (ii) gas provision of €3 million at December 31, 2021 (€3 million at December 31, 2020); (iii) deferred and long-term monetary incentives of €7 million (€7 million at December 31, 2020) and jubilee awards of €1 million (€1 million at December 31, 2020).

Commitments undertaken as part of restructuring transactions relating to the agreement signed in 2017 relate to consensual terminations in accordance with Article 4 of Law 92/2012 (the so-called 'Fornero Law'), which affected 139 employees and provided for early retirement of up to 4 years before the retirement date laid down by the laws in force. The commitments undertaken as part of restructuring operations relating to the agreements signed in 2018 and 2020 also relate to consensual terminations under Article 4 of Law 92/2012, affecting 320 employees in 2018 and 64 employees in 2020 and providing for early retirement of up to 7 years before the retirement date laid down by the laws in force. Under both arrangements, employees receive a pension benefit from INPS based on their accrued rights at the date of retirement. The company continues to pay social security contributions to INPS.

The gas fund is a supplementary pension fund, set up in the 1970s and managed by INPS, for employees in the gas distribution sector to which some employees who previously worked in that sector are enrolled.

The deferred cash incentive plans awarded to executives who have achieved their pre-set goals comprise the estimate of the variable compensation linked to corporate performance. The benefit has a three-year vesting period and is accrued at the time when Eni's commitment to the executives arises on the basis of the achievement of corporate objectives; the estimate is subject to adjustment in subsequent years based on the actual results achieved and the updating of forecasts (above or below target).

Long-service bonuses are benefits distributed when a minimum period of service is completed with the company and, in Italy, are paid in kind.

Present value of employee benefits, estimated by applying actuarial techniques, consisted of the following:

	December 31, 2021				December 31, 2020			
(€ million)	Italian defined benefit plans	FISDE and other foreign medical plans	Other benefit plans	Total	Italian defined benefit plans	FISDE and other foreign medical plans	Other benefit plans	Total
Present value of benefit liabilities at beginning of year	**14**	**6**	**108**	**128**	**16**	**6**	**119**	**141**
Current cost			2	2			2	2
Interest cost								
Remeasurements:			(8)	(8)			(1)	(1)
- actuarial (gains)/losses due to changes in demographic assumptions								
- actuarial (gains)/losses due to changes in financial assumptions								
- experience (gains) losses			*(8)*	*(8)*			*(1)*	*(1)*
Past service cost and (gains) losses on settlements							20	20
Benefits paid			(25)	(25)	(3)		(32)	(35)
Change in the scope of consolidation	2			2	1			1
Present value of benefit liabilities at end of year	**16**	**6**	**77**	**99**	**14**	**6**	**108**	**128**

Income related to employee benefit liabilities, due to the remeasurement as a result of changes in actuarial assumptions used for valuation purposes and recognized in the profit and loss account amounted to €6 million and can be broken down as follows:

(€ million)	Italian defined benefit plans	FISDE and other foreign medical plans	Other benefit plans	Total
2021				
Current cost			2	**2**
Past service cost and (gains) losses on settlements				
Remeasurements for long-term plans			(8)	**(8)**
Total			**(6)**	**(6)**
- of which recognized in 'Payroll and related cost'			*(6)*	**(6)**
- of which recognized in the 'Financial income (expense)'				
2020				
Current cost			2	**2**
Past service cost and (gains) losses on settlements			20	**20**
Remeasurements for long-term plans			*(1)*	(1)
Total			**21**	**21**
- of which recognized in 'Payroll and related cost'			*21*	**21**
- of which recognized in the 'Financial income (expense)'				

The defined benefit plan costs recognized in other comprehensive income were less than €1 million.

There are no foreign defined benefit plans for employees.

The main actuarial assumptions used to measure the liabilities at the end of the year and to determine the cost of the next year are indicated below:

		Italian defined benefit plans	FISDE and other foreign medical plans	Other benefit plans
2021				
Discount rate	(%)	1.0	1.0	0-1
Rate of price inflation	(%)	1.8	1.8	1.8
Rate of compensation increase	(%)			2.8
Life expectations on retirement at age 65	(years)		22-26	
2020				
Discount rate	(%)	0.3	0.3	0-0.3
Rate of price inflation	(%)	0.8	0.8	0.8
Rate of compensation increase	(%)			1.7
Life expectations on retirement at age 65	(years)		22-26	

A sensitivity analysis was performed based on the results for each plan, through assessments calculated considering the following modified parameters: +/-0.5% of the discount rate and rate of price inflation and +/-10% of the targets for deferred incentives. The only effects greater than €1 million resulting from the assumed changes are: (i) a decrease in net liabilities of €2 million with the 0.5% increase in the discount rate; (ii) an increase in net liabilities of €1 million with the 0.5% decrease in the discount rate.

The following is an analysis by maturity date of the liabilities for employee benefit plans and their relative weighted average duration:

(€ million)		Italian defined benefit plans	FISDE and other foreign medical plans	Other benefit plans
31.12.2021				
2022		1		23
2023		1		19
2024		1		16
2025		1		10
2026		1	1	5
2027 and thereafter		11	5	4
		16	**6**	**77**
Weighted average duration	(years)	**10**	**16**	**2**
31.12.2020				
2021		1		29
2022		1		25
2023		1		20
2024		1		15
2025		1		11
2027 and thereafter		9	6	8
		14	**6**	**108**
Weighted average duration	(years)	**9**	**15**	**2**

23 Deferred tax assets and liabilities

Net deferred tax liabilities amounted to €518 million (€205 million of net deferred tax assets at December 31, 2020) and consisted of deferred tax liabilities net of deferred tax assets available for offset of €524 million (€50 million at December 31, 2020) and deferred tax assets net of deferred tax assets available for offset of €6 million (€255 million at December 31, 2020).

(€ million)	31.12.2021	31.12.2020
Deferred tax liabilities	671	50
Deferred tax assets available for offset	(147)	
Deferred tax liabilities	**524**	**50**
Deferred tax assets before offsetting (net of accumulated write-down provisions)	153	255
Deferred tax liabilities available for offset	(147)	
Deferred tax assets	**6**	**255**

The following table summarizes the changes in deferred tax assets and liabilities:

(€ million)	Deferred tax liabilities	Deferred tax assets, gross	Accumulated write-downs of deferred tax assets	Deferred tax assets, net of impairments	Deferred tax liabilities, net
31.12.2021					
Carrying amount - beginning of the year	**50**	**(255)**		**(255)**	**(205)**
Additions					
Deductions	(5)	32		32	26
Change in the scope of consolidation	91	(21)	7	(13)	78
Other changes	535	84		84	619
Carrying amount - end of the year	**671**	**(160)**	**7**	**(153)**	**518**
31.12.2020					
Carrying amount - beginning of the year	**30**	**(353)**		**(353)**	**392**
Additions	1	(62)		(62)	(61)
Deductions	(4)	129		129	125
Change in the scope of consolidation	7	(1)		(1)	6
Other changes	16	32		32	48
Carrying amount - end of the year	**50**	**(255)**		**(255)**	**(205)**

Other changes in net deferred taxes of €619 million mainly relate to the recognition in equity of deferred taxes on the cash flow hedge derivatives in the amount of €611 million.

The most significant temporary differences giving rise to net deferred tax assets and liabilities are disclosed below:

(€ million)	31.12.2021	31.12.2020
Deferred tax assets, gross:		
- write-downs of receivables	106	131
- tax losses remunerated by national tax consolidation		61
- provisions for contingencies and employee benefits	24	37
- carry-forward tax losses	11	19
- timing differences on depreciation and amortization	2	
- other	17	7
	160	**255**
Accumulated write-downs of deferred taxes	**(7)**	
Deferred tax assets, net	**153**	**255**
Deferred income tax payables		
- accelerated tax depreciation	(3)	
- fair value measurements of derivatives	(628)	(17)
- other	(41)	(33)
	(671)	**(50)**
Net deferred tax liabilities	**(518)**	**205**

To verify the recoverability of deferred tax assets, management has drawn up a 'tax plan' based on the expected results derived from the business plan approved by the Directors, which suggests they can be recovered.

The provision for deferred tax assets of €7 million relates to deferred tax assets acquired during the year.

24 Derivative financial instruments

	December 31, 2021		December 31, 2020	
(€ million)	Fair value asset	Fair value liability	Fair value asset	Fair value liability
Non-hedging derivatives				
Derivatives on exchange rate				
- Commodity swap	3,685	3,531	205	177
- Other		64		51
	3,685	**3,596**	**205**	**228**
Cash flow hedge derivatives				
- Commodity swap	2,861	465	107	34
- Other				
	2,861	**465**	**107**	**34**
Net amount	**6,546**	**4,060**	**312**	**262**
Of which:				
- current	5,750	3,497	257	175
- non-current	796	563	55	87

The derivative financial instruments, whose fair value is represented by a net asset of €2,486 million (€50 million at December 31, 2020), mainly relate to gas and power commodity swaps.

Other derivatives of €64 million (€51 million at December 31, 2020) mainly relate to the fair value of the put option in favour of the minority shareholders of Evolvere SpA Benefit Company for €59 million and SEA SpA for €3 million.

Derivatives fair values were estimated based on market quotations provided by primary info-provider or, alternatively, the calculation is made based on appropriate valuation techniques generally adopted in the marketplace.

Fair values of non-hedging derivatives related to derivatives that did not meet the formal criteria to be designated as hedges under IFRS, as they were entered into for amounts equal to the net exposure to commodity price risk, and as such, they cannot be directly referred to the original trade or financing transactions.

Fair value of cash flow hedge derivatives mainly related to commodity hedges were entered into with the aim of hedging variability in future cash flows associated with highly probable expected sales or already contracted sales due to different indexation mechanisms of supply costs versus selling prices. The effects of the measurement at fair value of cash flow hedge derivatives are given in note 25 – Equity and note 29 – Operating expenses. Information on hedged risks and hedging policies is disclosed in note 27 - Guarantees, commitments and risks / Risk factors.

During 2021, there were no transfers between the different hierarchy levels of fair value.

For all derivatives the fair value is Level 2, namely measurements carried out on the basis of inputs, other than the quoted prices, which, for the assets and liabilities to be measured, can be observed directly (e.g. prices) or indirectly (e.g. deriving from prices).

25 Equity

Non-controlling interest

Non-controlling interests amounting to €50 million include €22 million for 49% of the capital of Adriaplin d.o.o., €24 million for 29.48% of the capital of Evolvere SpA Società Benefit, €3 million for 40% of the capital of SEA S.p.A. and €1 million for 0.13% of Eni Gas & Power France SA.

Equity attributable to equity holders of Eni gas e luce

Equity of €6,453 million can be broken down as follows:

Equity attributable to equity holders of Eni gas e luce

(€ million)	December 31, 2021	December 31, 2020
Share capital	770	750
Fair value reserve for cash flow hedge derivatives net of tax effect	1,634	42
Cumulative currency translation differences	6	
Other reserves	3,852	532
Profit for the year	191	225
	6,453	**1,549**

Share capital

As of December 31, 2021, the parent company's issued share capital consisted of €770,000,000 represented by 770,000,000 ordinary shares with a nominal value of €1.

Fair value reserve for cash flow hedge derivatives net of tax effect

This reserve consists of the fair value of derivative contracts qualifying as commodity price hedges in the amount of €2,262 million (€59 million at December 31, 2020), net of €628 million (€17 million at December 31, 2020) in deferred taxes.

Cumulative currency translation differences

The cumulative currency translation differences arose from the translation of financial statements denominated in currencies other than euro.

Other reserves

Other reserves of €3,852 million (€532 million at December 31, 2020) include the share premium reserve of Eni Gas e Luce SpA Benefit Company of €3,963 million, partially offset by carrying forward the consolidated results of previous years. The increase of €3,320 million was mainly due to Eni's payment to the share premium reserve in December (€3,300 million).

