Risk factors and uncertainties

ENI IS EXPOSED TO THE EFFECTS OF CHANGING COMMODITY PRICES AND MARGINS

Eni is primarily in a commodities business that by nature is exposed to the price volatility of the relevant commodities. The most significant factor that affects the Company's results of operations is the price of crude oil, which can be influenced by general economic conditions and level of economic growth, including low or negative growth; industry production and inventory levels; technology advancements, including those in pursuit of a lower carbon economy; greenhouse gas emissions and climate change; production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries ("OPEC") or other producers; weather-related damage and disruptions due to other natural or human causes beyond Eni's control; competing fuel prices; geopolitical risks; the pace of energy transition; customer and consumer preferences and the use of substitutes; and governmental regulations, policies and other actions regarding the development of oil and gas reserves. Eni evaluates the risk of changing commodity prices as a core part of its business planning process and resource allocation. An investment in the Company carries significant exposure to fluctuations in global crude oil prices. In the short term, crude oil prices are mainly determined by the balance between global oil supply and demand, the global levels of commercial inventories and producing countries' spare capacity, as well as by expectations of financial operators who trade crude oil derivatives contracts (futures and options) influencing short-term price movements via their positioning. A downturn in economic activity normally triggers lower global demand for crude oil and possibly oversupplies and inventories build-up, because in the short-term producers are unable to quickly adapt to swings in demand. Whenever global supplies of crude oil exceeds demand, crude oil prices decrease. In the short-term, global demand for crude oil is influenced by macroeconomic trends in large consuming countries (such as China, India and the United States) as well as any financial crisis, inflation and interest rates, geo-political crisis, local conflicts, wars, strikes, attacks, sabotages (particularly in the crude oil-rich area of Middle East), social and political instability, pandemic diseases, the flows of international commerce, trade disputes and governments' fiscal policies, extreme weather events and natural disruptions, among others. In the long-term, demand for crude oil may be negatively affected by development of alternative energy sources (e.g., nuclear and renewables), technological breakthroughs, shifts in consumer preferences, and measures and other initiatives adopted by governments to tackle climate change and to curb carbon-dioxide emissions (CO_2 emissions), including stricter regulations and control on production and consumption of crude oil. Eni's management believes the push to reduce worldwide greenhouse gas emissions and the ongoing energy transition towards a low carbon economy could materially affect the worldwide energy mix and may lead to structural lower crude oil demands and prices. See the risk factor titled "Rising concerns about climate change and the effects of the energy transition could lead to a decline in demand for hydrocarbons and potentially lower prices. Climate change could also have a physical impact on our assets and supply chains. This risk may also lead to additional legal and/or regulatory measures, resulting in project delays or cancellations, potential additional litigation, operational restrictions, and additional compliance obligations and expenses" below. Notwithstanding the United States is the first oil producer in the world since the shale oil revolution of 2011, in the short-term the global balance between oil supply and demand is controlled to a large degree by the OPEC and its allied countries, among them Russia and Kazakhstan, known as the OPEC+ alliance, which have signed a declaration of cooperation ("DoC") few years ago, designed to manage production through quotas and voluntary production cuts to help stabilize crude oil prices. Countries adhering to the DoC are currently estimated to hold a spare capacity of 5-6 million bbl/day, as per market sources, representing about 5-6% of the world crude oil and natural gas liquids supply. This poses a material risk to the outlook of crude oil prices because there is no guarantee that the cooperation among OPEC+ producers will continue in the future. In case the DoC countries decide to end the agreement in place and to produce based on each respective available capacity, given the demand outlook, crude oil prices are likely to weaken materially.

The drivers of prices and demand for natural gas are similar to those of crude oil. The development of massive liquefaction capacity that has occurred in recent years in countries like the United States, Qatar and Australia has helped to develop a global liquid market of natural gas, with traders being able to redirect LNG volumes from one geography to another based on price arbitrages. Differently from crude oil, the absolute levels of natural gas prices change from region to region due to specific supply dynamics (e.g. in 2024 the price of natural gas in the United States was one fifth that of Europe, because Europe is a net importer, whilst the United States is currently an oversupplied market due to growing domestic production), while consumption of natural gas is significantly exposed to seasonal patterns and competition from renewables. All those trends may result in a higher degree of volatility in natural gas prices compared to crude oil. In 2024, natural gas prices in Europe fell by a significant amount due to continuing production growth in the United States, weak industrial demand in Europe and China and high levels on inventories to meet the expected seasonal winter demand peak in the Northern hemisphere. The outlook for natural gas prices in the short to medium term is compounded by expectations of material additions of LNG production capacity in the United States and Qatar and rising competition from renewables. In the long-term, demand for natural gas is exposed to the risks of the transition to a low-carbon economy.

The volatility of hydrocarbon prices significantly affects the Group's financial performance. Lower hydrocarbon prices negatively affect the Group's consolidated results of operations and cash flow; while the opposite effect is caused by a rise in prices. This is because lower prices translate into lower revenues recognized in the Company's Exploration & Production segment at the time of the price change, whereas expenses in this segment are either fixed or less sensitive to changes in crude oil prices than revenues. However, the same relative change in the crude oil price yields a considerably larger impact at the Group's results of operations and cash flow than the natural gas price. This is because a significant portion of natural gas production volumes are marketed at fixed prices or are indexed to the price of crude oil.

In 2024, hydrocarbons prices declined by 2.2 % and 14% respectively for the Brent crude oil and the European spot price of natural gas, reduced Exploration & Production operating profit by an estimated amount of €0.7 billion.

Finally, movements in hydrocarbon prices significantly affect the reportable amount of production and proved reserves under our production sharing agreements ("PSAs"), which represented 57% of our proved reserves as of end of 2024. The entitlement mechanism of PSAs foresees the Company is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The higher the reference prices for Brent crude oil used to estimate Eni's proved reserves, the lower the number of barrels necessary to recover the same amount of expenditure, and vice versa. In 2024 our reported production and reserves were increased by an estimated amount of respectively 2 kboe/d and by 30 mmboe due to a decreased Brent reference price. Considering the current portfolio of oil&gas assets, the Company estimates its production to vary by up to 1 kboe/d for each one-dollar change in the price of the Brent crude oil.

Eni's Refining and Chemical businesses are in cyclical economic sectors. Their results are impacted by trends in the supply and demand of oil products and commodity plastics, which are influenced by macro-economic variables and by competitive dynamics which ultimately determine the level of products prices. Margins for refined and chemical products depend upon the speed at which products' prices adjust to reflect movements in oil prices. All these risks may adversely and materially impact the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholders returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's share.

There are growing systemic risks to the macroeconomic outlook in connection with the persistence of Russia's military invasion of Ukraine, peril of escalation in the tense situation in the Middle East and the deteriorating commercial relationships between the United States and China. Those risks could derail the macroeconomic recovery, and this could negatively affect demand for hydrocarbon

The conflict between Russia and Ukraine has been ongoing since February 2022, when Russian military forces invaded Ukraine. This conflict has negatively impacted the global economy and triggered an energy crisis in Europe as well as a downturn in industrial activity, given the disruption in the political relationships between Western Countries and Russia, in the supply chains as well as an increase in cybersecurity threats. In response to Russia's aggression, the EU nations, the UK, and the United States have adopted severe economic and financial sanctions to curb Russia's ability to fund the war, which are negatively affecting the overall economic activity. The conflict in the Gaza strip and in Lebanon involving the Israelis forces and Iran-backed Hamas and Hezbollah armed militias is often on the verge of a possible escalation and further enlargement of the conflict. This situation in the Middle East is a further negative factor on the macroeconomic scenario. A prolonged armed conflict in those two areas, a possible escalation of the military action, and deterioration of US-China commercial relationships pose risks to the macroeconomic recovery because they can eventually undermine consumers' confidence and deter investment decisions, thus increasing the risks of a worldwide slowdown or, under a worst-case scenario, a global recession. Such developments could negatively and significantly affect hydrocarbons demands, leading to lower commodity prices and adversely impacting our results of operations and cash flow, as well as business prospects, with a possible lower remuneration of our shareholders.

