

enipower ferrara srl company

Company subject to the management
and coordination of Eni SpA



Financial statements as at 31 December 2020

Enipower Ferrara Srl company

Limited liability company with registered office in San Donato Milanese - Milan

Vanoni Square 1

Share capital € 140,000,000 iv

Business Register of Milan-Monza-Brianza-Lodi

REA Milan n. 1628623

Tax code and VAT number n. 13212410156

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Management report

Brand identity

Enipower Ferrara Srl is owned 51% by Enipower SpA and 49% by Axpo International SA

The company became operational on 1 August 2004 with the transfer of the business branch of the Ferrara plant by Eni Rewind SpA (formerly Syndial SpA) and since January 2009 it has the new combined cycle plant which develops an overall power of 845 megawatts.

The production capacity in operation is 841 megawatts.

Since July 2011, the company's activities have been aimed at generating electricity and technological steam through an exclusive tolling agreement with Eni SpA.

In December 2016, the company approved the contractual reorganization of the electricity sales activities to site customers following assessments on the effects of the regulatory changes relating to the Internal User Networks. Starting from 1 January 2017, the activities of selling electricity to on-site customers are carried out directly by Eni.

In December 2017, the company approved the sale of the steam sales activities to on-site customers to Eni in order to standardize and rationalize the sales management process as already approved for the electricity sales activity. Therefore, starting from 1 January 2018, the activities of selling steam to site customers are managed by Eni.

Starting from 1 January 2018, as established by the Regulatory Authority for Energy, Networks and the Environment (ARERA ex AEEGSI) with resolution 582/2017 of 3 August 2017, the company has started to provide connection, metering and transport services for Closed Distribution Systems (SDC), which also include Internal User Networks (RIU), regulated by resolution 539/2015.

The company is subject to the management and coordination of Eni SpA and operates in Italy.

Profile of the year

Significant facts

On 22 April 2020 the Shareholders' Meeting resolved on the Appointment of the Statutory Auditors and of the Chairman of the Board of Statutory Auditors for the years 2020, 2021 and 2022 with determination of the remuneration due to the Standing Auditors and to the Chairman of the Board of Statutory Auditors.

The exercise of the option for the national consolidated tax regime for IRES purposes pursuant to Articles from 117 to 129 of the TUIR for the financial years 2020, 2021 and 2022 and the election of the domicile at the headquarters of Eni SpA in Rome, Piazzale Enrico Mattei 1 for the purpose of notification of the measures and acts relating to the period of effectiveness of the option.

On 8 July a fault was recorded in the TRM2 step-up transformer of the Combined Cycle 2. The fault affected the windings of the transformer, therefore, the machine is unavailable.

The transformer raises the voltage level of the electricity generated by the alternators of both turbines in Combined Cycle 2 to 400 kV for the National Transmission Grid. The outage of the transformer results in the unavailability of the entire production unit.

The transformer repair activities are underway by ABB (transformer manufacturer).

To date, it is estimated to complete the activities by the first quarter of 2021.

All the procedures concerning the insurance coverage of the accident for accidental events have been started.

The economic impacts regarding the unavailability are regulated by the tolling contract.

In order to implement the Eni strategy, announced to the market in February 2020, and based on the combination of development objectives, economic-financial solidity and environmental sustainability, Eni has adopted, starting from 1 July 2020, of a new organizational structure based on the two new General Directions: Natural Resources and Energy Evolution.

The Natural Resources General Management is responsible for enhancing the upstream oil & gas portfolio with the aim of reducing its carbon footprint through energy efficiency actions and the expansion of the gas component, which it will also handle wholesale marketing. Furthermore, it will focus its action on the development of CO2 capture and offsetting projects.

The General Management of Energy Evolution takes care of the evolution of the business of generation, transformation and sale of products from fossils to bio, blue and green. In particular, it will deal with the growth of renewable electricity generation and bio-methane, will coordinate the bio and circular evolution of the refining and chemical system and will further develop Eni's retail portfolio by providing increasingly decarbonised products for mobility and household and small business consumption.

Enipower Ferrara Srl merged into the Energy Evolution General Management as Enipower S.p.A.

Allocation of profit for the year

On 22 April 2020 based on the results achieved in 2019, the Shareholders' Meeting resolved to allocate the profit of € 9,072,883.80 to the legal reserve for € 453,644.19 and to retained earnings for € 8,619,239, 61.