Reconciliation of net profit and equity of the parent company Eni Gas e Luce SpA Benefit Company to consolidated net profit and equity

	Equity - Eni gas e luce						
(€ million)	Financial statements of Eni gas e luce S.p.A. Società Benefit	Excess stated in the separate accounts of consolidated subsidiaries over the corresponding carrying amounts of the parent company	Equity valuation of unconsolidated subsidiaries	Goodwill on merged subsidiaries and other	Total Eni gas e luce Group	Non-controlling interest	Consolidated financial statements Eni gas e luce
Equity at December 31, 2019	**1,400**	**(33)**	**17**	**12**	**1,396**	**22**	**1,418**
Net profit (loss) 2020	195	30			225	3	228
Fair value of cash flow hedge derivatives	113				113		113
Dividends to third parties	(150)				(150)	(1)	(151)
Acquisition of Evolvere		(36)			(36)	14	(22)
Other changes			1		1		1
Equity at December 31, 2020	**1,558**	**(39)**	**18**	**12**	**1,549**	**38**	**1,587**
Net profit (loss) 2021	170	26	(5)		191	12	203
Fair value of cash flow hedge derivatives	953	639			1,592		1,592
Dividends to third parties	(185)				(185)		(185)
Capital increases	3,332				3,332		3,332
Acquisitions of Renewables		(32)			(32)		(32)
Currency translation differences		6			6		6
Other changes	2	(2)					
Equity at December 31, 2021	**5,830**	**598**	**13**	**12**	**6,453**	**50**	**6,503**

26 Other information

Supplemental cash flow information

(€ million)	**2021**	2020
Investment in consolidated subsidiaries		
Current assets	181	15
Non-current assets	3,027	178
Net borrowings	(1,071)	(64)
Current and non-current liabilities	(241)	(15)
Net effect of investments	**1,896**	**114**
Non-controlling interests	(3)	(14)
Purchase price	**1,893**	**100**
less:		
Cash and cash equivalents	*90*	*3*
Consolidated subsidiaries net of cash and cash equivalent acquired	**1,803**	**97**

In 2021, investments in consolidated companies and business units net of cash and cash equivalents acquired related to the following business combinations as defined by IFRS 3 – ‘Business Combinations’.

Acquisition of Be Power

On August 5, 2021, the Company entered into a sale and purchase agreement with Reeif II Volta S.à.r.l., Mobility Technology UK Ltd. and certain individuals for the purchase of shares representing the entire share capital of Be Power S.p.A. The agreement was executed on November 2, 2021.

Be Power is the second largest Italian operator with over 5,000 electric vehicle charging points on public land. Be Power is the owner of the Be Charge branded charging infrastructures installed on public and private land and the holder of the related concessions. It also manages its own charging stations and those of other operators through a proprietary technology platform and provides charging services to drivers of electric vehicles on its own or third-party charging stations via a special app.

The following table shows the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

(€ million)	*Carrying amount at date of acquisition*
Current assets	22
Non-current assets	37
Net borrowings	10
Current and non-current liabilities	(33)
Net assets acquired	**36**
Net assets acquired attributable to Eni gas e luce	**36**
Goodwill	728
Purchase price	**764**
less:	
Cash and cash equivalents	(24)
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	**740**

The difference between the carrying amount of the net assets acquired and the purchase price, amounting to €728 million, is provisionally recognized entirely as goodwill. No contingent liabilities have been identified.

If the transaction had taken place on January 1, 2021, the contribution of the acquired companies to the Group sales from operations would have been €82 million. This amount was calculated using the results of the companies acquired and adjusted to take into account the Group's accounting policies.

Acquisition of CEF 3, GreenEnergy, Finpower, Eolica lucana

On July 8, 2021, Eni New Energy S.p.A., a subsidiary of Eni gas e luce, completed the acquisition from Glennmont Partners and PGGM Infrastructure Fund of the entire portfolio of 13 onshore wind farms in Italy, with a total capacity of 315 MW and already in operation. The transaction was completed on July 29, 2021.

The acquired portfolio consists of 256 wind turbines that came into operation between 2009 and 2016 and are located in Sicily, Puglia, Basilicata and Abruzzo. The transaction also includes the acquisition of a highly experienced team, which ensures continuity in plant management and further development of the portfolio.

The following table shows the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

(€ million)	*Fair value at date of acquisition*
Current assets	31
Non-current assets	470
Net borrowings	(215)
Current and non-current liabilities	(102)
Net assets acquired	**184**
Net assets acquired attributable to Eni gas e luce	**184**
Goodwill	301
Purchase price	**485**
less:	
Cash and cash equivalents	(41)
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	**444**

Following the purchase price allocation, carried out on a provisional basis, adjustments to the fair value of the acquired assets and liabilities concerned property, plant and equipment for €228 million (€164 million net of tax effect). No contingent liabilities have been identified.

Goodwill recognized on a residual basis amounted to €301 million.

If the transaction had taken place on January 1, 2021, the contribution of the acquired companies to the Group sales from operations would have been €96 million. This amount was calculated using the results of the companies acquired and adjusted to take into account the Group's accounting policies.

Acquisition of Dhamma

On July 23, 2021, the company completed the acquisition, from its founding shareholders, of 100% of Dhamma Energy Group, owner, at the date of acquisition, of a platform for the development of photovoltaic plants in France and Spain.

Dhamma Energy Group's portfolio of plants includes a pipeline of projects at various stages of maturity amounting to almost 3 GW, spread across the two countries, as well as plants already in operation or at an advanced stage of construction in France for about 120 MW. The transaction was completed on October 4, 2021.

The transaction includes the transfer of Dhamma Energy Group professionals into the Group, which forms the basis for further development of the portfolio of renewable projects.

The following table shows the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

(€ million)	*Fair value at date of acquisition*
Current assets	2
Non-current assets	134
Net borrowings	(100)
Current and non-current liabilities	(12)
Net assets acquired	**24**
Non-controlling interests	(3)
Net assets acquired attributable to Eni gas e luce	**21**
Goodwill	119
Purchase price	**140**
less:	
Cash and cash equivalents	(10)
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	**130**

Following the purchase price allocation, carried out on a provisional basis, adjustments to the fair value of the acquired assets and liabilities mainly concerned property, plant and equipment for €27 million (€21 million net of tax effect). No contingent liabilities have been identified.

Goodwill recognized on a residual basis amounted to €119 million.

If the transaction had taken place on January 1, 2021, the contribution of the acquired companies to the Group sales from operations would have been €10 million. This amount was calculated using the results of the companies acquired and adjusted to take into account the Group's accounting policies.

Acquisition of Ecovent, Energias Ambientales, Desarollos

On 23 July 2021, the Company signed an agreement to acquire a portfolio of nine renewable energy projects in Spain controlled by Azora Capital. The transaction initially involved the acquisition of three operational wind farms located in northern Spain, with a total capacity of approximately 100 MW, the closing of which took place on October 22, 2021. In addition, the acquisition includes five large photovoltaic projects in an advanced state of development for about 1 GW.

The following table shows the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

(€ million)	*Fair value at date of acquisition*
Current assets	7
Non-current assets	80
Net borrowings	(29)
Current and non-current liabilities	(21)
Net assets acquired	**37**
Net assets acquired attributable to Eni gas e luce	**37**
Goodwill	81
Purchase price	**118**
less:	
Cash and cash equivalents	(5)
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	**113**

Following the purchase price allocation, carried out on a provisional basis, adjustments to the fair value of the acquired assets and liabilities concerned property, plant and equipment for €36 million (€27 million net of tax effect). No contingent liabilities have been identified.

Goodwill recognized on a residual basis amounted to €81 million.

If the transaction had taken place on January 1, 2021, the contribution of the acquired companies to the Group sales from operations would have been €22 million. This amount was calculated using the results of the companies acquired and adjusted to take into account the Group's accounting policies.

Acquisition of Aldro and Instalaciones Martinez

On January 25, 2021, the Company signed a sale and purchase agreement with Aldro Energy S.L.U. for the acquisition of the entire share capital of: (i) Aldro Energìa y Soluciones, which in turn has a branch in Portugal, and (ii) Instalaciones Martinez Diez S.L.U.; as well as all economic rights, dividends and all other related rights, allocated and accrued on the shares of the acquired companies as of January 1, 2021. The sale was completed on April 7, 2021.

Aldro is active in the market selling electricity, gas and services to residential customers, small and medium-sized enterprises and large companies.

The following table shows the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

(€ million)	*Fair value at date of acquisition*
Current assets	79
Non-current assets	68
Net borrowings	(36)
Current and non-current liabilities	(59)
Net assets acquired	**52**
Net assets acquired attributable to Eni gas e luce	**52**
Goodwill	169
Purchase price	**221**
less:	
Cash and cash equivalents	(7)
Consolidated subsidiaries and businesses net of cash and cash equivalent acquired	**214**

Following the purchase price allocation, adjustments to the fair value of the acquired assets and liabilities concerned intangible assets for €30 million (€24 million net of tax effect). No contingent liabilities have been identified.

Goodwill recognized on a residual basis amounted to €169 million.

If the transaction had taken place on January 1, 2021, the contribution of the acquired companies to the Group sales from operations would have been €632 million. This amount was calculated using the results of the companies acquired and adjusted to take into account the Group's accounting policies.

In addition to the above transactions with third parties, in 2021 the company acquired the following investments from the Eni Group: from Eni Petroleum Co. Inc. the entire share capital of Eni New Energy US Inc., the holding company for the US Renewables business, for €151 million (gross of the cash acquired of €1 million) and from Eni International B.V. the entire share capital of Eni Energy Solutions B.V., the holding company for the Renewables business in Northern Europe and Kazakhstan, for €13 million (gross of the cash acquired of €1 million).

If the transaction had taken place on January 1, 2021, the contribution of the acquired companies to the Group sales from operations would have been €23 million. This amount was calculated using the results of the companies acquired.

Investment in 2020 related to the acquisition of 70% of Evolvere SpA Benefit Company, operating in the distributed generation market in Italy, for €97 million, net of cash acquired of €3 million.

The following table shows the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

(€ million)	**Fair value at date of acquisition**
Current assets	15
Non-current assets	112
Net borrowings	(64)
Current and non-current liabilities	(15)
Net assets acquired	**48**
Non-controlling interests	(14)
Net assets acquired attributable to Eni gas e luce	**34**
Purchase price	**100**
Goodwill	**66**

As a result of the completion of the purchase price allocation, adjustments to the fair value of acquired assets and liabilities mainly concerned property, plant and equipment for €25 million (€18 million net of tax effect). No contingent liabilities have been identified.

Goodwill recognized on a residual basis amounted to €66 million.

27 Guarantees, commitments and risks

Guarantees

Guarantees can be broken down as follows:

(€ million)	December 31, 2021 Unsecured guarantees	Other personal guarantees	Total	December 31, 2020 Unsecured guarantees	Other personal guarantees	Total
Eni gas e luce guarantees	505	616	1,121	404	255	659
Consolidated subsidiaries	45	166	210		45	45
Guarantees issued by Eni Group	**550**	**782**	**1,331**	**404**	**300**	**704**
Consolidated subsidiaries	56	8	64			
	606	**790**	**1,395**	**404**	**300**	**704**

The personal guarantees or parent company guarantees granted by the Eni Group on behalf of Eni gas e luce and its subsidiaries amount to €1,121 million and €210 million, respectively.

The parent company guarantees issued on behalf of Eni gas e luce were mainly issued to cover the fulfilment of contractual obligations in relation to the distribution of natural gas and their amount was determined on the basis of the provisions of the ‘Standard Network Code for the distribution of natural gas’ approved by AEEG with Resolution 108/06 and subsequent amendments, which provide for the issue of this type of guarantee. The increase is mainly due to guarantees given for M&A operations.

Parent company guarantees issued on behalf of subsidiaries were mainly issued to cover the contractual obligations of the acquired companies.

Guarantees were issued mainly to cover the non-fulfilment of contractual obligations undertaken in relation to electricity distribution. Their presence is determined by the provisions of Article 3.1 of the ‘Standard Network Code for Electricity Transmission Service - Resolution 609/2015/R/eel’, which provides for the issuance of this type of guarantee.

Commitments and risks

Commitments of €470 million relate to commitments to purchase investments as part of M&A transactions in the Renewables segment.