Risks in connection with our presence in Russia and our commercial relationships with Russia's State-owned companies

The most important exposure of Eni to Russia is relating to the purchase of natural gas from Russian state-owned company Gazprom and its affiliates, based on long-term supply contracts with take-or-pay clauses. In the past, the volumes supplied from Russia have represented a material amount of our global portfolio of natural gas supplies. In 2024, natural gas supplies from Russia were marginal, representing 12% of our total purchases of natural gas (same as in 2023) as we made no liftings at our contracts with Gazprom to serve our customers in European markets or our trading activities at European hubs. This situation was due to the unilateral decision from our Russian supplier to suspend deliveries to Eni in 2023, against the backdrop of a commercial dispute between the two parties. We intend to continue replacing Russian-origin natural gas in our portfolio with gas volumes coming from other suppliers and geographies, aiming at terminating the current supply contracts with our Russian counterparties in the shortest possible timeframe. The Group's business plans have accounted for the assumption of zeroing the supplies from Russia, and sales plans have been adapted accordingly by limiting sales commitments. To cope with the expected reduced availability of Russian natural gas, the Group has increased purchases from other geographies through various commercial initiatives, such as using contractual flexibilities to increase withdrawals from existing long-term contracts or by developing integrated upstream-midstream projects leveraging equity natural gas reserves and new liquefactions capacity. The process of replacing Russian-origin natural gas, including terminating existing contracts, may entail operational and financial risks which may be significant. Other Eni's assets in Russia are immaterial to the Group results of operations.

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

The current competitive environment in which Eni operates is characterized by volatile prices and margins of energy commodities, limited product differentiation and complex relationships with state-owned companies and national agencies of the countries where hydrocarbons reserves are located to obtain mineral rights. On the other hand, the Company's downstream businesses (particularly the refining of crude oil to produce fuels and the production of petrochemicals) is characterized by lack of technological entry barriers, global overcapacity and competition from larger players, who can leverage economies of scale due to plants optimal size, access to cheap raw materials and lower energy and logistic expenses. Furthermore, competition within commodity industries is considerably influenced by the economic cycle. Normally an economic downturn negatively affects demands for commodities leading to a more intense price competition. As commodity prices are not within the Eni's control, Eni's ability to remain competitive and profitable in this environment requires continuous focus on technological innovation, efficiencies in operating costs, effective management of capital resources and the supply of valuable services to energy buyers. It also depends on Eni's ability to gain access to new investment opportunities. Competitive trends represent a risk to the profitability of all Eni's business segment:

- E&P may be negatively affected by its relatively smaller scale compared to other players in the industry;
- The business of marketing natural gas in the European wholesale market managed by the GGP segment is exposed to pricing competition and competition from renewables considering anticipated weak demand trends in Europe;
- The businesses of oil refining and production of basic chemical products located mainly in Europe are exposed to ongoing weak demand trends, overcapacity, competition from players with wider scale and cost advantages which are operating in geographies characterized by lower energy expenses and environmental liabilities compared to Europe, and finally growing market penetration by more sustainable products. In 2024, Eni's refining business incurred a loss of €674 million driven by reduced crack spreads of refined products due to an oversupplied market, a subdued US driving season and weak manufacturing, construction, and trucking activity, as well as the penetration of LNG-fueled trucks negatively affected demands for gasoil and fuel oil, particularly in China. Eni's Chemical business incurred an operating loss for the third consecutive year (€1,007 million in 2024) due to the above-mentioned weak business's fundamentals which have been exacerbated by the comparatively higher energy inputs of manufacturing activities in Europe with respect to other geographies following the European energy crisis of 2022, which has further reduced the competitiveness of the Eni's chemicals activity against the backdrop of macroeconomic headwinds;
- The business of marketing natural gas and electricity to the retail market managed by our subsidiary Plenitude, is exposed to the competitive trends of the retail market, which is characterized by an almost complete deregulation, a high number of suppliers, low entry barriers, and customers' ability to switch readily from one supplier to another. The same applies to retail marketing of fuels which is managed by our subsidiary Enilive, operating in a market characterized by intense price competition and low brand loyalty. Enilive also engages in the manufacturing of biofuels and returns of this activity are exposed to the competition risks in connection with oversupplies and dumping by unregulated operators and an uncertain regulatory framework. In 2024, the

margins on the sale of biofuels were negatively and significantly affected by those trends.

Rising concerns about climate change and the effects of the energy transition could lead to a decline in demand for hydrocarbons and potentially lower prices. Climate change could also have a physical impact on our assets and supply chains. This risk may also lead to additional legal and/or regulatory measures, resulting in project delays or cancellations, potential additional litigation, operational restrictions, and additional compliance obligations and expenses

Societal demand for urgent action on climate change has increased, especially since the Intergovernmental Panel on Climate Change (IPCC) Special Report of 2018 on 1.5°C effectively made the more ambitious goal of the Paris Agreement to limit the rise in global average temperature this century to 1.5 degrees Celsius the default target. This increasing focus on climate change and drive for an energy transition have created a risk environment that is changing rapidly, resulting in a wide range of governmental actions at global, local and company levels, increasing pressure from civil society and the investing and lending community to speed up our decarbonization plans.

The energy transition, as well as increasingly stricter regulations in the field of CO_2 emission, could entail risks to the Group's financial performance and business prospects, because the Company still relies substantially on the legacy business of Exploration & Production.

Firstly, international initiatives and national, regional, and state legislation and regulations targeting GHG emissions are in various stages of design, adoption, and implementation. These policies and initiatives - some of which support the global net zero emissions ambitions of the Paris Agreement - can change the amount of energy consumed, the rate of energy-demand growth, the energy mix, and the relative economics of one fuel versus another. Laws and regulations whether already in force or under consideration are seeking to limit greenhouse gas (GHG) emissions by taxing them or by imposing operational restrictions and other compliance costs on oil&gas companies. Regulators may seek to limit certain oil and gas projects or make it more difficult to obtain required permits. Additionally, climate activists are challenging the grant of new and existing regulatory permits. We expect that these challenges and protests are likely to continue and could delay or prohibit operations in certain cases. We also expect that actions by customers to reduce their emissions will continue to lower demand and potentially affect prices for fossil fuels, as will tax incentives in support of electric vehicles and renewables and other low-carbon solutions. The pace and extent of the energy transition could pose a risk to Eni if we decarbonize our operations and the energy we sell at a different speed relative to society. If we are slower than society, customers may prefer a different supplier, which would reduce demand for our products and adversely affect our reputation besides materially affecting our earnings and financial results. If we move much faster than society, we risk investing in technologies, markets or low-carbon products that are unsuccessful because there is limited demand for them. The physical effects of climate change such as, but not limited to, increases in temperature and sea levels and fluctuations in water levels could also adversely affect our operations and supply chains. Certain investors have decided to divest from fossil fuel companies, which could undergo growing scrutiny from financial markets participants to obtain funds and borrowings facilities. If this were to continue, it could have a material adverse effect on the price of our securities and our ability to access capital markets. Stakeholder groups are also putting pressure on commercial and investment banks to stop financing fossil fuel companies. Some financial institutions have started to limit or cease altogether their exposure to fossil fuel projects. Accordingly, our ability to use financing for these types of future projects may be adversely affected. In some countries, governments, regulators, organizations, and individuals have filed lawsuits seeking to hold oil companies liable for costs associated with climate change or seeking to have oil companies condemned to speed up decarbonization plans based on alleged crimes against the environment or human rights violations. While we believe these lawsuits to be without merit, losing could have a material adverse effect on our business. In summary, rising climate change concerns, the pace at which we decarbonize our operations relative to society and effects of the energy transition have led and could lead to a decrease in demand and potentially affect prices for fossil fuels. If we are unable to find economically viable, publicly acceptable solutions that reduce our GHG emissions and/or GHG intensity for new and existing projects and for the products we sell, we could experience financial penalties or extra costs, delayed or cancelled projects, potential impairments of our assets, additional provisions and/or reduced production and product sales, negatively affecting future results of operations, cash flow, liquidity, business prospects, financial condition, shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares may be adversely and significantly affected. The Company will continue to develop oil and gas resources to meet customers' and consumers' demand for energy, targeting to increase the proportion of natural gas in the production mix. At the same time, Eni has been implementing a strategy designed to gradually reduce the weight of hydrocarbons in the Company's portfolio by growing the businesses of renewable energy, manufacturing of biofuels and lower carbon gases, as well as developing new technologies in the fields of nuclear energy, plastic recycling, and other energy vectors and solutions, like the geological permanent sequestration of CO_2, to decarbonize hard-to-abate products or process with the long-term goal of achieving net zero emissions of CO_2 at the whole of its products and processes by 2050. Eni