The results

In 2020 the company achieved a net profit of € 7,051 thousand, a decrease of € 2,022 thousand compared to the previous year (€ 9,073 thousand). Compared to 2019 they are mainly recorded a worsening of operating performance (-3,576 thousand euros), an improvement in financial management (+423 thousand euros) and lower taxes for the year (+1,131 thousand euros).

The following are the main data relating to the period 2018-2020:

Main economic, equity and financial data	2018	2019	2020
Revenues from core business	(thousands of euro) 102,728	105.342	87.872
Operating profit	18.560	13.745	10.169
Net income	12.534	9.073	7.051
Net cash flow from operating activities	23.905	35.106	41.549
Technical investments	5.300	11.499	13.976
Net invested capital at the end of the period	312.800	299.308	279.604
Net assets	197.556	206.620	213.655
Net financial debt at the end of the period	115.244	92.688	65.949

Macro-economic and market scenario

During 2020, the Covid-19 epidemic severely hit the world economy, causing social distancing measures to be implemented in almost all countries and the blocking of many production activities.

In the first part of the year, global economic activity recorded a record collapse and then recovered more than expected in the third quarter, thanks to the rebound in industry activity which almost returned to pre-crisis production levels. In the last months of the year, a second wave of infections determined new restrictive measures on activities, further penalizing the services sector, the most affected by the crisis and the furthest away from the recovery of the levels of added value at the end of 2019.

For 2020 there was a pre-final decrease in global GDP, compared to 2019, of 4% and a contraction in world trade of over 8%. The difficulties in the services sector have meant that advanced economies, on average more outsourced, have been hit harder by the consequences of Covid-19 than emerging economies, particularly in Asia.

Furthermore, emerging economies managed to manage the pandemic effectively and avoid one second wave of contagions, unlike Western economies, accelerating the normalization of industrial production processes. Already in the two months of September-October 2020, many countries, especially Asia, had even exceeded the pre-crisis levels of industrial production.

The macroeconomic situation of emerging economies, for which an overall contraction is estimated GDP of 2.1% in 2020, compared to 2019, is however uneven: the lively recovery of many Asian countries is contrasted by the economic precariousness of many Latin American and South African countries, burdened by large public debts. In the global macroeconomic context of 2020, the strengthening of the role stands out of a player in China which, paradoxically, enjoyed the advantage of being the first economy to be hit by the Covid-19 epidemic, being the first to defeat it and return to almost normality of economic activity. Among the main economies, China was the only one to record GDP growth in 2020, albeit at a slower pace than in recent years (+ 2.3% compared to 2019).

The advanced economies and the main competitors of China, the United States and the euro area, have not managed to avoid a second wave of the epidemic and have not yet recovered the pre-crisis levels of production. For 2020, a pre-final decrease in the overall GDP of advanced economies of about 5% is expected. The uncertainty about the evolution of the health crisis and its economic effects has had similar consequences in the United States and in the euro area, including the low confidence of families, which has resulted in an increase in the propensity to save, and of companies, which manifested itself with a volatility of investments in capital goods (investments in construction showed instead a certain resilience). For 2020, the first estimates show a decrease in the US GDP of 3.6% e EMU by 7.1%. The economy of Japan (-5.4%) and the United Kingdom (-10.6%) also contracted.

In 2020, the Italian economy, despite the magnitude of the shock due to Covid-19, showed a resilience beyond expectations. After the collapse of the first half, in the third quarter there was a rebound in GDP of around 16%, higher than that of all other European economies. For the fourth quarter, a new contraction in activities is estimated, which would place the fall in annual GDP at 9%, but the sectors that had recovered previously (the entire industrial sector and in particular the construction sector) showed relative stability. To tackle the economic-health crisis, important expansionary fiscal measures were taken in Italy in 2020, for a value of approximately 7% of 2019 GDP, especially in support of the sectors most affected by the closure of activities and the health sector. .

In addition to national aid, huge funds have been allocated by the European Union to support European economies in 2020, which will make available, over the next seven years, 2,340 billion euros, equal to 18% of the EU's GDP. The most important aid plan is certainly the Next Generation EU it has the aim of relaunching the European economy above all through structural interventions in key sectors such as energy efficiency and digitization. The United States also enjoyed over the course

year of huge aid to support its economy for a value corresponding to more than 18% of GDP.