Risk factors

Financial risks

Financial risks are managed in respect of guidelines issued by the Board of Directors of the parent company Eni SpA in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks (‘Guidelines on financial risks management and control’). The ‘Guidelines’ define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

Market risk

Market risk is the possibility that changes in commodity prices, interest rates or currency exchange rates will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The Company actively manages market risk in accordance with the Eni ‘Guidelines’ indicated above, the ‘Guidelines’ approved by the company’s Board of Directors and internal procedures that provide a centralized model of handling finance, treasury and risk management transactions based on the Company's departments of operational finance: the parent company's (Eni SpA finance department, Eni Finance

International SA, Eni Finance USA Inc and Banque Eni SA, which is subject to certain bank regulatory restrictions preventing the Group's exposure to concentrations of credit risk, and Eni Global Energy Markets SpA (EGEM) that is in charge to execute certain activities relating to commodity derivatives. In particular, Eni Corporate Finance, Eni Finance International SA and Eni Finance USA Inc guarantee coverage of the requirements and absorption of the financial surpluses of the Italian and foreign companies of the Eni gas e luce Group. In addition, commodity derivatives are managed by the Energy Management unit, which operates on the basis of bilateral contracts with the Parent Company. In particular, all foreign exchange and derivative transactions of the Eni gas e luce Group are centralized in Eni SpA and EGEM. Derivative contracts are used to optimize exposure to commodity price fluctuations. Eni gas e luce monitors every activity in derivatives classified as risk-reducing (in particular, back- to-back activities, flow hedging activities, asset-backed hedging activities and portfolio-management activities) directly or indirectly related to covered industrial assets, so as to effectively optimize the risk profile to which Eni gas e luce is exposed or could be exposed. The framework defined by the 'Guidelines' provides that the valuation and control of market risk is performed on the basis of maximum tolerable levels of risk exposure defined in terms of: (i) limits of stop loss, which expresses the maximum tolerable amount of losses associated with a certain portfolio of assets over a pre-defined time horizon; (ii) limits of revision strategy, which consist in the triggering of a revision process of the strategy in the event of exceeding the level of profit and loss given; and (iii) VaR which measures the maximum potential loss of the portfolio, given a certain confidence level and holding period, assuming adverse changes in market variables and taking into account the correlation among the different positions held in the portfolio. The policy is entrusted to a Commodity Risk Committee.

The Eni gas e luce Group does not enter into derivative contracts for trading purposes.

Market risk – Exchange rate

Exchange rate risk derives from the fact that Eni gas e luce's operations are conducted in currencies other than euro, mainly the Kazakhstani tenge, U.S. dollar and UK pound sterling. Revenue and expenses denominated in foreign currencies may be significantly affected by exchange rate fluctuations due to conversion differences on single transactions arising from the time lag existing between execution and definition of relevant contractual terms - (economic risk) and conversion of foreign currency denominated trade and financing payables and receivables (transactional risk). Exchange rate fluctuations affect the Group's reported results and net equity as financial statements of subsidiaries denominated in currencies other than euro are translated from their functional currency into euro. In general, an appreciation in the Kazakhstani tenge, UK sterling or US dollar against the euro has a positive effect on Eni gas e luce's operating profit and vice versa. The foreign exchange risk management policy is to minimize transactional exposures arising from foreign currency movements and to optimize exposures arising from commodity risk. Eni gas e luce does not undertake any hedging activity for risks deriving from the translation of foreign currency denominated profits or assets and liabilities of subsidiaries, which prepare financial statements in a currency other than euro, except for single transactions to be evaluated on a case-by-case basis.

A hypothetical positive or negative variation of 100 bps in the exchange rates of the currencies in which the Group operates would not have a significant impact on the net profit and equity for the years under review.

Market risk – Interest rate

Changes in interest rates affect the market value of financial assets and liabilities of the Company and the level of finance charges. The interest rate risk management policy is to minimize risk with the aim to achieve financial structure objectives.

A hypothetical positive or negative variation of 100 bps in the interest rates on the company's financial assets and liabilities would not have a significant impact on the net profit and equity for the years under review.

Market risk - Commodities

Commodity price risk is identified as the possibility that fluctuations in the price of natural gas and electricity produce significant changes in Eni gas e luce’s operating margins, with an impact on the economic result. Commodity price risk arises from the fact that the indexations of purchase contracts may differ from those of sales contracts. Commercial exposure is characterized by a systematic risk management activity conducted based on risk/return assumptions by implementing one or more strategies and is subjected to specific risk limits (VaR and revision strategy limits). Eni gas e luce manages risk in order to optimize core activities in view of achieving stable economic results. The Energy Management unit manages positions arising from indexation for sale using the flexibilities of purchase contracts and transferring any imbalances to Eni.

Thus Eni gas e luce uses derivatives traded on the organized markets MTF and OTF and derivatives traded over the counter (swaps, forward, contracts for differences and options on commodities) with the underlying commodities being crude oil, gas and electricity. Such derivatives are valued at fair value based on market prices provided from specialized sources or, absent market prices, on the basis of estimates provided by brokers or suitable valuation techniques. VaR deriving from commodity exposure is measured daily based on a historical simulation technique, with a 95% confidence level and a one-day holding period.

In 2021, with regard to commodity price risk, VaR values ranged from a minimum of €0.2 million to a maximum of €2.6 million, with an average value of €1.2 million.

Credit risk

Credit risk is the potential exposure of the company to losses in case counterparties fail to perform or pay amounts due. Eni gas e luce defined credit risk management policies consistent with the nature and characteristics of the counterparties of commercial transactions.

Eni gas e luce has adopted a model to quantify and control credit risk based on the evaluation of Expected Loss. This represents the probability of default and the capacity to recover credits in default that is estimated through the so-called Loss Given Default.

Credit management is operated based on formal procedures for the assessment of commercial counterparties and the monitoring of credit exposures, including credit recovery activities and disputes. The credit worthiness of businesses and large clients is assessed through an internal rating model that combines different default factors deriving from economic variables, financial indicators, payment experiences and information from specialized primary info providers. At the level of Eni gas e luce, these are expressed in policies for individual customers (for business customers) or clusters of customers (for retail customers). The trend of past due receivables and collection curves is constantly monitored.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets in the marketplace in order to meet short-term finance requirements and to settle obligations. The consequence of such an event occurring is a negative impact on the profits if the company is forced to bear additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that puts business continuity at risk.

The Group’s risk management aims to implement, as part of the ‘Financial Plan’, a financial structure which, in keeping with the business objectives, can ensure an adequate level of liquidity for the entire Group, minimizing the related opportunity cost, and can maintain a balance in terms of duration and composition of the debt.

The Eni gas e luce Group is entitled to access the financial resources granted by the Eni Group companies, according to the agreements in place with them.

The tables below show the amounts of payments contractually owed in relation to financial debts, including interest payments and the time horizon of disbursements for trade and other payables.

Expected payments for financial liabilities, trade and other payables

The tables below summarize the Group main contractual including expected payments for interest charges and obligations for finance debt and lease liability repayments, derivatives.

	Maturity year						
(€ million)	2022	2023	2024	2025	2026	2027 and thereafter	Total
December 31, 2021							
Non-current financial liabilities (including the current portion)	59	174	388	42	35	170	**868**
Current financial liabilities	1,193						**1,193**
Lease Liabilities	8	11	9	8	7	79	**122**
Fair value of derivative financial instruments liabilities	3,497	463	100				**4,060**
	4,757	**648**	**497**	**50**	**42**	**249**	**6,243**
Interest on finance debt	25	13	11	6	5	4	**64**
Interest on lease liabilities	1	3	2	2	1	25	**33**
	Maturity year						
(€ million)	2021	2022	2023	2024	2025	2026 and thereafter	Total
December 31, 2020							
Non-current financial liabilities (including the current portion)	13	10	11	14	8	19	**75**
Current financial liabilities	32						**32**
Lease Liabilities	6	8	7	7	5	10	**43**
Fair value of derivative financial instruments liabilities	175	32	5	49		1	**262**
	226	**50**	**23**	**70**	**13**	**30**	**412**
Interest on finance debt	3	1	1	1	1		**7**
Interest on lease liabilities	1	1	1	1		1	**5**

The table below presents the timing of the expenditures for trade and other payables.

(€ million)

	Maturity year			
	2022	2023-2026	2027 and thereafter	Total
December 31, 2021				
Trade payables	1,746			**1,746**
Other payables and advances	785			**785**
	2,531			**2,531**
	Maturity year			
	2021	2022-2025	2026 and thereafter	Total
December 31, 2020				
Trade payables	1,205			**1,205**
Other payables and advances	286			**286**
	1,491			**1,491**

Other information on financial instruments

The carrying value of the financial instruments and the related economic and equity effects are detailed below:

	2021		2020	
(€ million)	Carrying amount	Finance income (expense) recognized in Profit and loss account	Carrying amount	Finance income (expense) recognized in Profit and loss account
Receivables and payables and other assets/liabilities valued at the amortized cost:				
- Trade receivables and other (a)	2,241	(160)	1,549	(180)
- Financing receivables	20		1	
- Trade payables and other	(2,531)		(1,491)	
- Financing payables (b)	(2,061)	(20)	(107)	(13)

(a) Income or expense were recognized in the profit and loss account as net impairment losses within 'Net (impairment losses) reversal of trade and other receivables' for €160 million (net impairment losses for €180 million in 2020).
(b) Income or expense were recognized in the profit and loss account within 'Finance income (expense)' for €20 million of expenses (€13 million of expenses in 2020).

Legal Proceedings

The Group is a party in a number of civil actions and administrative arbitral and other judicial proceedings arising in the ordinary course of business. Based on information available to date, and taking into account the existing risk provisions and that in some instances it is not possible to make a reliable estimate of contingency losses, the Group believes that the foregoing will likely not have a material adverse effect on the Group Consolidated Financial Statements. The most significant proceedings currently pending is provided in the following paragraphs. Unless otherwise indicated, these legal proceedings have not been provisioned because Eni gas e luce believes a negative outcome to be unlikely or because the amount of the provision cannot be estimated reliably.

Proceedings concerning antitrust and/or consumer protection

Eni Gas e Luce SpA Benefit Company (formerly Eni SpA, formerly Acam Clienti SpA) - Potential abuses in the wholesale electricity market.

With Resolution 342/2016/EEL, the Authority for Electricity, Gas and the Water System, now known as the Regulatory Authority for Energy, Networks and the Environment (ARERA), initiated proceedings 'for the prompt adoption of prescriptive measures and the assessment of potential abuses in the wholesale electricity market, pursuant to Regulation (EU) 1227/2011- REMIT' and ordered Acam Clienti SpA (subsequently Eni SpA and now Eni gas e luce SpA Benefit Company) to cease, pending the conclusion of the proceedings, 'adopting behaviour inconsistent with the principles of diligence, prudence, proficiency and foresight, which should characterize the behaviour of an operator in the dispatching service.' In a subsequent Communication of the Investigation Findings ('CRI'), ARERA informed Acam Clienti of its failure to comply with these principles of diligence, prudence, proficiency and foresight in its planning activities as a dispatching user, and considered that there were grounds to order Acam Clienti to return the undue amounts to Terna. Acam Clienti appealed to the Regional Administrative Court against resolution 342/2016, the CRI and all the prior, consequential and related acts and resolutions, even if not known. The hearing has not yet been scheduled. With Resolution 100/2017/EEL of March 2017, ARERA ordered Eni (formerly Acam Clienti) to return to Terna 'the amounts corresponding to the undue benefit achieved as a result of the non-diligent planning strategy adopted by the company.' Eni has analyzed the calculation criteria indicated, presented its own evaluations to ARERA and has also challenged this resolution before the Regional Administrative Court; the hearing has not yet been scheduled.

With Determination DSAI/22/2017/EEL of July 2017, ARERA initiated a sanction procedure against Eni 'for non-diligent scheduling strategies in the context of the electricity dispatching service'. This was challenged as a precautionary measure by both Eni and Eni gas e luce, since ARERA did not – as specifically requested by both companies – serve the document again on Eni gas e luce, which would bear the relevant charges following the transfer of the business. Eni gas e luce has set aside a provision for legal risks and charges.

With its Resolution of March 2018 (134/2018/EEL), ARERA confirmed the prescriptive measure set out in Resolution 100/2017/EEL, stipulating that Terna should proceed to calculate the relevant economic items. In May 2018, Terna issued an invoice to Eni gas e luce for €164,050.18, which has been duly paid. At the same time, both Eni and Eni gas e luce appealed to the Regional Administrative Court against the aforementioned Resolution 134/2018/EEL.

Eni Gas & Power France SA - Proceedings for misleading commercial practices in door-to-door sales.