integrates climate change-related issues and the regulatory and other responses to these issues into its strategy and planning, capital investment reviews, and risk management tools and processes, where it believes they are applicable. They are also factored into the Company's long-range supply, demand, and energy price forecasts. These forecasts reflect estimates of long-range effects from climate change-related policy actions, such as electric vehicle and renewable fuel penetration, energy efficiency standards, and demand response to oil and natural gas prices. In case demand for hydrocarbons declines more rapidly than management's planning assumptions and capital programs, our results of operations and business prospects may be significantly and negatively affected.
The above mentioned risks may emerge in the short, medium, and long term.

a) Regulatory risk: increasing worldwide efforts to tackle climate change may lead to the adoption of stricter regulations to curb carbon emissions and this could lead to increasing expenditures in the short term and may end up suppressing demands for our products in medium-to-long term
It is possible that a growing share of our GHG emissions may be subject to regulation going forward, resulting in increased compliance costs and operational constraints. Regulatory actions intended to reduce greenhouse gas emissions include adoption of cap and trade regimes, carbon taxes, carbon-based import duties or other trade tariffs, minimum renewable usage requirements, restrictive permitting, increased mileage and other efficiency standards, mandates for sales of electric vehicles, mandates for use of specific fuels or technologies, and other incentives or mandates designed to support transitioning to lower-emission energy sources. Depending on how policies and regulations are formulated and applied, such policies and regulations could negatively affect our investment returns, make our hydrocarbon-based products more expensive or less competitive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon alternatives. Current and pending greenhouse gas regulations or policies may also increase our compliance costs, such as for monitoring, tracking or sequestering emissions.
Some governments have already introduced carbon pricing schemes. Eni's operating and compliance expenses could increase in the short-to-medium term in case of widespread adoption of carbon tax mechanisms. Currently, about half of the direct GHG emissions coming from Eni's operated assets are included in national or supranational Carbon Pricing Mechanisms, such as the European Emission Trading Scheme (ETS), which provides an obligation to purchase, on the open market, emission allowances in case GHG emissions exceed a pre-set amount of emission allowances allotted for free. In 2024 to comply with this carbon emissions scheme, Eni accrued an expense of €850 million for allowances corresponding to 11.7 million tons of CO_2 emissions (11.5 million tons in 2023 for a total expense of €950 million). Due to the likelihood of new regulations in this area and expectations of a reduction in free allowances under the European ETS and the likely adoption of similar schemes in other jurisdictions, Eni could incur increased investments and significantly higher operating expenses in case the Company is unable to reduce the carbon footprint of its operations.
It is also possible that new restrictions on oil&gas activities may be introduced in response to the climate emergency. Governments in jurisdictions where we operate may deny permissions to start new oil and gas projects or may impose restrictions on drilling and other field activities. These possible developments could significantly and negatively affect our business's prospects and results of operations.

b) Market/Technological risk: in the long-term demands for hydrocarbons may be materially reduced by the projected mass adoption of electric vehicles, the development of green hydrogen, the deployment of massive investments to grow renewable energies also supported by governments fiscal policies and the development of other technologies to produce clean feedstock, fuels, and energy
In the long-term, the weight of hydrocarbons in the global energy mix may decline due to an expected increase in the amount of energy generated by renewable sources, the possible emergence of new products and technologies, as well as changing consumers' preferences. The automotive industry is investing material amounts of resources to ramp up the production of electric vehicles (EVs), whose sales according to certain outlooks are expected to surpass internal-combustion-engine sales by 2030 also helped by state tax-incentives and governmental targets on the production of EVs and restrictions or ban on sales of internal-combustion-engine cars. In the long-term this trend could disrupt the consumption of gasoline which is one of the main drivers of global crude oil demand. Other potentially disruptive technologies designated to produce clean energy and fuels are emerging, driven by the development of hydrogen-based solutions as an energy vector or the utilization of renewables feedstock to manufacture fuels and other goods replacing oil-based products. Electricity generation from wind power or solar technologies is projected to grow massively in line with the stated targets by several governments and institutions like the EU, the United States, and the UK to decarbonize the electricity sector, and this could reduce demand for gas-fired electricity generation. Finally, some market forecasters are projecting a resurgence of investments in nuclear capacity due to a changing perception from public opinions and institutions about the role of this form of energy in the global mix and its being carbon neutral. As matter of fact, the EU has recently upgraded nuclear energy as a net zero emission technology.
These trends could reduce demand for hydrocarbons in the long-term.
A large portion of Eni's business depends on the global demand for oil and natural gas. If existing or future laws, regulations, treaties, or international agreements related to GHG and climate change, including state incentives to conserve energy or use alternative

energy sources, technological breakthroughs in the field of renewable energies, hydrogen, production of nuclear energy or mass adoption of electric vehicles trigger a structural decline in worldwide demand for oil and natural gas, Eni's results of operations and business prospects may be materially and adversely affected in case the Company fails to adapt its business model at the same pace of the energy transition as the economy.

c) Legal risk: several lawsuits are pending in various jurisdictions against oil&gas companies based on alleged violations of human rights, damage to environment and other claims and such legal actions may be brought against us

In recent years, there has been a marked increase in climate-based litigation. Courts could be more likely to hold companies who have allegedly made the most significant contributions to climate change to account. Cases brought to courts against oil&gas companies in several jurisdictions indicate that there are risks that oil and gas companies may have an individual legal responsibility to reduce emissions to address climate change based on an alleged relationship between climate change and human rights violations. Courts may condemn oil and gas companies to compensate individuals, communities, and states for the economic losses due to global warming because of their alleged responsibility in supporting hydrocarbons and their alleged awareness of knowingly hurting the environment. In some cases, companies' boards have been summoned for having allegedly failed to take effective actions to contrast climate change.