To cope with the global recession, last year the main central banks also embarked on ultra-expansionary monetary policies, with maneuvers to reduce interest rates and purchase securities.

The abundant liquidity on the market did not cause an increase in international inflation, which reached rather low levels during the year.

During the first phase of the crisis, there was a flight of capital from assets deemed riskier and from emerging economies with a consequent depreciation of the currencies of these countries as opposed to an appreciation of the dollar, perceived as a safe haven. In the summer, with the first signs of recovery, capital returned to move towards the emerging economies, leading to a revaluation of their currencies (the Chinese yuan is very significant). Simultaneously, the dollar began to rise

depreciate, not only due to the international climate of greater confidence, but also due to the accentuated US economic-health crisis, internal political uncertainty and a certain tightening of the Federal Reserve's positions regarding a further expansion of its monetary measures, interpreted as a further obstacle to recovery.

The euro, in particular, benefited from the weakness of the dollar in the second half of the year, benefiting from the renewed commitment of the ECB to support the euro area economy, strengthening and extending the monetary measures undertaken at the beginning of the crisis, and the greater containment of the Covid-19 epidemic in EMU countries.

In 2020, the average price of Brent was equal to \$ 41.7 / b, lower by \$ 22.6 / b than the average value of 2019 at 64.3 \$/b.

The gas markets witnessed a sharp drop in the price level in 2020 which brought them to record lows in the summer months. At the basis of this collapse, on the supply side, there is an increase in global liquefaction capacity occurred in recent years, on the demand front the economic crisis resulting from the Coronavirus pandemic and the consequent collapse of consumption in the production sectors. Only at the end of the year did the markets show a partial recovery thanks to the climate and the recovery in Asian consumption. The contraction in demand has therefore aggravated global gas oversupply, depressing spot prices. In particular, in 2020:

- on the Asian market, the JKM price was equal to \$ 4.4 / MBtu (-20% compared to 2019), sharply down due to the decrease in gas demand from traditional importing countries (Japan and Korea) and the slowdown in growth of consumption in China during the first half of the year, factors largely attributable to the effects caused by the measures to combat the spread of the pandemic;
- the LNG surplus on a global scale was highlighted above all in Europe where flows via pipelines represent the preponderant share of imports and where the number of infections continued to increase even in the last months of the year. Prices in the Old Continent therefore fell to historic lows (eg price at NBP \$ 3.2 / MBtu, -27% compared to 2019);
- in the USA, the Henry Hub reached an annual average of \$ 2.5 / MBtu, in line with the previous year. The low prices on the Asian and European markets made the export of US LNG unsustainable with a consequent sharp reduction in the utilization rate of the liquefaction plants in the summer months.

Coal in 2020, like other commodities, was affected by the economic crisis, settling on an annual average of \$ 50 / ton in Europe and recording a further decline towards around \$ 60 / ton in 2019 and \$ 93 / ton in Europe. 2018. On the consumption front, coal suffered not only from the effects of the pandemic but also from the strong competitiveness of gas prices. In particular, in the electricity generation sector coal has been affected by the contraction in electricity consumption, low gas prices, the high cost of CO2 and the output of capacity in many countries as a result of policies to reduce emissions. In many European countries only the most efficient plants are able to maintain production levels

adequate and in many cases intervene to ensure safety and stability of the electricity system in the presence of high contributions from intermittent sources.

The price of the European Union Allowance (EUA) in 2020 consolidated on an average of € 24.7 / ton (vs the 2019 average of € 24.8 / ton). Initially resilient to the impacts of Covid-19, it entered a bearish phase in March, hitting a low on March 18 (€ 15.2 / ton) mainly due to the slowdown in industrial demand and in power demand.

During the second and third quarters there was a recovery in the price, with a growing trend starting from mid-May and which accelerated in July, despite the persistence of a stagnation in consumption. The growing fears of a second wave of contagions were offset by the announcement by the European Commission of the tightening of the emission reduction targets to 55% and the uncertainty on the BREXIT front, with the unlikely extension of the negotiations beyond 31 December 2020.

In the latter part of the year, broadly positive expectations on the distribution of Covid vaccines and the tightening on EUA supply had a bullish effect on the price. In particular, in December the price stood at an average of € 30.8 / ton, with an increase mainly attributable to a prolonged interruption of the primary offer from auctions. This unexpectedly long outage meant that would-be buyers were forced to turn to the secondary market,

sparking further interest and pushing prices higher.