On June 27, 2019, the headquarters of Eni Gas & Power France were inspected by the Authority on the basis of an order of the Nanterre Court dated June 13, 2019, issued at the request of the Minister for the Economy and served on Eni Gas & Power France during the inspection. The proceedings concern the alleged violation of Articles 121-2 et seq. of the French Consumer Code concerning misleading commercial practices in door-to-door sales allegedly carried out directly or indirectly by Eni Gas & Power France. In particular, the sellers would introduce themselves to customers claiming to be checking the meters, without explaining the real commercial intent of their visit. The inspection concerned, in particular, the Company's employees involved in door-to-door sales. More than 275,000 documents were inspected. Between the end of September and the beginning of October 2019, the Authority summoned two employees of Eni Gas & Power France to a hearing to gather information and clarifications, in particular, on the documents collected during the inspection. As far as Eni Gas & Power France is aware, the Authority's investigation is still ongoing. In this regard, it should be noted that on November 24, 2020, EDF brought an urgent action against Eni Gas & Power France seeking, on the basis of the news published with reference to the aforementioned proceedings, the suspension of the alleged unfair commercial practices and damages totalling approximately €9.5 million. A hearing was held on June 1, 2021. The proceedings ended on September 29, 2021 with Eni Gas & Power France being ordered to pay EDF €3,040,000 in damages. Eni Gas & Power France has made the payment and is considering whether to appeal.

28 Revenue and other income

The main 'Revenue and other income' items are detailed below. The most significant changes are explained in the 'Financial review' in the 'Management Report'.

Sales from operations

Sales from operations amount to €7,274 million (€6,000 million in 2020) and are broken down as follows:

(€ million)	2021	2020
Natural gas	4,150	3,754
Electricity	2,673	2,090
Services and other	343	156
Total retail gas and power	**7,166**	**6,000**
Electricity from renewable sources	85	
Electric mobility	23	
	7,274	**6,000**

The breakdown by geographic area is provided below:

(€ million)	2021	2020
Italy	4,578	4,209
France	1,733	1,529
Spain	503	
Greece	418	225
Slovenia	42	37
	7,274	**6,000**

Sales from operations are recognized, in accordance with IFRS 15, consistently with what is described in note 1 - Significant accounting policy, estimates and judgments, under the heading Revenue from contracts with customers.

Sales from operations with related parties are disclosed in note 35 - Transactions with related parties.

Finally, it should be noted that the item includes the effect of the change in estimates following the introduction of new systems for determining the revenue of the French subsidiary (with a reduction in sales from operations of approximately €66 million).

Other income and revenue

Other income and revenue amount to €93 million (€74 million in 2020) and concern the recovery of costs related to core business activities for €58 million (€51 million in 2020), GSE incentives received by subsidiaries for €14 million (€14 million in 2020) and income for time-barred and non-existence of payables for €14 million (€9 million in 2020).

Other income and revenue with related parties are disclosed in note 35 - Transactions with related parties.

29 Operating expenses

Purchases, services and other

(€ million)	2021	2020
Costs for raw, ancillary and consumable materials and goods	3,496	2,303
Service costs	2,978	2,828
Lease expense and other	5	8
Net provisions for contingencies	1	8
Other expenses	126	129
	6,606	**5,276**
less:		
- capitalized direct costs associated with self-constructed assets - intangible assets	(13)	(8)
	6,593	**5,268**

Operating expenses amount to €6,593 million.

Costs for raw, ancillary and consumable materials and goods of €3,496 million mainly refer to purchases of natural gas and electricity.

–Service costs are broken down as follows:

(€ million)	2021	2020
Transmission and distribution of natural gas	1,370	1,431
Transmission and handling of electricity	1,008	941
Commissions to agents	146	103
Development, management of ICT infrastructure and applications	133	109
Other costs of sales	122	104
Consulting and professional services	100	89
Other services	53	26
Advertising, promotion and communication activities	35	20
Installation of photovoltaic plants and recovery decree packages	30	7
Postal, telephone and radio links	21	19
Porterage and labour	18	20
Thermal energy	14	10
Databases	13	10
Banking services	8	9
Travels, missions and other staff-related services	7	7
Property management	2	3
Archive services	1	1
	3,081	**2,909**
less:		
Capitalized costs	(103)	(81)
	2,978	**2,828**

Lease expense and other of €5 million mainly comprise rentals for office leases to the parent company Eni and other non-lease components.

Net provisions for contingencies of €1 million (€8 million in 2020) relate to the provision for litigation for €3 million (€4 million in 2020) and a utilization of other provisions for €2 million (€4 million in 2020). Information relating to provisions is provided in note 21 – Provisions.

Other expenses of €126 million (€129 million in 2020) mainly include the purchase of energy efficiency certificates in France for €77 million (€83 million in 2020), indirect taxes and levies for €11 million (€9 million in 2020), expenses on settlements, contractual penalties and compensation for €10 million (€13 million in 2020), the contribution due for the Gestione Fondo Bombole Metano for €8 million (€7 million in 2020), expenses from time-barred and non-existence of receivables for €4 million (€9 million in 2020) and the contribution for ARERA operation for €1 million (€2 million in 2020).

Net (impairment losses) reversals of trade and other receivables

(€ million)	2021	2020
Net (impairment losses) reversals of trade and other receivables		
New or increased provisions	(171)	(181)
Net credit losses	(33)	(22)
Reversals	44	23
	(160)	**(180)**

Net impairment losses of trade and other receivables of €160 million (€180 million in 2020) relate to trade receivables from retail and business customers for the sale of natural gas and electricity. The decrease compared with 2020 is the effect of better collection performance, also as a result of the post-pandemic economic recovery more generally, which more than offset the effect of higher revenue.

Payroll and related costs

(€ million)	2021	2020
Wages and salaries	109	100
Social security contributions	28	26
Cost (income) related to employee benefit plans	(6)	21
Other costs	12	8
	143	**155**
less:		
- capitalized direct costs associated with self-constructed assets - intangible assets	(1)	
	142	**155**

Income from employee benefit plans of €6 million includes €8 million of remeasurement for long-term plans as a result of revised actuarial estimates.

Costs related to employee benefit plans are described in note 22 - Provisions for employee benefits.

Other costs of €12 million mainly comprise costs for defined contribution plans for €5 million and costs for voluntary redundancies for €2 million.

Costs with related parties are disclosed in note 35 - Transactions with related parties.

Average number of employees

The average number and breakdown by category of employees of consolidated subsidiaries is reported below:

	2021	2020
(number)	Group	Group
Executives/Senior managers	74	52
Middle managers and white collar workers	1,819	1,512
Blue collar workers	41	15
	1,934	**1,579**

The average number of employees was calculated as the average between the number of employees by category at the beginning and at the end of the period.

The average number and breakdown by geographic area of employees of companies included in the scope of consolidation is reported below:

(number)	2021	2020
Italy	1,349	1,216
Outside Italy	585	363
	1,934	**1,579**

Eni share-based incentive plan for executives

On April 13, 2017 and on May 13, 2020, Eni's Shareholders Meeting approved the Long-Term Monetary Incentive Plan 2017-2019 and 2020-2022 and empowered the Board of Directors to execute the Plan by authorizing it to dispose up to a maximum of 11 million of treasury shares in service of the plan 2017-2019 and 20 million in service of the plan 2020-2022. The Long-Term Monetary Incentive plans provide for three annual awards (2017, 2018 and 2019 and 2020, 2021 and 2022, respectively) and are intended for the Chief Executive Officer of Eni and for the managers of Eni and its subsidiaries who qualify as 'senior managers deemed critical for the business', selected among those who are in charge of tasks directly linked to the Group results or of strategic clout to the business. The Plans provide the granting of Eni shares for no consideration to eligible managers after a three-year vesting period under the condition that they would remain in office until vesting. Considering that these incentives fall within the category of employee compensation, in accordance with IFRS, the cost of the plans is determined based on the fair value of the financial instruments awarded to the beneficiaries and the number of shares that are granted at the end of the vesting period; the cost is accruing along the vesting period. With reference to the 2017-2019 Plan, the number of shares that will be granted at the end of the vesting period will depend: (i) for a 50%, on the market condition in terms of Total Shareholder Return (TSR) of the Eni share compared to the TSR of the FTSE Mib index of the Italian Stock Exchange Market, and to a group of Eni's competitions ('Peer Group') and the TSR of their corresponding stock exchange market; (ii) for a 50%, on the growth in the Net Present Value (NPV) of proved reserves benchmarked against the Peer Group. With reference to the 2020-2022 Plan, the number of shares that will be granted at the end of the vesting period will depend: (i) for 25% on a market objective measured as the difference between the Total Shareholder Return (TSR) of Eni Shares and the TSR of the FTSE Mib Index of Italian Stock Exchange on a three-year period, adjusted with Eni's correlation index, compared with similar differences for each company of the Eni's group of competitors (Peer Group); (ii) for 20% on a relative parameter represented by an industrial objective measured in terms of annual unit value ($/boe) of the Net Present Value of Proven Reserves (NPV) compared with the analogous value of each company in the Peer Group, with a final outcome equal to the average annual results over the three-year period; (iii) for 20% on an absolute parameter represented by an economic-financial objective measured as the Organic Free Cash Flow accumulated in the three-year reference period, compared to the equivalent accumulated value provided for in the first three years of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged during the performance period. The verification of CFC targets is conducted net of exogenous variables, using a gap-analysis approach approved by the Remuneration Committee, in order to assess the effective corporate performance deriving from the management action; (iv) for the remaining 35% on an environmental sustainability and energy transition objective in a three-year period consisting of three absolute objectives as follows: (a) for 15% to a decarbonization objective measured in terms of CO2eq. emissions related to Eni operated upstream production (tCO2eq./kboe) at the end of the three-year period compared with the same value expected in the third year of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged during the performance period; (b) for 10% on an energy transition objective measured in megawatts (MW) of installed capacity of power generation from renewable sources, at the end of the three-year performance period, compared with the same value expected in the third year of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged in the performance period; (c) for 10% on a circular economy objective measured in terms of progress of three important biofuel projects at the end of the three-year performance period, compared with the progress expected in the third year of the Strategic Plan approved by the Board of Directors in the year of award and kept unchanged during the performance period.

Depending on the performance of the parameters mentioned above, the number of shares that will vest after three years may range between 0% and 180% of the initial award. Furthermore, 50% of the shares that will eventually vest is subject to a lockup clause of one year after the vesting date.

The number of shares awarded to company employees was: (i) 119,819 Eni shares in 2021, with a weighted average fair value of €8.15 per share; (ii) 125,085 Eni shares in 2020, with a weighted average fair value of €4.67 per share; (iii) 78,284 Eni shares in 2019, with a weighted average fair value of €9.88 per share.

The estimation of the fair value was calculated by adopting specific valuation techniques regarding the different performance parameters provided by the plan (the stochastic method for the market condition of the plan and the Black- Scholes model for the component related to the NPV of the reserves, for the 2017-2019 Plan; the stochastic method for the 2020-2022 Plan), taking into account the fair value of the Eni share at the grant date (€11.642 per share in 2021; €8.303 per share in 2020; €13.714 per share in 2019), reduced by dividends expected along the vesting period (7.4% of the share price at vesting date in 2021, 7.1% in 2020 and 6.1% in 2019), considering the volatility of the stock (45% in relation to the 2021 award; 44% for attribution in 2020; 19% for attribution in 2019), the forecasts for the performance parameters, as well as the lower value attributable to the shares considering the lock-up period at the end of the vesting period.

The costs related to the long-term monetary incentive plan, recognized as a component of the payroll cost since they relate to employees of the company, amounted to €0.788 million (€0.476 million in 2020) with a contra-entry to equity reserves.

Compensation of key management personnel

Compensation paid by the Group to key management personnel in the year ended December 31, 2021 amounted to €1,814 million. This amount includes bonuses accrued in 2020 and paid in 2021. The main non-monetary benefits paid to key management personnel in the same years amounted to €43,326.

Compensation of Directors and Statutory Auditors

Compensation of Directors amounted to €184,000 and €127,000 in 2021 and 2020, respectively. Compensation of Statutory Auditors amounted to €296,000 and €212,000 in 2021 and 2020, respectively.

Compensation included emoluments and social security benefits due for the office as Director or Statutory Auditor held at the parent company Eni gas e luce or other Group subsidiaries, which was recognized as a cost to the Group, even if not subject to personal income tax.

Other operating income (expense)

Other net operating income of €83 million on derivatives (€63 million of net income in 2020) included the fair value measurement and settlement of commodity derivatives, entered into with Eni SpA and Eni Global Energy Markets SpA, which do not meet the formal requirements to be treated as hedge accounting under IFRS.