Private individuals, associations and NGOs may also bring legal actions against states or companies to get them condemned to adopt stricter targets of reducing GHG emissions and that could entail more restrictive measures on businesses. For example, in 2023, certain NGOs and several private citizens filed a complaint before an Italian court alleging that Eni is liable for climate change. The plaintiffs claimed economic losses and other damages and requested that Eni revises its decarbonization strategy and immediately stops any harmful conducts, alleging several environmental crimes and violations of human rights. As such, climate litigation represents a significant risk. In case the Company is condemned to reduce its GHG emissions at a much faster rate than planned by management or to compensate for damage related to climate change due to ongoing or potential lawsuits, we could incur a material adverse effect on our results of operations and business's prospects.

d) Reputational risk: the consideration of oil&gas companies as poorly performing investments from an environmental standpoint by financial market participants, could reduce the attractiveness of their securities or limit their ability to access the capital markets. Activist investors have been seeking to interfere in companies' plans and strategies through matter of shareholders' resolutions and other means

The reputational risk of oil&gas companies owes to the growing perception by certain governments, financial institutions, and the society that those companies may be allegedly liable for global warming due to GHG emissions across the hydrocarbon value chain, particularly related to the use of energy products, and may be poorly performing players in the ESG dimensions. This could possibly impair their reputation and make their securities and debt instruments less attractive than other industrial sectors to investors and lenders. Asset managers, mutual funds, global allocation funds, generalist investors and pensions funds have been reducing their exposure to the fossil fuel industry due to the adoption of stricter ESG criteria in selecting investing opportunities. In some cases, those investors have adopted climate change targets in determining their policies of asset allocations. Many of them have announced plans to completely divest from the fossil fuel industry. This trend could reduce the market for our share and negatively affect shareholders' returns. Likewise, banks, financing institutions, lenders and insurance companies are cutting exposure to the fossil fuel industry due to the need to comply with ESG mandate or to reach emission reduction targets in their portfolios and this could limit our ability to access new financing, could drive a rise in borrowing costs to us or increase the costs of insuring our assets. Several large, well established financing institutions have announced their intention to stop financing directly the development new oil and gas fields, a move that could herald an emerging trend among banks and lenders towards a phase-out of financing the hydrocarbons sector.

As a result of those developments, we could expect the cost of capital to the Company to rise in the future and reduced ability on part of Eni to obtain financing for future projects in the oil&gas business or to obtain it at competitive rates, which may curb our investment opportunities or drive an increase in financing expenses, negatively affecting our results of operations, returns on investments and business prospects.

Shareholders and activist funds may have resolutions passed at annual general meetings of listed oil&gas companies, which could interfere with management's long-term goals, strategies and capital allocation processes leading to unplanned cost increases and sub-optimal investment decisions. Activist investors may also bring lawsuit against oil&gas companies and their boards, claiming their responsibilities for not implementing adequate strategies to manage the transition risk; and we believe that such kind of claims can be brought against us.

e) Climate change adaptation: extreme weather phenomena, which are allegedly caused by climate change, may disrupt our operations

The scientific community has concluded that increasing global average temperature produces significant physical effects, such as the increased frequency and severity of hurricanes, storms, droughts, floods, or other extreme climatic events that could interfere with Eni's operations and damage Eni's facilities. Extreme and unpredictable weather phenomena can result in material

disruption to Eni's operations, and consequent loss of or damage to properties and facilities, as well as a loss of output, loss of revenues, increasing maintenance and repair expenses and cash flow shortfall.
As a result of these trends, climate-related risks could have a material and adverse effect on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends and the price of Eni's shares.

INVESTMENTS IN OUR LOWER CARBON PRODUCTS AND SERVICES MAY NOT ACHIEVE EXPECTED RETURNS

We are building our portfolio of lower carbon products and services such as electricity generated from solar and wind power, biofuels, projects for permanent geological sequestration of CO_2, and charging for electric vehicles through organic and inorganic growth.
In expanding our offerings of these lower carbon products and services, we expect to undertake acquisitions and form partnerships. The success of these transactions will depend on our ability to realize the synergies from combining our respective resources and capabilities, including the development of new processes, systems and distribution channels. For example, it may take time to develop these areas through retraining our workforce and recruitment for the necessary new skills. It may take longer to realize the expected returns from these transactions.
The operating margins for our lower carbon products and services may not be as high as the margins we have experienced historically in our oil and gas operations. Furthermore, lower carbon products are experiencing increasing competition risks. In 2024, our biofuels margins were negatively affected by an oversupply of products coming from China, which found an outlet in the European market, as well as by an uncertain regulatory environment. Renewable electricity sold at spot markets is exposed to risks of uneconomic pricing due to objective limits of current transmission networks to handle peak production volumes which are a feature of the renewable sector.
Therefore, developing our lower carbon products and services is subject to challenges which could have a material adverse effect on future results of operations, cash flow, liquidity, business prospects, financial condition, shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares may be adversely and significantly affected.

RISKS DERIVING FROM ENI'S EXPOSURE TO WEATHER CONDITIONS

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

The Group is exposed to significant operational and economic risks associated with the exploration and production of crude oil and natural gas

The exploration and production of oil and natural gas require high levels of capital expenditures and are subject to specific operational and economic risks as well as to natural hazards and other uncertainties. The natural hazards and the economic risks described below could have an adverse and significant impact on Eni's future growth prospects, results of operations, cash flows, liquidity, and shareholders' returns.

a) Operational risks in connection to drilling and extraction operations

The physical and geological characteristics of oil and gas fields entail natural hazards and other operational risks including risks of eruptions of hydrocarbons, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, oil spills, gas leaks, risks of blowout, fire or explosion and risks of earthquake in connection with drilling and extraction activities. Eni has material offshore operations which are inherently riskier than onshore activities. In 2024, approximately 70 % of Eni's total oil and gas production for the year derived from offshore fields, mainly in Egypt, Norway, Libya, Indonesia, Angola, Kazakhstan, the United Arab Emirates, Venezuela, the United Kingdom and Congo. Offshore accidents and oil spills could cause damage of catastrophic proportions to the ecosystem and to communities' health and security due to the apparent difficulties in handling hydrocarbons containment in the sea, pollution, poisoning of water and organisms, length and complexity of cleaning operations and other factors. Furthermore, offshore operations are subject to marine risks, including storms and other adverse weather conditions and perils of vessel collisions, which may cause material adverse effects on the Group's operations and the ecosystem.

b) Exploratory drilling efforts may be unsuccessful

Exploration activities are mainly subject to the mining risk, i.e. the risk of dry holes or failure to find commercial quantities of hydrocarbons. The costs of drilling and completing wells have margins of uncertainty, and drilling operations may be unsuccessful because of a large variety of factors, including geological failure, unexpected drilling conditions, pressure or heterogeneities in formations, equipment failures, well control (blowouts) and other forms of accidents. A large part of the Company's exploratory drilling operations is located offshore, including in deep and ultra-deep waters, in remote areas and in environmentally sensitive locations (such as the Barents Sea, the Gulf of Mexico, deep water leases off West Africa, Indonesia, the Mediterranean Sea and the Caspian Sea). In these locations, the Company generally experiences higher operational risks and more challenging conditions and incurs higher exploration costs than onshore. Furthermore, deep and ultra-deep water operations require significant time before commercial production of discovered reserves can commence, increasing both the operational and the financial risks associated with these activities. Because Eni plans to make significant investments in executing exploration projects, it is likely that the Company will incur significant amounts of dry hole expenses in future years. Unsuccessful exploration activities and failure to discover additional commercial reserves could reduce future production of oil and natural gas, which is highly dependent on the rate of success of exploration projects and could have an adverse impact on Eni's future performance, growth prospects and returns. In 2024, we incurred €555 million of charges related to the write-offs of capitalized exploration expenditures and unproved properties due to the discovery of uneconomic quantities of reserves and other reasons.