Evolution of the regulatory framework

With resolution **66/2020 / R / eel**, the Authority updated its provisions on electricity production, Simple Production and Consumption Systems (SSPC), Closed Distribution Systems (SDC) and settlement in order to take into account the changes to the regulation on electricity and natural gas introduced by resolutions 558/2019 / R / eel, 568/2019 / R / eel and 570/2019 / R / gas.

With the **law decree 18/2020** "*Measures to strengthen the National Health Service and economic support for families, workers and businesses connected to the epidemiological emergency from Covid-19*", which entered into force on March 17, 2020, the relative terms have been postponed to the performance of administrative proceedings for the period between 23 February and 15 May 2020.

Consequently, the deadlines set by the regulation of the capacity market for the achievement of the authorizations for the construction and operation of the plants were postponed by Terna's communication, in particular for the plants that must enter into operation by 2023, the deadline was moved from December 31, 2020 to March 23, 2021.

With a subsequent communication, Terna further extended the deadlines for:

- the obtainment of the authorizations as of 30 June 2021
- the entry into service of the new capacity (for the 2023 auction as of 1 July 2023) through a request for duly motivated extension.

With resolution **121/2020 / R / eel**, following the effects caused on electricity consumption by the Covid-19 emergency, the Authority modifies, at least temporarily and until 30 June 2020, the current regulation of imbalances by introducing elements that allow limit the variability of the unbalancing unit price (also with respect to the valuation prices of the sales offers accepted on the MGP) while maintaining adherence to the costs of the service as far as possible and thus avoiding the lack of sufficient measures to counteract non-diligent programming strategies aimed at taking advantage of non-programming.

The Authority, with resolution 207/2020 / R / eel confirmed the transitory nature of the amendment, confirming the current balancing regulation system.

With resolution **200/2020 / R / eel**, the Authority approves the regulation, prepared by Terna SpA, pursuant to the Authority's resolution 300/2017 / R / eel, relating to the pilot project for the provision of the ultra regulation service -fast frequency.

With consultation **201/2020 / R / eel**, in implementation of the provisions of the ministerial decree of 30 January 2020, the Authority's first guidelines on the participation of electric vehicles in the Market for the Dispatching Service are illustrated, through charging infrastructures equipped with tecnologia vehicle to grid.

With resolution **217/2020 / R / eel**, the Authority communicates the provisions concerning mainly the establishment of a "supplementary session" for companies that do not meet the mandatory deadline currently set for the presentation of the declaration necessary for the recognition of the qualification of "Energy consuming customer" for the following year. These provisions are aimed at integrating the current regulations for the formation and management of lists of companies with high energy consumption

electricity referred to in resolution 921/2017 / R / eel, in implementation of the facilitation mechanism introduced with the decree of the Minister of Economic Development of 21 December 2017.

With resolution **468/2020 / R / eel** , the Authority approved Terna's proposal for the implementation of the competition procedures for the assignment of hedging instruments against the risk of volatility of the consideration for the use of transportation capacity (so-called "CCC"), for the year 2021. Terna's proposal introduced changes in the tender procedures for the assignment of CCCs.

With resolution **474/2020 / R / eel** , the Authority approved the request for a derogation from the deadline for the application of a settlement period for imbalances of 15 minutes to all production units and consumption.

With resolution **507/2020 / R / eel** , the Authority initiated the procedure for the preparation of a proposal to the Minister of Economic Development regarding the adequacy standard of the Italian electricity system, pursuant to regulation (EU) 2019/943.

With resolution **536/2020 / R / eel** , the Authority appealed to the sentences of November 23, 2020, n. 2234, n. 2235, n. 2236 of the Lombardy TAR, second section, for the partial cancellation of the resolution of the authority 539/2015 / R / eel (regulation of the SDC and in particular of the RIU).

The sentence accepted the appeals of Eni, Enipower SpA and Versalis SpA against Resolution 539/15 with particular reference to the application of Dispatching Charges within the SDCs.

With resolution **548/2020 / R / com** the Authority, following resolution 96/2020 / R / com, reported indications for the purpose of identifying the RETEE element and the ŷUC7 part of the Auc7RIM element. Furthermore, it approves the operating regulations prepared by the Manager of Energy Services SpA for the purpose of returning the RETEE element to the thermoelectric producers.