Depreciation and amortization

(€ million)	2021	2020
Depreciation and amortization:		
- tangible assets	41	11
- intangible assets	184	148
- right-of-use assets	10	7
	235	**166**

Depreciation of property, plant and equipment amounted to €41 million and increased by €30 million due to higher depreciation related to new companies entering the scope of consolidation of the Renewables segment.

Amortization of intangible assets essentially relates to customer portfolios and related customer acquisition costs for €122 million (€87 million in 2020), IT projects for €56 million (€55 million in 2020) and work on assets under concession for €4 million (€4 million in 2020).

Write-off of tangible and intangible assets

In 2020, write-offs of €6 million related to retired IT systems that had been replaced.

(€ million)	2021	2020
Write-offs:		
- tangible assets		
- intangible assets		6
		6

30 Finance income (expense)

The analysis of finance income (expense) was as follows:

(€ million)	2021	2020
Finance income (expense)		
Finance income	12	7
Finance expense	(42)	(49)
Income (expense) from derivative financial instruments	1	
	(29)	**(42)**

Net financial income and expense was as follows:

(€ million)	2021	2020
Finance income (expense) related to net borrowings		
- interest and other expense due to banks and other financial institutions	(20)	(13)
- Interest on lease liabilities	(1)	(1)
- Interest from banks	1	1
	(20)	**(13)**
Income (expense) from derivative financial instruments	**1**	
Other finance income (expense)		
- Other finance income (expense)	(10)	(29)
	(10)	**(29)**
	(29)	**(42)**

Interest and other expense due to banks and other financial institutions of €20 million refer to interest expense on medium/long-term loans with Eni and Group financial companies for €9 million (€4 million in 2020), to interest expense on medium/long-term loans with third-party banks for €6 million (€4 million in 2020) and to fees for undrawn borrowing facilities granted by Eni for €5 million (€5 million in 2020).

Other net financial expense of €10 million essentially relates to charges for the fair value adjustment of the put option of Evolvere SpA Società Benefit resulting from the expected higher value to be recognized to minority shareholders following the improvement in planned results for €11 million (€12 million in 2020), charges for factoring transactions for €6 million (€21 million in 2020) and other interest expense for €3 million (€1 million in 2020), partially offset by interest on trade receivables for €7 million (€5 million in 2020) and other financial income from Superbonus Ecobonus sales for €5 million.

Information about leases is disclosed in note 12 – Right-of-use assets and lease liabilities.

Finance income (expense) with related parties are disclosed in note 35 - Transactions with related parties.

31 Income (expense) from investments

Share of profit (loss) from equity-accounted investments

(€ million)	2021	2020
Share of profit of equity-accounted investments	6	10
Share of loss of equity-accounted investments	(3)	
	3	**10**

Share of profit from equity-accounted investments amounted to €3 million (€10 million in 2020) and related to the equity accounting of the investment held in Gas Distribution Company of Thessaloniki-Thessaly SA as at September 30, 2021 for €6 million, net of the loss from the equity accounting of the investment held by Eni Energy Solutions BV in Vargronn AS for €3 million.

Other gain (loss) from investments

(€ million)	2021	2020
Other net gain (loss)	(3)	
	(3)	

Other net losses of €3 million relate to the write-down of the investment in Ovo Energy France SAS.

32 Income taxes

Income tax can be broken down as follows:

(€ million)	**2021**	**2020**
Current taxes in Italian subsidiaries:	50	30
Current taxes in subsidiaries outside Italy:	11	8
	61	**38**
Net deferred taxes in Italian subsidiaries:		
- deferred tax expense	(5)	(3)
- deferred tax income	94	55
	89	**52**
Net deferred taxes in subsidiaries outside Italy:		
- deferred tax expense		
- deferred tax income	(62)	12
	(62)	**12**
	88	**102**

The reconciliation between the theoretical tax charge calculated by applying the Italian IREStax rate of 24% and the effective tax charge is the following:

(€ million)	**2021**	**2020**
Profit (loss) before taxation	**291**	**330**
Theoretical tax rate (IRES) (%)	24%	24%
Theoretical income taxes	**70**	**79**
Increase (decrease) resulting from:		
- higher (lower) tax charges related to subsidiaries outside Italy	(5)	3
- theoretical Italian regional income tax (IRAP) related to italian companies	18	12
- other adjustments	5	8
	18	**23**
Effective tax charge	**88**	**102**

The other adjustments of €5 million relate to permanent differences that cannot be deducted from taxable income related to the Parent Company.

33 Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to the Eni gas e luce by the weighted average number of its shares issued and outstanding during the period.

(€ million)	**31.12.2021**	**31.12.2020**
Profit attributable to Eni gas e luce	191	225
Weighted average of shares outstanding	760,000,000	750,000,000
Earnings (loss) per share (€ per share)	**0.25**	**0.30**

Diluted earnings per share is the same as basic earnings per share because there are no financial instruments with potential dilutive effects.

34 Segment information and information by geographic area

Segment information

Eni gas e luce's management considered that the decision-making processes for allocating resources and the evaluation of financial and industrial performance will be carried out at the level of the Group's three operating segments. Therefore, in order to comply with the provisions of the international reporting standard that regulates the segment reporting (IFRS 8), the reportable segments are identified as follows:

Retail: (i) purchase and sale of gas to end customers on the free market and the protected market (to residential customers and business customers); (ii) purchase and sale of electricity to end customers on the free market (to residential customers and business customers); (iii) sale of other value-added goods and services;

Renewables: production and sale of electricity from renewable sources, in particular wind and solar;

E-mobility: installation and management of charging stations and supply of e-mobility services to drivers of electric vehicles.

Segment information presented to the CEO (i.e. the Chief Operating Decision Maker, according to IFRS 8) includes the underlying elements of revenue, operating profit, investment and financial items relating inter alia to directly attributable assets and liabilities.

The main segment information of the operating segments reported to the CEO is set out below. Only the 2021 figures are shown here because previously Eni gas e luce was a mono-business company.

	2021			
(€ million)	*retail*	*renewables*	*e-mobility*	*Total*
Sales from operations	7,166	85	23	7,274
Operating profit	288	35	(3)	320
Net provisions contingencies	(6)			(6)
Depreciation and amortization	205	29	1	235
Impairments of tangible and intangible assets and right-of-use assets				
Reversals of tangible and intangible assets				
Write-off of tangible and intangible assets				
Share of (profit) loss of equity-accounted investments		3		3
Identifiable assets[(a)]	7,092	1,708	778	9,578
Unallocated assets[(b)]				7,342
- of which equity-accounted investments	18	647		665
Identifiable liabilities[(a)]	3,905	83	29	4,017
Unallocated liabilities[(b)]				6,401
Capital expenditure in tangible and intangible assets	208	48	4	260

(a) Include assets/liabilities directly associated with the generation of operating profit.
(b) Include assets/liabilities not directly associated with the generation of operating profit.

Sales from operations by geographic area:

	2021			
(€ million)	*retail*	*renewables*	*e-mobility*	*Total*
Italy	4,478	77	23	4,578
France	1,729	4		1,733
Iberian Peninsula	499	4		503
Greece	418			418
Slovenia	42			42
	7,166	**85**	**23**	**7,274**

Identifiable assets and capital expenditure by geographic area are as follows:

	2021				
(€ million)	*Italy*	*Rest of Europe*	*America*	*Asia*	*Total*
Identifiable assets[(a)]	7,140	2,091	189	158	9,578
Capital expenditure in tangible and intangible assets	118	110	32		260

35 Transactions with related parties

In the ordinary course of its business, Eni gas e luce enters into transactions regarding:

(a) Purchase/supply of goods and services and the provision of financing with the parent company Eni and with other group companies;

(b) Purchase/supply of goods and services to entities controlled by the Italian Government.

Transactions with related parties were conducted in the interest of the Company and are related to the ordinary course of the Company's business.

Transactions and balances with related parties

2021

(€ million)

	31.12.2021			2021						
				Costs			Revenue			Other operating (expense) income
Name	Receivables and other assets	Payables and other liabilities	Guarantees	Goods	Services	Other	Goods	Services	Other	
Parent company										
Eni SpA	4,823	4,769		2,446	425		(120)	10		26
	4,823	**4,769**		**2,446**	**425**		**(120)**	**10**		**26**
Eni Group companies										
Eni Corporate University SpA	1	1			1					
Eni Espana Comercializadora de Gas SA		1								
Eni Global Energy Markets SpA e UK Branch	1,735	(84)		(759)						55
Eni Insurance Designated Activity Co					1					
Eni International Resources Ltd					1					
Eni Rewind SpA	4									
EniServizi SpA					5					
EniMed S.p.A.	2						4	2		
Ing. Luigi Conti Vecchi SpA	1									
Novis Renewables LLC		1								
Raffineria di Milazzo ScpA	1									
Serfactoring SpA		9								
Versalis SpA					1					
Versalis France SAS	3						7			
Other (*)	2	1			1	1	1	1		
	1,749	**(71)**		**(759)**	**10**	**1**	**12**	**3**		**55**
Joint ventures										
Gas Distribution Company of Thessaloniki-Thessali SA		14		48						
GreenIt SpA	2	1			(1)					
	2	**15**		**48**	**(1)**					
Entities controlled by the Government										
Enel Group		4			378		1			
Ferrovie dello Stato Group							2	1		
Italgas Group	1	49			557		2			
Poste Italiane Group	2	4			14		6	3		
Snam Group	5						10	9		
Terna Group	11	53		45	90		16	35		
GSE - Gestore Servizi Energetici	27	48		614	2		87		14	
	46	**158**		**659**	**1,041**		**124**	**48**	**14**	
Total	**6,620**	**4,871**		**2,394**	**1,475**	**1**	**16**	**61**	**14**	**81**

(*) Each individual amount included herein was lower than €1 million.

2020

(€ million)

	31.12.2020			2020						
				Costs			Revenue			Other operating (expense) income
Name	Receivables and other assets	Payables and other liabilities	Guarantees	Goods	Services	Other	Goods	Services	Other	
Parent company										
Eni SpA	260	581		1,752	424	2	29	10		17
	260	**581**		**1,752**	**424**	**2**	**29**	**10**		**17**
Eni Group companies										
Eni Fuel SpA							1			
Eni Corporate University SpA					1					
EniServizi SpA					6					
EniMed S.p.A.	2						2	3		
Eni Trading & Shipping SpA e UK Branch	69	33		14						46
Petroven Srl								1		
Serfactoring SpA		13								
Versalis SpA					1					
Versalis France SAS							2			
Other (*)					2					
	71	**46**		**14**	**10**		**5**	**4**		**46**
Joint ventures										
Gas Distribution Company of Thessaloniki-Thessali SA		13		52						
		13		**52**						
Entities controlled by the Government										
Enel Group		88			513					
Ferrovie dello Stato Group							2			
Italgas Group	1	177			710		3			
Poste Italiane Group	2	3			13		8	3		
Snam Group	2						7	10		
Terna Group	9	40		18	96	1	15	28		
GSE - Gestore Servizi Energetici	6	5		70	2		7		15	
	20	**313**		**88**	**1,334**	**1**	**42**	**41**	**15**	
Total	**351**	**953**		**1,906**	**1,768**	**3**	**76**	**55**	**15**	**63**

(*) Each individual amount included herein was lower than €1 million.

The most significant transactions with the parent company Eni S.p.A., other group companies and joint ventures concerned:

- contracts with Eni S.p.A. for the purchase of gas and power commodities, primary logistics, commodity derivatives, the provision of wide-ranging centralized services and lease of office buildings;
- contracts with Eni S.p.A. for the provision of specialist administrative services and with Eni fuel for operational services;
- contract with Eniservizi S.p.A. for the management of services relating to buildings and personnel;
- contracts with group companies for the supply of gas and power for offices (Eni Mediterranea Idrocarburi S.p.A., others);
- commodity derivatives with Eni Global Energy Markets S.p.A.;
- contracts with Eni Corporate University S.p.A. for staff training;
- the acquisition of transport and distribution services from the Gas Distribution Company of Thessaloniki-Thessaly SA;
- relationship with Serfactoring S.p.A. as regards payables to suppliers who have assigned their receivables with recourse and non-recourse clauses.