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

Projects to develop and market reserves of crude oil and natural gas normally entail long lead times because of the complexity of the activities required to achieve the production start-up, which comprise:

- appraising a discovery to evaluate the economic and operating viability of a development project;
- finalizing negotiations with joint venture partners, governments and state-owned companies, suppliers and potential customers to define project terms and conditions, including, for example, the fiscal take, the production sharing terms with the first party, or negotiating favorable long-term contracts to market gas reserves;
- obtaining timely issuance of permits and licenses by government agencies, including obtaining all necessary administrative authorizations to drill locations, install producing infrastructures, build pipelines and related equipment to transport and market hydrocarbons;
- effectively carrying out the front-end engineering design in order to prevent the occurrence of technical inconvenience during the execution phase;
- timely manufacturing and delivery of critical plants and equipment by contractors, like platforms and floating production storage and offloading (FPSO) vessels, or market availability for renting such kind of vessels, as well as building transport infrastructures to export production to final markets. For example, in case of a shortage of FPSOs to rent, we may have no other option than to build the facility thus incurring upfront the whole costs of the investment, which could negatively affect a project's returns;
- preventing risks associated with the use of new technologies and the inability to develop advanced technologies to maximize the recoverability rate of hydrocarbons or gain access to previously inaccessible reservoirs;
- carefully planning the commissioning and hook-up phase where mismanagement might lead to delays to achieve first oil;
- changes in operating conditions and cost overruns. Notwithstanding inflationary pressures have eased in 2024, we expect the costs of renting rigs and other drilling vessels and facilities to remain elevated as oil companies competes for a stable amount of supply of this kind of equipment considering the restructuring the oilfield service sector has undergone due to reduced capital spending by their clients; and
- operating risks, including third-party claims, environmentalists protests, changes to the work scope requested by governmental authorities, contractors' underperformance.

Moreover, projects executed with partners and joint venture partners limit the ability of the Company to manage risks and costs, and Eni may have limited influence over and control of the operations and performance of its partners.

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

Finally, if the Company is unable to develop and operate major projects as planned, or in case actual reservoir performance and natural field decline do not meet management's expectations, it could incur significant impairment losses of capitalized costs associated with reduced future cash flows of those projects.

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

Future oil and gas production is a function of the Company's ability to access new reserves through new discoveries, application of improved techniques, success in development activity, negotiations with national oil companies and other owners of known reserves and acquisitions.

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

e) Uncertainties in estimates of oil and natural gas reserves

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

- the quality of available geological, technical and economic data and their interpretation and judgment;
- management's assumptions regarding future rates of production and costs and timing of operating and development costs. The projections of higher operating and development costs may impair

the ability of the Company to economically produce reserves leading to downward reserve revisions;
- changes in the prevailing tax rules, other government regulations and contractual terms and conditions;
- results of drilling, testing and the actual production performance of Eni's reservoirs after the date of the estimates which may drive substantial upward or downward revisions; and
- changes in oil and natural gas prices which could affect the quantities of Eni's proved reserves since the estimates of reserves are based on prices and costs existing as of the date when these estimates are made. Lower oil prices may impair the ability of the Company to economically produce reserves leading to downward reserve revisions.

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

The prices used in calculating Eni's estimated proved reserves are, in accordance with the U.S. Securities and Exchange Commission (the "U.S. SEC") requirements, calculated by determining the unweighted arithmetic average of the first-day-of-the-month commodity prices for the preceding 12 months. For the 12-months ending at December 31, 2024, average prices were based on 81 $/barrel for the Brent crude oil, 2 $/barrel lower than the 2023 reference price 83 $/barrel, resulting in us having to remove 22 million boe of reserves that have become uneconomical at a lower price.

Accordingly, the estimated reserves reported as of the end of 2024 could be significantly different from the quantities of oil and natural gas that will be ultimately recovered. Any downward revision in Eni's estimated quantities of proved reserves would indicate lower future production volumes, which could adversely impact Eni's business prospects, results of operations, cash flows and liquidity.

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

As of December 31, 2024, approximately 43% of the Group's total estimated proved reserves (by volume) were undeveloped and may not be ultimately developed or produced. Recovery of PUD requires significant capital expenditures and successful drilling operations. The Group's reserve estimates assume the Group can and will make these expenditures and conduct these operations successfully. These assumptions may prove to be inaccurate and are subject to the risk of a structural decline in the prices of hydrocarbons, which could reduce available funds to develop PUD. The Group's reserve report as of December 31, 2024, includes estimates of total future development and decommissioning costs associated with the Group's proved total reserves of approximately €41.7 billion (undiscounted, including consolidated subsidiaries and equity-accounted entities; €42.6 billion in 2023). It's uncertain that estimated costs of the development of these reserves will prove correct, development will occur as scheduled, or the results of such development will be as estimated. In case of change in the Company's plans to develop those reserves, or if it is not otherwise able to successfully develop these reserves as a result of the Group's inability to fund necessary capital expenditures due to a prolonged decline in the price of hydrocarbons or otherwise, it will be required to remove the associated volumes from the Group's reported proved reserves.

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

The oil and gas industry is a capital intensive business. Eni makes and expects to continue making substantial capital expenditures in its business for the exploration, development and production of oil and natural gas reserves. Historically, Eni's capital expenditures have been financed with cash generated from operations, proceeds from asset disposals, borrowings under its credit facilities and proceeds from the issuance of debt and bonds. The actual amount and timing of future capital expenditures may differ materially from Eni's estimates because of, among other things, changes in commodity prices, changes in cost of oil services, available cash flows, lack of access to capital, actual drilling results, the availability of drilling rigs and other services and equipment, the availability of transportation capacity, and regulatory, technological and competitive developments. Eni's cash flows from operations and access to capital markets are subject to several variables, including but not limited to:
- the amount of Eni's proved reserves;
- the volume of crude oil and natural gas Eni is able to produce and sell from existing wells;
- the prices at which crude oil and natural gas are marketed;
- Eni's ability to acquire, find and produce new reserves; and
- the ability and willingness of Eni's lenders to extend credit or of participants in the capital markets to invest in Eni's bonds considering that adoption of ESG targets by lenders may restrict our access to third-party financing.

If cash generated by operations, cash from asset disposals, or cash available under Eni's liquidity reserves or its credit facilities or issuance of new bonds is not sufficient to meet capital requirements, due to among other things a decline in oil and gas prices or more stringent ESG criteria adopted by banks and other lenders, reduce cash flows or failure to obtain additional financing could result in a curtailment of operations relating to the development of Eni's reserves, which in turn could adversely affect its results of operations and cash flows and its ability to achieve its growth plans. In the next four-year plan we are forecasting significant capital expenditures of more than €5 billion on average per year to fund new development projects and production ramp ups and considering expected continuation of inflationary trends in upstream costs. In case of a cash flow shortfall, we may be forced to take on new finance debt from banks and financing institutions to pursue our development plans and that could increase our financial risk profile. Finally, funding Eni's capital expenditures with additional debt will increase its leverage and the issuance of additional debt will require a portion of Eni's cash flows from operations to be used for the payment of interest.

h) Oil and gas activity may be subject to increasingly high levels of income taxes and royalties

Oil and gas operations are subject to the payment of royalties and income taxes, which tend to be higher than those payable in other commercial activities. Management believes that the marginal tax rate in the oil and gas industry tends to increase in correlation with higher oil prices, which could make it more difficult for Eni to translate higher oil prices into increased net profit. However, the Company does not expect that the marginal tax rate will decrease in response to falling oil prices. Adverse changes in the tax rate applicable to the Group's profit before income taxes in its oil and gas operations would have a negative impact on Eni's future results of operations and cash flows.

In 2022, in response to a surge in hydrocarbons and electricity prices due to the perceived risks of disruption in connection with the Russian military aggression of Ukraine, governments of the EU member states and of the UK have enacted solidaristic contributions in the form of one-off or temporary windfall levies to increase the fiscal take on the profits of energy companies relating to the portion of those profits deemed to exceed historical averages, to collect funds to alleviate the financial burden on households and businesses due to rising costs of fuels and energy. In 2024, we disbursed about €0.45 billion to settle an Italian windfall tax levied in 2023 on profits of energy companies. Notwithstanding hydrocarbons and electricity prices have been on a downward trend since 2023, they are still perceived to remain at elevated levels compared to historic averages by governments, businesses, and consumers in the Eurozone so to hamper competitiveness of the manufacturing sector and to reduce the purchase power of households. Given rising pressures on public finances due to an ongoing economic slowdown in the EU and the general consideration that the oil&gas companies may continue benefiting from the ongoing geopolitical tensions in Ukraine and the Middle East, management cannot rule out the possibility of the introduction of new windfall taxes and other extraordinary levies targeting the hydrocarbons sector, which could negatively affect the Group's results of operations and cash flows.

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

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

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

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

At December 31, 2024, the net present value of Eni's proved reserves totaled approximately €55.6 billion. The average prices used to estimate Eni's proved reserves and the net present value at December 31, 2024, as calculated in accordance with the SEC rules, were at around 80 $/barrel for the Brent crude oil. Actual future prices may materially differ from those used in our year-end estimates. Commodity prices have decreased significantly in the first quarter of 2025 compared to the price used in the reserve calculations at 2024 year-end. Holding all other factors constant, if commodity prices used in Eni's year-end reserve estimates at end of 2025 were in line with the pricing environment existing at the end of the first quarter of 2025, Eni's PV-10 at December 31, 2025 would decrease.

RISKS RELATED TO POLITICAL CONSIDERATIONS

As at December 31, 2024, about 83% of Eni's proved hydrocarbon reserves were located in non-OECD (Organisation for Economic Co-operation and Development) countries, mainly in Africa, Central Asia and Middle East where the socio-political framework, the financial system and the macroeconomic outlook are less stable than in the OECD countries. In those non-OECD countries, Eni is exposed to a wide range of political risks and uncertainties, which may impair Eni's ability to continue operating economically on a temporary or permanent basis, and Eni's ability to access oil and gas reserves. Particularly, Eni faces risks in connection with the following potential issues and risks:

- socio-political instability leading to internal conflicts, revolutions, establishment of non-democratic regimes, protests, attacks, and other forms of civil disorder and unrest, such as strikes, riots, sabotage, blockades, vandalism, and theft of crude oil at pipelines, acts of violence and similar events. These risks could result in disruptions to economic activity, loss of output, plant closures and shutdowns, project delays, loss of assets and threats to the security of personnel. They may disrupt financial and commercial markets, including the supply of and pricing for oil and natural gas, and generate greater political and economic instability in some of the geographical areas in which Eni operates. Additionally, any possible reprisals because of military or other action, such as acts of terrorism in Europe, the USA or elsewhere, could have a material adverse effect on the world economy and hence on the global demand for hydrocarbons;

- lack of well-established and reliable legal systems and uncertainties surrounding the enforcement of contractual rights;
- unfavorable enforcement of laws, regulations and contractual arrangements leading, for example, to expropriation, nationalization or forced divestiture of assets and unilateral cancellation or modification of contractual terms, tax or royalty increases (including retroactive claims) and restrictions on exploration, production, imports and exports;
- sovereign default or financial instability since those countries rely heavily on petroleum revenues to sustain public finance. Financial difficulties at country level often translate into failure by state-owned companies and agencies to fulfil their financial obligations towards Eni relating to funding capital commitments in projects operated by Eni or to timely paying for supplies of equity oil and gas volumes;
- difficulties in finding qualified international or local suppliers in critical operating environments;
- risks of U.S. sanctions which could impair our ability to conduct profitable operations or to recover our investments like for example in Venezuela or other commercial restrictions imposed by U.S. to certain economic sectors and activities involving Chinese suppliers which could led to projects delays and cost overruns; and
- complex processes of granting authorizations or licenses affecting time-to-market of certain development projects.

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

Eni's operations in Libya are exposed to geopolitical risks. The social and political instability of the country dates to the revolution of 2011 that brought a change of regime and a civil war with a material impact on our operations in that year. A divided political landscape emerged from those events, which caused a prolonged period of internal instability which has triggered several acts of internal conflict, clashes, civil turmoil, and unrest involving the opposing factions amidst failed attempts to hold general elections and appoint a national government, resulting in several disruptions to Eni's activities in the country up and until 2023 when a relative stability was achieved. In 2024, a rift between the Government of National Unity installed in Tripoli and recognized by the UN and the self-appointed National Stability Government installed in the east of the country regarding the appointment of the chief of Libya's national bank has resulted in a blockade of oil export terminals in the Eastern part of the country and in declaration of force majeure at several oilfields in the Southern zone which have only marginally impacted our operations which are mainly focused on gas asset. In 2024, Eni production in Libya was 176 kboe/d, equal to about 10% of the Group's total production and was in line with management's plans. Management continues to monitor Libya's geopolitical situation which is recognized as a source of risk and uncertainty to Eni's operations in the country and related Group's financial results.

The financial difficulties of Venezuela due to the US sanction regime have impaired our ability to conduct profitable operations in the country. Currently, after having completely impaired other projects in past reporting periods, the Company retains just one asset in Venezuela: the 50%-participated Cardón IV joint venture, which is operating an offshore natural gas field and is supplying its production to the national oil company, Petroleos de Venezuela SA ("PDVSA"), under a long-term supply agreement. PDVSA has failed to regularly pay the receivables for the gas volumes supplied by Cardón IV venture and consequently a significant amount of overdue trading receivables has accumulated over the years and a credit loss provision has been booked to reflect the counterparty risk. In 2024, thanks to a temporary suspension of sanctions granted by the U.S and an additional waiver obtained by the US Department of State, it was possible to offset part of the long-standing overdue receivables accrued with PDVSA-owned crude oil cargoes. As of 31 December 2024, Eni's credit exposure to PDVSA amounted to approximately €2.1 billion (€0.8 billion net of the impairment provision). There is a great deal of uncertainty about the evolution of the US sanctions against Venezuela and our ability to recover our outstanding receivables.

The Group has significant credit exposure towards state-owned and privately-held local companies in Nigeria following the divestment of its onshore operations in the country to a local company. Considering the historic underperformance of our counterparts in reimbursing amounts owed to us considering a deteriorated financial framework of the country, we believe that we are exposed to a credit risk going forward.

Egypt has been experiencing financial restraints due to an economic slowdown and a contraction in reserves of foreign currencies. Eni is currently supplying its equity share of natural gas production to local state-owned oil companies that in the past have failed to pay receivables owed to us in a timely manner; in 2024 the situation has improved and no incremental overdue amounts have been noted. Due to this, a loss provision in the balance sheet has been defined accordingly, reflecting the time value of an agreed repayment plan.

SANCTION TARGETS

The most relevant sanction programs for Eni are those issued by the European Union and the United States and, as of today, the restrictive measures adopted by such authorities in respect of Russia. As consequence of Russia's military aggression of Ukraine, the European Union, the United Kingdom, the United States and the G-7 countries adopted a comprehensive system of sanctions against Russia to weaken its economy and its ability to finance the war. The sanction system is constantly evolving. The main targets of the sanctions are the Russian Central Bank and the major financial institutions of the country, as well as Russia's exports of crude oil and refined products to international markets. Considering the complexity of the sanctions and the existing Eni's contracts for natural gas supplies from Russia and the need to make payments to Russian counterparties, the Company is exposed to the risk of possible violations of the sanction's regime. Eni adopted the necessary measures to ensure that its activities are carried out in accordance with the applicable rules, ensuring continuous monitoring of the evolution in the sanction framework, to adapt on an ongoing basis its activities to the applicable restrictions.