The most significant transactions with entities controlled by the Italian Government concerned:

- the acquisition of gas distribution services from the Italgas group on the basis of tariffs set by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA);

- the acquisition of power distribution services from the Enel group on the basis of tariffs established by ARERA;
- acquisition of domestic electricity transmission service and sale and purchase of electricity for granting the system balancing based on prices referred to the quotations of the main energy commodities with Terna group;
- the sale and purchase of electricity, gas and environmental certificates from GSE – Gestore Servizi Energetici;
- the purchase of mailing services and the sale of gas and power commodities to the Poste Italiane group.

Financing transactions and balances with related parties

2021

(€ million)

	31.12.2021			2021	
Name	Receivables	Payables	Guarantees	Finance expense	Derivatives
Parent company					
Eni SpA	2,293	629	1,331	10	(1)
	2,293	**629**	**1,331**	**10**	**(1)**
Joint ventures					
Novis Renewables LLC	11				
	11				
Eni Group companies					
Banque Eni SA	29			3	
Eni Finance International SA	30	940		1	
	59	**940**		**4**	
Total	**2,363**	**1,569**	**1,331**	**14**	**(1)**

2020

(€ million)

	31.12.2020			2020	
Name	Receivables	Payables	Guarantees	Finance expense	Derivatives
Parent company					
Eni SpA	97	5	704	7	
	97	**5**	**704**	**7**	
Eni Group companies					
Banque Eni SA	18			2	
Serfactoring SpA	1				
	19			**2**	
Entities controlled by the Government					
Sace Group				1	
				1	
Total	**116**	**5**	**704**	**10**	

The most significant transactions with the parent company, other Eni group companies and state-controlled companies concern:

- the guarantees issued on behalf of Eni gas e luce to cover any failure to perform or pay amounts due in relation to the distribution of natural gas and the unsecured guarantees issued to cover any failure to perform or pay amounts due in relation to the distribution of electricity as detailed in note 27 - Guarantees, commitments and risks;
- the revolving borrowing facilities granted by Eni S.p.A. at the time of the contribution of the 'Retail market gas & power' business;
- current account and financing relationships with Eni S.p.A., Banque Eni SA and Eni Finance SA as part of the centralized treasury processes;
- the financial receivable from Serfactoring S.p.A. relating to loans granted to employees;
- factoring operations with the Sace group.

Impact of transactions and positions with related parties on the balance sheet, profit and loss account and statement of cash flows

The impact of positions with related parties on the balance sheet accounts consisted of the following:

(€ million)	31.12.2021			31.12.2020		
	Total	Related parties	Impact %	Total	Related parties	Impact %
Cash and cash equivalents	2,542	2,352	93%	170	115	68%
Other current financial assets	12	11	92%	170	115	68%
Trade and other receivables	2,241	236	11%	1,549	41	3%
Other current assets	5,921	5,583	94%	344	255	74%
Other non-current financial assets	8			1	1	100%
Other non-current assets	1,132	801	71%	125	55	44%
Short-term debt	1,193	1,086	91%	32	2	6%
Current portion of long-term debt	59	3	5%	13	3	23%
Current portion of long-term lease liabilities	8			6		
Trade and other payables	2,531	882	35%	1,491	743	50%
Other current liabilities	3,944	3,488	88%	454	175	39%
Long-term debt	809	480	59%	62		
Long-term lease liabilities	114			37		
Other non-current liabilities	1,072	501	47%	342	35	10%

The impact of transactions with related parties on the profit and loss account consisted of the following:

(€ million)	2021			2020		
	Total	Related parties	Impact %	Total	Related parties	Impact %
Sales from operations	7,274	77	1%	6,000	131	2%
Other income and revenue	93	14	15%	74	15	20%
Purchases, services and other	(6,593)	(3,870)	59%	(5,268)	(3,677)	70%
Payroll and related costs	(142)			(155)		
Other operating income (expense)	83	81	98%	63	63	100%
Finance income	12			7		
Finance expense	(42)	(14)	33%	(49)	(10)	20%
Income (expense) from derivative financial instruments	1	1	100%			

Main cash flows with related parties are provided below:

(€ million)	2021	2020
Revenue and other income	91	146
Costs and other expenses	(3,870)	(3,677)
Other operating (expense) income	81	63
Net change in trade and other receivables and payables and other assets and liabilities	(29)	(55)
Net interests	(14)	(10)
Net cash provided by operating activities	**(3,741)**	**(3,533)**
Investments	(290)	(4)
Net change in payables and receivables in relation to investing activities	41	
Net cash used in investing activities	**(249)**	**(4)**
Change in financial liabilities	1,564	(160)
Capital contribution from the shareholder Eni	3,300	
Payment of dividends	(185)	(150)
Net cash used in financing activities	**4,679**	**(310)**
Total financial flows to related parties	**689**	**(3,847)**

The impact of cash flows with related parties is shown in the summary table below:

(€ million)	2021			2020		
	Total	Related parties	Impact %	Total	Related parties	Impact %
Net cash provided by operating activities	252	(3,741)	(1,485)%	392	(3,533)	(901)%
Net cash used in investing activities	(1,761)	(249)	14%	(276)	(4)	1%
Net cash used in financing activities	3,881	4,679	121%	(334)	(310)	93%

36 Other information on investments[1]

Information on Eni gas e luce's consolidated subsidiaries with significant non-controlling interest

Equity pertaining to minority interests as of December 31, 2021 amounted to €50 million (€38 million at December 31, 2020), of which €24 million related to Evolvere SpA Società Benefit, €22 million to Adriaplin d.o.o., €3 million to SEA SpA and €1 million to Eni Gas & Power France SA.

Changes in the ownership interest without loss of control

In 2021, Eni gas e luce did not report any changes in ownership interest without loss or acquisition of control.

[1] Investments in subsidiaries, joint arrangements and associates as of December 31, 2021 are presented in the annex 'List of companies owned by Eni gas e luce SpA Società Benefit as of December 31, 2021'. This annex includes also the changes in the scope of consolidation.

Principal joint arrangements and associates as of December 31, 2021

Company name	Registered office	Country of operation	Business segment	% ownership interest	% voting rights
Joint ventures					
Doggerbank Offshore Wind Farm Project 1 Holdco Ltd	Reading (United Kingdom)	United Kingdom	Renewables	20.00	20.00
Doggerbank Offshore Wind Farm Project 2 Holdco Ltd	Reading (United Kingdom)	United Kingdom	Renewables	20.00	20.00
GreenIT Spa	San Donato Milanese (MI)	Italy	Renewables	51.00	51.00
Novis Renewables LLC	Wilmington (United States of America)	United States of America	Renewables	50.00	50.00
VårGrønn AS	Stavager (Norway)	Norway	Renewables	69.60	69.60
Associates					
Bluebell Solar Class A Holdings II LLC	Wilmington (United States of America)	United States of America	Renewables	99.00	100.00
Novis Renewables Holdings LLC	Wilmington (United States of America)	United States of America	Renewables	49.00	49.00

Main line items of profit and loss account and balance sheet related to the material joint ventures, represented by the amounts included in the reports accounted under IFRS of each company, are provided in the table below:

(€ million)	2021				
	Doggerbank Offshore Wind Farm Project 1 Holdco Ltd	Doggerbank Offshore Wind Farm Project 2 Holdco Ltd	Novis Renewables LLC	GreenIT Spa	Vargronn AS
Current assets	22	12	21	9	6
- of which cash and cash equivalents	*20*	*9*	*17*	*8*	*5*
Non-current assets	2,851	2,323	6	12	
Total assets	**2,873**	**2,335**	**27**	**21**	**6**
Current liabilities	95	59	2	4	1
- current financial liabilities					
Non-current liabilities	1,548	1,085	3		
- non-current financial liabilities	*1,413*	*908*			
Total liabilities	**1,643**	**1,144**	**5**	**4**	**1**
Net equity	**1,230**	**1,191**	**22**	**17**	**5**
Group's % of the investment	20%	20%	50%	51%	69.60%
Book value of the investment	**246**	**238**	**11**	**9**	**3**
Revenue and other operating income					
Operating expense				(3)	(2)
Other operating income (expense)					
Depreciation, amortization and impairments					
Operating profit (loss)				**(3)**	**(2)**
Finance income (expense)	(1)	(1)			
Income (expense) from investments					
Profit (loss) before income taxes	**(1)**	**(1)**		**(3)**	**(2)**
Income taxes				1	
Net profit (loss)	**(1)**	**(1)**		**(2)**	**(2)**
Other comprehensive income					
Total comprehensive income	**(1)**	**(1)**		**(2)**	**(2)**
Net profit (loss) attributable to the Group				**(1)**	**(1)**
Dividends received from the joint venture					

(€ million)	2020
	Gas Distribution Company of Thessaloniki - Thessaly SA
Current assets	31
- of which cash and cash equivalent	*10*
Non-current assets	344
Total assets	**375**
Current liabilities	38
- current financial liabilities	*11*
Non-current liabilities	52
- non-current financial liabilities	*39*
Total liabilities	**90**
Net equity	**285**
Group's % of the investment	49%
Book value of the investment	**140**
Revenue and other operating income	62
Operating expense	(19)
Other operating income (expense)	
Depreciation, amortization and impairments	(15)
Operating profit (loss)	**28**
Finance income (expense)	(1)
Income (expense) from investments	
Profit (loss) before income taxes	**27**
Income taxes	(6)
Net profit (loss)	**21**
Other comprehensive income	
Total comprehensive income	**21**
Net profit attributable to the Group	**10**
Dividends received from the joint venture	**9**

Main line items of profit and loss account and balance sheet related to the material associates represented by the amounts included in the reports accounted under IFRS of each company are provided in the table below:

(€ million)	2021	
	Novis Renewables Holdings LLC	Bluebell Solar Class A Holdings II LLC
Current assets	32	3
- of which cash and cash equivalents	*10*	*1*
Non-current assets	332	131
Total assets	**364**	**134**
Current liabilities	40	1
- current financial liabilities	*30*	
Non-current liabilities	171	61
- non-current financial liabilities	*87*	
Total liabilities	**211**	**62**
Net equity	**153**	**72**
Group's % of the investment	49%	99%
Book value of the investment	**75**	**71**
Revenue and other operating income		
Operating expense		
Other operating income (expense)		
Depreciation, amortization and impairments		
Operating profit (loss)		
Finance income (expense)		
Income (expense) from investments		
Profit (loss) before income taxes		
Income taxes		
Net profit (loss)		
Other comprehensive income		
Total comprehensive income		
Net profit attributable to the Group		
Dividends received from the joint venture		

37 Significant non-recurring events and operations

With effect from 11:59 p.m. on June 30, 2021, Eni gas e luce received the Renewables business by contribution from Eni SpA. The transaction is part of Eni's strategy to integrate its retail activities with renewable energy production, maximizing value creation by expanding the services, infrastructure and green energy it offers its extensive retail clientele directly. The contribution concerned the Italian activities managed by Eni SpA, either directly or through its subsidiary Eni New Energy SpA.

As of June 30, 2021, Eni gas e luce has also updated its company By-Laws to Società Benefit, becoming the first major Italian company in the energy sector to do so.

On November 22, 2021, the Company acquired from Eni Petroleum Co. Inc. the entire share capital of Eni New Energy US Inc., the holding company for the US Renewable business. Finally, on December 7, 2021, the Company acquired from Eni International B.V. the entire share capital of Eni Energy Solutions B.V., a holding company that groups together the Renewable sector in Northern Europe and Kazakhstan.

To complete the integration of the foreign companies in the Renewables business into Eni gas e luce, on December 31, 2021 the Group (through 3 Australian subsidiaries) signed a contract for the acquisition of 3 solar farms from Eni Australia Ltd. The actual transfer of the assets is conditional on obtaining the consent of the competent authorities.

In April 2021, an agreement was finalized to acquire 100% of the company Aldro Energía, with a portfolio of around 250,000 customers in Spain and Portugal.

At the end of July 2021, the acquisition from Glennmont Partners and PGGM Infrastructure Fund of 100% of a portfolio of 13 onshore wind farms in operation, with a total capacity of 315 MW, was finalized through the subsidiary Eni New Energy SpA.

Also at the end of July, an agreement was signed with Azora Capital to acquire a portfolio of nine renewable energy projects in Spain. The transaction involves the acquisition of three operating wind farms and one wind farm under construction in the centre-north of the country, totalling 230 MW, and five large solar projects in an advanced state of development for about 1 GW. The purchase of the three operating plants was finalized at the end of October.