Furthermore, an escalation of the international crisis, resulting in a tightening of sanctions, could entail a significant disruption of energy supply and trade flows globally, which could have a material adverse effect on the Group's business, financial conditions, results of operations and prospects. From 2017, the United States have enacted a regime of economic and financial sanctions against Venezuela, which have been expanded to encompass the country's oil&gas sector where Eni is currently operating. The U.S. sanction regime is also restricting any Venezuelan oil exports, including swap schemes utilized by foreign entities to recover trade and financing receivables from PDVSA and other Venezuelan counterparties. The U.S. sanction regime has reduced the Group's ability to collect the trade receivable owed to Eni for its activity in the country, except for limited waivers which have been agreed with U.S. relevant authorities from time to time allowing the Company to lift some PDVSA's entitlements of crude oil as an in-kind reimbursement of overdue amounts owed to us in connection with our supplies of equity natural gas to PDVSA. Recoverability of trade receivables owed to us by PDVSA is uncertain and there is no assurance that we will able to recover the full amount of credits outstanding as of end of 2024 (gross amount of about €2.1 billion).

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

SPECIFIC RISKS OF THE COMPANY'S GAS BUSINESS IN ITALY

a) Currently, negative trends in the competitive environment of the European natural gas sector may impair the Company's ability to fulfil its minimum off-take obligations in connection with its take-or-pay, long-term gas supply contracts

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

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

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

Eni's wholesale gas and retail gas and power businesses are subject to regulatory risks mainly in Italy's domestic market.

The Italian Regulatory Authority for Energy, Networks and Environment (the "Authority") is entrusted with certain powers in the matter of natural gas and power pricing. Specifically, the Authority retains a surveillance power on pricing in the natural gas market in Italy and the power to establish selling tariffs for the supply of natural gas to residential and commercial users who are opting for adhering to regulated tariffs until the market is fully opened. Developments in the regulatory framework aimed at increasing the level of market liquidity, promoting deregulation or limiting operators' ability to pass cost increases in raw materials onto customers may negatively affect future sales margins of gas and electricity, operating results, and cash flow. In the current environment characterized by rising energy costs, it is possible that the Authority may enact measures intended to limit revenues of inframarginal power generation and to reduce the indexation of the cost of the raw materials in pricing formulae applied by retail companies that market natural gas and electricity to residential customers and that development could negatively affect our results of operations and cash flow in the domestic retail business of natural gas and power. In the current energy crisis context, many regulatory interventions at both the EU and national level aim to ensure security of supply and curb consumptions and energy prices for final customers. Our GGP business that engages in the wholesale marketing of natural gas and the power generation business that sell produced electricity on the spot market could be exposed to a regulatory risk, although on a smaller scale than the retail business due to well-established and liquid spot markets for natural gas and electricity.

ENVIRONMENTAL, HEALTH AND SAFETY RISKS

a) The Group is exposed to material HSE risks due to the nature of its operations

The Group engages in the exploration and production of crude oil and natural gas, processing, transportation and refining of crude oil, transport of natural gas by pipeline, transport of LNG by carriers, storage and distribution of petroleum products and the production of base chemicals, plastics, and elastomers. The Group's operations expose Eni to a wide range of significant health, safety, security, and environmental risks. Flammability and toxicity of hydrocarbons, technical faults, malfunctioning of plants, equipment and facilities, control systems failure, human errors, acts of sabotage, attacks, loss of containment and climate-related hazards can trigger adverse consequences such as explosions, blow-outs, fires, oil and gas spills from wells, pipeline and tankers, release of contaminants and pollutants in the air, ground and water, toxic emissions, and other negative events. The magnitude of these risks is influenced by the geographic range, operational diversity, and technical complexity of Eni's activities. Eni's future results of operations, cash flow and liquidity depend on its ability to identify and address the risks and hazards inherent to operating in those industries.

b) Eni expects to incur material operating expenses and expenditures in future years in relation to compliance with applicable environmental, health and safety regulations, including compliance with any national or international regulation on greenhouse gas (GHG) emissions, as well as to retain high standards of reliability in its industrial operations

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

Breaches of environmental, health and safety laws and regulations as in the case of negligent or willful release of pollutants and contaminants into the atmosphere, the soil, water or groundwater or exceeding the concentration thresholds of contaminants set by the law expose the Company to the incurrence of liabilities associated with compensation for environmental, health or safety damage and expenses for environmental remediation and clean-up, as well as damage to reputation. Furthermore, in the case of violation of certain rules regarding the safeguard of the environment and the health and safety of employees, contractors, and other collaborators of the Company, and of communities, the Company may incur liabilities in connection with the negligent or willful violations of laws by its employees as per Italian Law Decree No. 231/2001.

Management expects that the Group will continue to incur significant amounts of operating expenses and expenditures in the foreseeable future to comply with laws and regulations, to upgrade plants and equipment to improve security standards and to safeguard the environment and the health and safety of employees, contractors and communities involved by the Company activities by retaining reliable industrial operations and by adhering to industry best practices, including:

- costs to prevent, control, eliminate or reduce release of pollutants and other hazardous materials in the soil, groundwater and the marine environment, and of GHG and other toxic gases in the atmosphere, as well as to maintain high standards of efficiency and reliability at its plants and equipment, including offshore platforms, FPSO vessels, oil&gas treatment plants, refineries, petrochemicals complexes and pipelines;
- remedial and clean-up measures related to environmental contamination or accidents at various sites, including those owned by third parties, as well as decommissioning costs of productive infrastructures and well plugging of industrial hubs and oil and gas fields once production and manufacturing activities are discontinued; and
- damage compensation claimed by individuals and entities, including local, regional, or state administrations in case Eni is found liable of a HSE incident, contamination, pollution of marine or water resources, soil or the atmosphere, or violations of HSE laws.

As a further consequence of any new laws and regulations or other factors, like the actual or alleged occurrence of environmental damage at Eni's plants and facilities, the Company may be forced to curtail, modify, or cease certain operations or implement temporary shutdowns of facilities. Furthermore, in certain situations where Eni is not the operator, the Company may have limited influence and control over third parties, which may limit its ability to manage and control such risks.

c) The Group is exposed to operational risks in connection with the transportation of hydrocarbons

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

d) The Group is not insured against all potential HSE risks

Eni retains worldwide third-party liability insurance coverage, which is designed to hedge part of the liabilities associated with possible incidents occurring at the Group plants and installations resulting in damage to third parties, loss of value to the Group's assets related to adverse events and in connection with environmental clean-up and remediation. Management believes that its insurance coverage is in line with industry practice and is enough to cover normal risks in its operations. However, the Company is not insured against all potential risks. In the event of a major environmental disaster, such as the incident which occurred at the Macondo well in the Gulf of Mexico several years ago, Eni's third-party liability insurance would not provide any material coverage and thus the Company's liability would far exceed the maximum coverage provided by its insurance. The loss Eni could suffer in case of a disaster of material proportions would depend on all the facts and circumstances of the event and would be subject to a whole range of uncertainties, including legal uncertainty as to the scope of liability for consequential damages, which may include economic damage not directly connected to the disaster. The Company cannot guarantee that it will not suffer any uninsured loss and there can be no guarantee, particularly in the case of a major environmental disaster or industrial accident, that such a loss would not have a material adverse effect on the Company.

The Company has invested and will continue to invest significant financial resources to continuously upgrade the methods and systems for safeguarding the reliability of its plants, production facilities, well execution, vessels, transport and storage infrastructures, the safety and the health of its employees, contractors, local communities, and the environment, to prevent risks, to comply with applicable laws and policies and to respond to and learn from unforeseen incidents. However, these measures may ultimately not be completely successful in preventing and/or altogether eliminating risks of adverse events. Failure to properly manage these risks as well as accidental events like human errors, unexpected system failure, sabotages, cyberattacks or other unexpected factors could cause incidents of any kind of impact and magnitude which could trigger in a worst case scenario serious consequences, including loss of life, damage to properties, environmental pollution, legal liabilities and/or damage claims and consequently a disruption in operations and potential economic losses that could have a material and adverse effect on the Group's results of operations, cash flow, liquidity, business prospects, financial condition, and shareholder returns, including dividends, the amount of funds available for stock repurchases and the price of Eni's shares. For example, in December 2024, a fire occurred at a fuel storage site operated by Eni, which caused the death of five people while working at site operations, several wounded and damage to property. The Group made a loss provision to account for all damage to people and property because insurance coverage was not enough.