In October, the acquisition of the company Dhamma Energy Group (‘Dhamma’), owner of a platform for the development of solar plants in France and Spain, from its founding partners was finalized. Dhamma’s portfolio of plants includes a pipeline of projects at various stages of maturity amounting to almost 3 GW, spread across the two countries, as well as plants already in operation or at an advanced stage of construction in France for about 120 MW.

Finally, at the beginning of November, an agreement was finalized for the acquisition of 100% of Be Power SpA, which, through its subsidiary Be Charge, is the second largest Italian operator with over 5,000 electric vehicle charging points on public land.

In accordance with the reference accounting standards, the economic and financial results of the businesses acquired through the above transactions have been included in the consolidated financial statements starting from the date of acquisition. The consolidated economic and financial results are therefore not representative of a full year of management.

38 Positions or transactions deriving from atypical and/or unusual operations

In 2021, no transactions deriving from atypical and/or unusual operations were reported.

39 Assets held for sale

Assets held for sale of €135 million (there were no assets held for sale at December 31, 2020) refer to the investment in the joint venture Gas Distribution Company of Thessaloniki-Thessaly SA, reclassified as assets held for sale following the signing of a commitment to sell to the other shareholder as part of the privatization of the gas distribution networks in Greece.

40 Subsequent events

On November 1, 2021, the company, through Eni North Sea Wind Limited, signed an agreement with Equinor New Energy Limited and SSE Renewables Offshore Windfarms Holding Limited to acquire 200 shares, equal to 20% of the share capital of Doggerbank Offshore Wind Farm Project 3 HoldCo Limited. The transaction was completed on February 10, 2022. If certain additional conditions occur, by January 2023, the Company may be required to make a further payment. Dogger Bank C is the third phase of the world's largest offshore wind farm (3.6 GW) currently under construction.

On December 29, 2021, the Company signed a sale and purchase agreement with Solar Konzept International for the acquisition of the entire share capital of SKGR Energy SA (SKGR). At the date of acquisition, Solar Konzept Greece owns a platform for the development of photovoltaic plants in Greece and its plant portfolio includes a pipeline of projects of around 800 MW, which will allow further development of the renewables portfolio in the country. The sale was completed on January 13, 2022. The transaction marks the Company's entry into the Greek renewable energy market and is part of its growth plan and related integration with the retail business.

In January 2022, the debt recorded under other liabilities at December 31, 2021, amounting to approximately €370 million, referring to the deferred consideration for the acquisition of Be Power, was settled.

On February 18, 2022, the subsidiary Eni New Energy US Inc. signed a sale and purchase agreement with BayWa r.e. Solar Asset Holdings LLC for the acquisition of the entire share capital of Corazon Energy Class B LLC. The latter owns a photovoltaic plant in Texas with a total capacity of 266 MW.

In January 2022, a number of subsequent cascading capital increases were carried out in favour of the subsidiaries, in order to allow them to zero their financial debt towards the Eni Group, as envisaged for capital increases.

41 Public assistance - Italian law no. 124/2017 and subsequent modifications

Under art. 1, paragraphs 125 and 126, of the Italian Law No. 124/2017 and subsequent modifications, the disclosures about (i) assistances received by Eni gas e luce SpA Società Benefit and its consolidated subsidiaries from Italian public authorities and entities with the exclusion of listed public controlled companies and their subsidiaries; (ii) assistances granted by Eni gas e luce SpA Società Benefit and by its fully consolidated subsidiaries to companies, persons and public and private entities, are provided below.

The consolidated disclosure takes into account: (i) grants received from Italian public entities/state bodies; and (ii) grants made by Eni gas e luce SpA Società Benefit and Group subsidiaries[2].

The following disclosure requirements do not apply to: (i) incentives/subventions granted to all those entitled in accordance with a general assistance aid scheme; (ii) consideration in exchange for supplied goods/services, including sponsorships; (iii) reimbursements and indemnities paid to persons engaged in professional and orientation trainings; (iv) continuous training contributions to companies granted by inter-professional funds established in the legal form of association; (v) membership fees for the participation to industry trade and territorial associations, as well as to foundations or similar organizations, which perform activities linked with the Company's business; (vi) costs incurred with reference to social projects linked to the investing activities of the Company.

Assistances are identified on a cash basis[3].

During the 2021, Eni gas e luce Group did not receive/grant any public assistances, falling within the scope of application of Law no. 124/2017 (Article 1, paragraphs 125-129) and subsequent amendments.

[2] The following disclosures do not include assistance granted by foreign subsidiaries to foreign beneficiaries.
[3] In case of non-monetary economic benefits, the cash basis must be assumed substantially referring to the year in which the benefit was enjoyed.

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Sole Shareholders of Eni gas e luce SpA Società Benefit

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eni gas e luce Group (the Group), which comprise the consolidated balance sheet as of 31 December 2021, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).
Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Eni gas e luce SpA Società Benefit (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the

European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Eni gas e luce SpA Società Benefit or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

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conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Eni gas e luce SpA Società Benefit are responsible for preparing a report on operations of the Eni gas e luce Group as of 31 December 2021, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Eni gas e luce Group as of 31 December 2021 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Eni gas e luce Group as of 31 December 2021 and is prepared in compliance with the law.

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With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 1 March 2022

PricewaterhouseCoopers SpA

Signed by

Marco Guaita
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Annex

Eni Plenitude SpA Società Benefit

List of companies owned by Eni gas e luce SpA Società Benefit as of December 31, 2021

INVESTMENTS OWNED BY ENI GAS E LUCE SPA SOCIETÀ BENEFIT AS OF DECEMBER 31, 2021

In accordance with the provisions of Articles 38 and 39 of the Legislative Decree No. 127/1991 and Consob communication No. DEM/6064293 of July 28, 2006, the list of subsidiaries, associates and joint ventures owned by Eni gas e luce SpA Società Benefit as of December 31, 2021, is presented below.

For each company are indicated: company name, registered office, country of operation, share capital, shareholders and percentage of ownership; for consolidated subsidiaries is indicated the equity ratio attributable to Eni gas e luce; for unconsolidated investments owned by consolidated companies is indicated the valuation method.

In the footnotes are indicated which investments are quoted in the Italian regulated markets or in other regulated markets of the European Union and the percentage of the ordinary voting rights entitled to shareholders if different from the percentage of ownership. The currency codes indicated are reported in accordance with the International Standard ISO 4217.

PARENT COMPANY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership
Eni gas e luce SpA Società Benefit	San Donato Milanese (MI)	Italy	EUR	770,000,000	Eni SpA	100

As of December 31, 2021, the breakdown of the companies owned by Eni gas e luce SpA Società Benefit is provided in the table below:

SUBSIDIARIES

RETAIL

ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
Evolvere SpA Società Benefit	Milan	Italy	EUR	1,130,000	Eni gas e luce SpA SB Third parties	70.52 29.48	70.52	F.C.
Evolvere Venture SpA	Milan	Italy	EUR	50,000	Evolvere SpA Società Benefit	100	70.52	F.C.
SEA SpA	L'Aquila	Italy	EUR	100,000	Eni gas e luce SpA SB Third parties	60 40	60	F.C.

(*) F.C. = full consolidation, Eq. = equity-accounted
(†) = joint ventures

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
Adriaplin Podjetje za distribucijo zemeljskega plina doo Ljubljana	Ljubljana (Slovenia)	Slovenia	EUR	12,956,935	Eni gas e luce SpA SB Third parties	51 49	51	F.C.
Aldro Energía y Soluciones SLU	Torrelavega (Spain)	Spain	EUR	3,192,000	Eni gas e luce SpA SB	100	100	F.C.
Eni Gas & Power France SA	Levallois Perret (France)	France	EUR	29,937,600	Eni gas e luce SpA SB Third parties	99.87 0.13	99.87	F.C.
Gas Supply Company of Thessaloniki - Thessalia SA	Thessaloniki (Greece)	Greece	EUR	13,761,788	Eni gas e luce SpA SB	100	100	F.C.
Instalaciones Martínez Díez SLU	Torrelavega (Spain)	Spain	EUR	18,030	Eni gas e luce SpA SB	100	100	F.C.

RENEWABLES

ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
CEF3 Wind Energy Spa	Milan	Italy	EUR	101,000	Eni New Energy SpA	100	100	F.C.
CGDB Enrico Srl	San Donato Milanese (MI)	Italy	EUR	10,000	Eni New Energy SpA	100	100	F.C.
CGDB Laerte Srl	San Donato Milanese (MI)	Italy	EUR	10,000	Eni New Energy SpA	100	100	F.C.
Eni New Energy SpA	San Donato Milanese (MI)	Italy	EUR	9,296,000	Eni gas e luce SpA SB	100	100	F.C.
Eolica Lucana Spa	Milan	Italy	EUR	100,000	Eni New Energy SpA	100	100	F.C.
Finpower Wind Srl	Milan	Italy	EUR	10,000	Eni New Energy SpA	100	100	F.C.
Green Energy Management Services Srl	Rome	Italy	EUR	10,000	Eni New Energy SpA	100	100	F.C.
Società Energie Rinnovabili SpA	Palermo	Italy	EUR	121,636	CEF3 Wind Energy Spa	100	100	F.C.
Società Energie Rinnovabili 1 SpA	Rome	Italy	EUR	120,000	CEF3 Wind Energy Spa SER SpA	4 96	100	F.C.
Wind Park Laterza Srl	San Donato Milanese (MI)	Italy	EUR	10,000	Eni New Energy SpA	100	100	F.C.

(*) F.C. = full consolidation, Eq. = equity-accounted
(†) = joint ventures

RENEWABLES

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
Aleria Solar SAS	Bastia (France)	France	EUR	100	Dhamma Energy SAS	100	100	F.C.
Alpina Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Argon SAS	Argenteuil (France)	France	EUR	180,000	Dhamma Energy SAS	100	100	F.C.
Arm Wind Llp	Nur-Sultan (Kazakhstan)	Kazakhstan	KZT	19,069,100,000	Eni Energy Solutions BV	100	100	F.C.
Athies Samoussy Solar PV1 SAS	Argenteuil (France)	France	EUR	68,000	Krypton SAS	100	100	F.C.
Athies Samoussy Solar PV2 SAS	Argenteuil (France)	France	EUR	40,000	Krypton SAS	100	100	F.C.
Athies Samoussy Solar PV3 SAS	Argenteuil (France)	France	EUR	36,000	Krypton SAS	100	100	F.C.
Athies Samoussy Solar PV4 SAS	Argenteuil (France)	France	EUR	14,000	Xenon Sas	100	100	F.C.
Athies Samoussy Solar PV5 SAS	Argenteuil (France)	France	EUR	14,000	Xenon Sas	100	100	F.C.
Belle Magiocche Solaire SAS	Bastia (France)	France	EUR	10,000	Dhamma Energy SAS	100	100	F.C.
Bonete Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Brazoria Class B Member LLC	Dover (United States of America)	United States of America	USD	1,000	Eni New Energy US Inc	100		Eq.
Brazoria County Solar Project LLC	Dover (United States of America)	United States of America	USD	1,000	Eni New Energy US Inc Holding LLC	100	100	F.C.
Brazoria HoldCo LLC	Dover (United States of America)	United States of America	USD	1,000	Brazoria Class B Member LLC	100		
Camelia Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Celtis Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Desarrollos Empresariales Illas SL	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl Third parties	55 45	55	F.C.
Desarrollos Energeticos Riojanos SL	Villarcayo de Merindad de Castilla la Vieja Burgos (Spain)	Spain	EUR	876,042	Energias Ambientales de Outes SL Eni gas e luce SpA SB	40 60	100	F.C.
Dhamma Energy Development SAS	Argenteuil (France)	France	EUR	51,000	Dhamma Energy Group Sarl	100	100	F.C.
Dhamma Energy Group Sarl	Dudelange (Luxembourg)	Luxembourg	EUR	10,253,560	Eni gas e luce SpA SB	100	100	F.C.
Dhamma Energy Management SLU	Madrid (Spain)	Spain	EUR	6,680	Dhamma Energy Group Sarl	100	100	F.C.
Dhamma Energy SAS	Argenteuil (France)	France	EUR	1,116,490	Dhamma Energy Group Sarl	100	100	F.C.
Dhamma Energy Rooftop SAS	Argenteuil (France)	France	EUR	40,000	Dhamma Energy Group Sarl	100	100	F.C.
Ecovent Parc Eolic SAU	Madrid (Spain)	Spain	EUR	1,037,350	Eni gas e luce SpA SB	100	100	F.C.
Energias Ambientales de Outes SL	Madrid (Spain)	Spain	EUR	643,451	Eni gas e luce SpA SB	100	100	F.C.
Energias Alternativas Eolicas Riojanas SL	Logroño (Spain)	Spain	EUR	2,008,902	Desarrollos Energeticos Riojanos SL Eni gas e luce SpA SB	42.5 57.5	100	F.C.
Eni Energy Solutions BV	Amsterdam (Netherlands)	Netherlands	EUR	20,000	Eni gas e luce SpA SB	100	100	F.C.
Eni New Energy Australia Pty Ltd	Perth (Australia)	Australia	AUD	4	Eni gas e luce SpA SB	100		Eq.
Eni New Energy Batchelor Pty Ltd	Perth (Australia)	Australia	AUD	1	Eni New Energy Australia Pty Ltd	100		Eq.
Eni New Energy Katherine Pty Ltd	Perth (Australia)	Australia	AUD	1	Eni New Energy Australia Pty Ltd	100		Eq.
Eni New Energy Manton Dam Pty Ltd	Perth (Australia)	Australia	AUD	1	Eni New Energy Australia Pty Ltd	100		Eq.
Eni New Energy Pakistan (Private) Ltd	Saddar Town-Karachi (Pakistan)	Pakistan	PKR	1,252,000,000	Eni International BV Eni Oil Holdings BV Eni Pakistan Ltd (M)	99.98 0.01 0.01	100	F.C.
Eni New Energy US Inc	Dover (United States of America)	United States of America	USD	100	Eni gas e luce SpA SB	100	100	F.C.