LEGAL, IT AND FINANCIAL RISKS

a) Eni is exposed to the risk of material environmental liabilities in connection with pending litigation

Eni has incurred in the past and may incur in the future material environmental liabilities in connection with the alleged breach of environmental laws claimed by administrative bodies and third parties at industrial hubs where the Group is currently performing its activities or where the Group has ceased to operate and is performing decommissioning and remediation activities. Eni is also exposed to claims under environmental requirements and, from time to time, such claims have been made against the Company. Furthermore, environmental regulations in Italy and elsewhere typically impose strict liability. Strict liability means that in some situations Eni could be exposed to liability for clean-up and remediation costs, environmental damage, and other damages because of Eni's conduct of operations that was lawful at the time it occurred or of the management of industrial hubs by prior operators or other third parties, who were subsequently taken over by Eni. In addition, plaintiffs may seek to obtain compensation for damage resulting from events of contamination and pollution or in case the Company is found liable for violations of any environmental laws or regulations. Due to the history and development of the Group, Eni is particularly exposed to this kind of risk in Italy. The Group is performing remediation and cleaning-up activities at several Italian industrial hub where the Group's products were produced, processed, stored, distributed, or sold, such as chemical plants, mineral-metallurgic plants, refineries, and other facilities, which were subsequently disposed of, liquidated, closed, or shut down. Eni has been alleged to be liable for having polluted and contaminated proprietary or concession areas where those dismissed industrial hubs were located. State or local public administrations have sued Eni for environmental and other damages and for clean-up and remediation measures in addition to those which were performed by the Company, or which the Company has committed to performing, including allegations of violations of criminal laws (for example for alleged environmental crimes such as failure to perform soil or groundwater reclamation, environmental disaster and contamination, illegal discharge of toxic materials, amongst others). Although Eni believes that it may not be held liable for having exceeded in the past pollution thresholds that are unlawful according to current regulations, but were allowed by laws then effective, or because the Group took over operations from third parties, it cannot be excluded that Eni could potentially incur such environmental liabilities. Eni's financial statements account for provisions relating to the expected costs to clean up and remediate contaminated areas and groundwater at Eni's shut-down or operational Italian hubs, where legal or constructive obligations exist and the associated costs can be reasonably estimated in a reliable manner, representing management's best estimates of the Company's existing environmental liabilities.

Although the Company has provided for known environmental obligations that are probable and reasonably estimable, it is likely that the Company will continue to incur additional liabilities in the future. The additional costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the remediation actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties. These future costs may be material to results of operations in the period in which they are recognized, but the Company does not expect these costs will have a material effect on its consolidated financial position or liquidity.

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

Eni is the defendant in several civil and criminal actions and administrative proceedings. In future years Eni may incur significant losses due to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements or to judge a negative outcome only as possible or to conclude that a contingency loss could not be estimated reliably; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to circumstances that are often inherently difficult to estimate. Certain legal proceedings and investigations in which Eni or its subsidiaries or its officers and employees are defendants might involve allegations of breaching anti-bribery and anti-corruption laws and regulations and other ethical misconduct. Such proceedings are described in the Notes to the Consolidated Financial Statements (note no.28). Ethical misconduct and noncompliance with applicable laws and regulations, including noncompliance with anti-bribery and anti-corruption laws, by Eni, its officers and employees, its partners, agents or others acting on the Group's behalf, could expose Eni and its employees to criminal and civil penalties and could be damaging to Eni's reputation, business prospects and results of operations.

c) Risks from acquisitions

Eni is constantly monitoring the market in search of opportunities to acquire individual assets or companies with a view of achieving its growth targets or complementing its asset portfolio. Acquisitions entail an execution risk – the risk that the acquirer will not be able to effectively integrate the purchased assets to achieve expected synergies. In addition, acquisitions entail a financial risk – the risk of not being able to recover the purchase costs of acquired assets, in case of a prolonged decline in the market prices of commodities. Eni may also incur unanticipated costs or assume unexpected liabilities and losses in connection with companies or assets it acquires. If the integration and financial risks related to acquisitions materialize, expected synergies from acquisition may fall short of management's targets and Eni's financial performance and shareholders' returns may be adversely affected. In 2024, Eni has closed the acquisition of the group Neptune Energy with a transaction value of €2.4 billion, which represents the largest acquisition made by Eni in recent years and this deal could entail integration risks.

d) Eni's crisis management systems may be ineffective

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

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

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

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

Data protection laws and regulations apply to Eni and its joint ventures and associates in most countries in which they do business. The General Data Protection Regulation (EU) 2016/679 (GDPR) came into effect in May 2018 and increased penalties up to a maximum of 4% of global annual turnover for breach of the regulation. The GDPR requires mandatory breach notification, a standard also followed outside of the EU (particularly in Asia). Non-compliance with data protection laws could expose Eni to regulatory investigations, which could result in fines and penalties as well as harm the Company's reputation. In addition to imposing fines, regulators may also issue orders to stop processing personal data, which could disrupt operations. The Company could also be subject to litigation from persons or corporations allegedly affected by data protection violations. Violation of data protection laws is a criminal offence in some countries, and individuals can be imprisoned or fined.

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

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

Eni's business is exposed to the risk that changes in interest rates, foreign exchange rates or the prices of energy commodities will adversely affect the value of assets, liabilities or expected future cash flows. The Group does not hedge its exposure to volatile hydrocarbons prices in its business of developing and extracting hydrocarbons reserves and other types of commodity exposures (e.g. exposure to the volatility of refining margins and of certain portions of the gas long-term supply portfolio) except for specific markets or business conditions. The Group has established risk management procedures and enters financial derivatives contracts to hedge its exposures to different commodity indexations and to currency and interest rates risks. However, hedging may not function as expected. In addition, Eni undertakes commodity derivatives contracts to optimize commercial margins or with a view of profiting from expected movements in market prices. Those derivatives may or may not be risk-reducing. Although Eni believes it has established sound risk management procedures to monitor and control commodity trading, this activity involves elements of forecasting and Eni is exposed to the risk of incurring significant losses if prices develop contrary to management expectations and to the risk of default of counterparties.

Eni is exposed to the risks of unfavorable movements in exchange rates primarily because Eni's consolidated financial statements are prepared in Euros, whereas Eni's main subsidiaries in the Exploration & Production sector are utilizing the U.S. dollar as their functional currency. This translation risk is unhedged. As a rule of thumb, a depreciation of the U.S. dollar against the euro generally has an adverse impact on Eni's results of operations and liquidity because it reduces booked revenues by an amount greater than the decrease in U.S. dollar-denominated expenses and may also result in significant translation adjustments that impact Eni's shareholders' equity.

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

Eni is exposed to credit risk. Eni's counterparties could default, could be unable to pay the amounts owed to it in a timely manner or meet their performance obligations under contractual arrangements. These events could cause the Company to recognize loss provisions with respect to amounts owed to it by debtors of the Company and cashflow shortfall. For example, in 2024 we continued incurring credit losses in connection with our supplies of equity gas the national oil company of Venezuela "PDVSA" due to the financial difficulties of our counterpart and the effect of US sanctions. The exposure towards PDVSA has reached about €2.1 billion. More information on this issue are reported in the notes to the Consolidated Financial Statements.

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or that the Group is unable to sell its assets on the marketplace to meet short-term financial requirements and to settle obligations. Such a situation would negatively affect the Group's results of operations and cash flows as it would result in Eni incurring higher borrowing expenses to meet its obligations or, under the worst conditions, the inability of Eni to continue as a going concern.

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