(*) F.C. = full consolidation, Eq. = equity-accounted
(†) = joint ventures

Eni New Energy US Holding LLC	Dover (United States of America)	United States of America	USD	100	Eni New Energy US Inc Eni New Energy US Investing Inc	99 1	100	F.C.
Eni New Energy US Investing Inc	Dover (United States of America)	United States of America	USD	1,000	Eni New Energy US Inc	100	100	F.C.
Eni North Sea Wind Ltd	London (United Kingdom)	United Kingdom	GBP	10,000	Eni Energy Solutions BV	100	100	F.C.
Estanque Redondo Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Holding Lanas Solar SARL	Argenteuil (France)	France	EUR	100	Dhamma Energy SAS	100	100	F.C.
Ixia Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Krypton SAS	Argenteuil (France)	France	EUR	180,000	Dhamma Energy SAS	100	100	F.C.
Lanas Solar SAS	Argenteuil (France)	France	EUR	100	Holding Lanas Solar SARL	100	100	F.C.
Membrio Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Olea Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Opalo Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Pistacia Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
POP Solar SAS	Argenteuil (France)	France	EUR	1,000	Dhamma Energy Group Sarl	100	100	F.C.
Tebar Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Zinnia Solar SLU	Madrid (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl	100	100	F.C.
Xenon SAS	Argenteuil (France)	France	EUR	1,500,100	Dhamma Energy SAS Third parties	0.01 99.99	100	F.C.

E-MOBILITY

ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
E-Prosume Srl (†)	Milan	Italy	EUR	100,000	Evolvere Venture SpA Third parties	50 50		Eq.
Evogy Srl Societa Benefit	Seriate	Italy	EUR	11,786	Evolvere Venture SpA Third Parties	45.45 54.55		Eq.
Renewable Dispatching Srl	Milan	Italy	EUR	200,000	Evolvere Venture SpA Third parties	40 60		Eq.
Tate Srl	Bologna	Italy	EUR	408,509	Evolvere Venture SpA Third parties	36 64		Eq.

(*) F.C. = full consolidation, Eq. = equity-accounted
(†) = joint ventures

ASSOCIATES AND JOINT VENTURES

RETAIL

ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
E-Prosume Srl (†)	Milan	Italy	EUR	100,000	Evolvere Venture SpA Third parties	50 50		Eq.
Evogy Srl Societa Benefit	Seriate	Italy	EUR	11,786	Evolvere Venture SpA Third Parties	45.45 54.55		Eq.
Renewable Dispatching Srl	Milan	Italy	EUR	200,000	Evolvere Venture SpA Third parties	40 60		Eq.
Tate Srl	Bologna	Italy	EUR	408,509	Evolvere Venture SpA Third parties	36 64		Eq.

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
Enera Conseil Sas(†)	Clichy (France)	France	EUR	9,690	Eni Gas & Pow er France SA Third parties	51 49		Eq.
Gas Distribution Company of Thessaloniki - Thessaly SA(†)	Ampelokipi Menemi (Greece)	Greece	EUR	247,127,605	Eni gas e luce SpA SB Third parties	49 51		IFRS 5
Librafluides Concept Sarl	Clichy (France)	France	EUR	219,000	Enera Conseil Sas	100		
OVO Energy France SA	Paris (France)	France	EUR	66,667	Eni gas e luce SpA SB Third parties	25 75		Eq.

RENEWABLES

ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
GreenIT SpA(†)	San Donato Milanese (MI)	Milan	EUR	50,000	Eni gas e luce SpA SB Third parties	51 49		Eq.

(*) F.C. = full consolidation, Eq. = equity-accounted
(†) = joint ventures

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
Bluebell Solar Class A Holdings II LLC	Wilmington (United States of America)	United States of America	USD	82,351,634	Eni New Energy US Inc Third parties	99 1		Eq.
Clarensac Solar SAS	Meyreuil (France)	France	EUR	25,000	Dhamma Energy SAS Third parties	40 60		Eq.
Dogger Bank Offshore Wind Farm Project 1 HoldCo Ltd(†)	Reading (United Kingdom)	United Kingdom	GBP	1,000	Eni North Sea Wind Ltd Third parties	20 80		Eq.
DOGGERBANK OFFSHORE WIND FARM PROJECT 1 PROJCO LIMITED	Reading (United Kingdom)	United Kingdom	GBP	8	DBA	100.00		
Dogger Bank Offshore Wind Farm Project 2 HoldCo Ltd(†)	Reading (United Kingdom)	United Kingdom	GBP	1,000	Eni North Sea Wind Ltd Third parties	20 80		Eq.
DOGGERBANK OFFSHORE WIND FARM PROJECT 2 PROJCO LIMITED	Reading (United Kingdom)	United Kingdom	GBP	8	DBB	100.00		
Photovoltaic Escuderos SL	Valencia (Spain)	Spain	EUR	3,000	Dhamma Energy Group Sarl Third Parties	45 55		Eq.
Novis Renewables Holdings Llc	Wilmington (United States of America)	United States of America	USD	100	Eni New Energy Inc Third parties	49 51		Eq.
Novis Renewables LLC(†)	Wilmington (United States of America)	United States of America	USD	100	Eni New Energy US Inc Third parties	50 50		Eq.
VårGrønn AS(†)	Stavager (Norway)	Norway	NOK	100,000	Eni Energy Solutions BV Third parties	69.6 30.4		Eq.

OTHER SIGNIFICANT INVESTMENTS

RENEWABLES

OUTSIDE ITALY

Company name	Registered office	Country of operation	Currency	Share Capital	Shareholders	% Ownership	% Equity ratio	Consolidation or valuation method (*)
DB OPERATIONAL BASE LIMITED	London (United Kingdom)	United Kingdom	GBP	2	DBA2 DBB2	50 50		Eq.

(*) F.C. = full consolidation, Eq. = equity-accounted
(†) = joint ventures

CHANGES IN THE SCOPE OF CONSOLIDATION FOR 2021

COMPANIES INCLUDED

4Energia Srl	Milan	E-mobility	Acquisition
Aldro Energía y Soluciones SLU	Torrelavega	Retail	Acquisition
Aléria Solar SAS	Bastia	Renew ables	Acquisition
Alpina Solar SLU	Madrid	Renew ables	Acquisition
Argon Solar, SAS	Argenteuil	Renew ables	Acquisition
Arm Wind Llp	Nur-Sultan	Renew ables	Acquisition
Athies Samoussy Solar PV1 SAS	Argenteuil	Renew ables	Acquisition
Athies Samoussy Solar PV2 SAS	Argenteuil	Renew ables	Acquisition
Athies Samoussy Solar PV3 SAS	Argenteuil	Renew ables	Acquisition
Athies Samoussy Solar PV4 SAS	Argenteuil	Renew ables	Acquisition
Athies Samoussy Solar PV5 SAS	Argenteuil	Renew ables	Acquisition
Be Charge Srl	Milan	E-mobility	Acquisition
Be Charge Valle d'aosta Srl	Milan	E-mobility	Acquisition
Be Power Spa	Milan	E-mobility	Acquisition
Belle Magiaocche Solaire, SAS	Bastia	Renew ables	Acquisition
Bonete Solar SLU	Madrid	Renew ables	Acquisition
Brazoria County Solar Project, LLC	Dover	Renew ables	Acquisition
Camelia Solar SLU	Madrid	Renew ables	Acquisition
Celtis Solar SLU	Madrid	Renew ables	Acquisition
CEF 3 Wind Energy SpA	Milan	Renew ables	Acquisition
CGDB Enrico Srl	San Donato Milanese (MI)	Renew ables	Business transfer
CGDB Laerte Srl	San Donato Milanese (MI)	Renew ables	Business transfer
Desarrollos Empresariales Illas, S.L.	Madrid	Renew ables	Acquisition
Desarrollos Energeticos Riojanos SL	Villarcayo de Merindad de Castilla la Vieja Burgos	Renew ables	Acquisition
Dhamma Energy Development, SAS	Argenteuil	Renew ables	Acquisition
Dhamma Energy Group SARL	Dudelange	Renew ables	Acquisition
Dhamma Energy Management, S.L.	Madrid	Renew ables	Acquisition
Dhamma Energy Rooftop, SAS	Argenteuil	Renew ables	Acquisition
Dhamma Energy SAS	Argenteuil	Renew ables	Acquisition
Ecovent Parc Eolic SAU	Madrid	Renew ables	Acquisition
Energias Alternativas Eolicas Riojanas, S.L.	Logroño	Renew ables	Acquisition
Energias Ambientales de Outes SLU	Madrid	Renew ables	Acquisition
Eni Energy Solutions BV	Amsterdam	Renew ables	Acquisition
Eni New Energy SpA	San Donato Milanese (MI)	Renew ables	Business transfer
Eni New Energy US Holding, LLC	Dover	Renew ables	Acquisition
Eni New Energy US Inc	Dover	Renew ables	Acquisition
Eni New Energy US Investing, Inc.	Dover	Renew ables	Acquisition
Eni North Sea Wind Ltd	London	Renew ables	Acquisition
Estanque Redondo Solar SLU	Madrid	Renew ables	Acquisition
Eolica Lucana Srl	Milan	Renew ables	Acquisition
Finpower Wind Srl	Milan	Renew ables	Acquisition
Green Energy Management Services Srl	Rome	Renew ables	Acquisition
HOLDING LANAS SOLAR SAS	Argenteuil	Renew ables	Acquisition
Instalaciones Martínez Díez SLU	Torrelavega	Retail	Acquisition
Ixia Solar SLU	Madrid	Renew ables	Acquisition
Krypton SAS	Argenteuil	Renew ables	Acquisition

Lanas Solar, SAS	Argenteuil	Renewables	Acquisition
Membrio Solar SLU	Madrid	Renewables	Acquisition
Olea Solar SLU	Madrid	Renewables	Acquisition
Opalo Solar SLU	Madrid	Renewables	Acquisition
Pistacia Solar, S.L.	Madrid	Renewables	Acquisition
POP Solar SAS	Argenteuil	Renewables	Acquisition
Tebar Solar SLU	Madrid	Renewables	Acquisition
Zinnia Solar SLU	Madrid	Renewables	Acquisition
Societa' Energie Rinnovabili 1 SpA	Rome	Renewables	Acquisition
Societa' Energie Rinnovabili SpA	Palermo	Renewables	Acquisition
Wind Park Laterza Srl	San Donato Milanese (MI)	Renewables	Business transfer
Xenon SAS	Argenteuil	Renewables	Acquisition

COMPANIES EXCLUDED

Evolvere Smart Srl	Milan	Retail	Cancellation