With resolution **579/2020 / R / eel** , the Authority extended the forward supply of balancing resources through mixed enabled virtual units (UVAM), pursuant to the Authority's resolution 300/2017 / R / eel .

Governance

SEF Srl

Limited liability company with registered office in San Donato Milanese - Milan

Vanoni Square 1

Share capital € 140,000,000 iv

Business register of Milan-Monza-Brianza-Lodi

REA Milan n. 1628623

Tax code and VAT no. 13212410156

The company is managed by a Board of Directors whose members indicated below will remain in office until the approval of the financial statements at 31 December 2020:

- Engineer Domenico Galante	president
- Ing. Marco Moretti	Counselor
- Ing. Maria Caianiello	Counselor
- Dott.ssa Rita Maria Boveri	Counselor
- Dr. Marco Nideroest	Counselor
- Dott. Andreas Burri	Counselor

The Board of Statutory Auditors is made up as follows:

- Dr. Franco Patti	president
- Dr. Elena Nembrini	Mayor in charge
- Dr. Michele Pizzo	Mayor in charge
- Dr. Simona Colombi	Alternate auditor
- Dr. Luigi Vannini	Alternate auditor

All the members of the Board of Statutory Auditors were appointed by the Shareholders' Meeting of April 22, 2020 and the office will expire with the approval of the financial statements at December 31, 2022.

The company, in the Shareholders' Meeting of 2 October 2018, approved, on the basis of a specific selection process and taking into account the motivated proposal of the Board of Statutory Auditors of SEF Srl relating to the assignment of the statutory audit for the three-year period 2019-2021, the " assignment of statutory audit for the financial years 2019, 2020 and 2021 to PricewaterhouseCoopers SpA.

Health, environment, safety and quality

The activities relating to the health, environment, safety and quality of the company are coordinated by Enipower SpA which determines the guidelines. The company implements the same integrated approach as Enipower SpA in the consolidation of its corporate management system.

In 2020, the activities aimed at maintaining EMAS registrations and certifications of the health and safety (OHSAS 18001), environment (ISO 14001) and energy (ISO 50001) management system were carried out.

The Ferrara plant has had an Integrated Environmental Authorization (AIA) since 2010. In 2019, the current AIA review process was launched, still under investigation.

The plant is subject to periodic inspections by the Competent Authorities, including the Higher Institute for Environmental Protection and Research and the Regional Agencies for the Protection of the Environment, which verify compliance with the Monitoring and Control Plans regarding environmental requirements. During 2020, the ordinary control planned by the Competent Authority was carried out.

Environmental protection is pursued with a view to sustainable management, with particular regard to the protection and safeguarding of environmental matrices and the improvement of energy efficiency.

As part of the participation in the third period of fulfillment of the European Emission Trading System relating to the trading of CO2 emission quotas pursuant to Directive 2003/87 / EC, in 2020 the company obtained, within the foreseen timeframe, the certification of emissions for the year 2019. CO2 emissions for the year 2020, subject to the Emission Trading System regulation, totaled 1,090,447 allowances. For the 2020 Balancing Plan, the company was able to dispose of 2,850 shares

free of CO2, as required by the latest ministerial resolutions. In December 2020, 462,755 CO2 quotas were purchased . The remaining CO2 quotas that will cover the entire return of the 2020 quotas will be purchased by 30 April 2021.

The environmental performances are published in the environmental declaration in accordance with the EMAS regulation.

In the field of safety, the company did not record accidents at work in 2020, confirming itself at the highest levels in promoting the culture of safety through various awareness-raising initiatives aimed at employees and contractors.

In the Health area, following the Covid-19 pandemic, SEF Srl, in accordance with the provisions contained in the provisions approved by the Government and Eni guidelines, adopted a specific response plan to the health emergency.

With regard to health promotion activities, it should be noted that the annual "Influenza vaccination campaign" in 2020 received significant support from employees.

Sustainability performances are consolidated in the Sustainability Report which was published by Enipower SpA in 2020.

Scientific and technological research

The company does not have its own structures dedicated to scientific and technological research which can be performed in outsourcing.

Operating performance

Generation and sales

In 2020, the company produced electricity net of self-consumption for 2,608 gigawatt hours, down by 1,275 gigawatt hours compared to the previous year (3,883 gigawatt hours). The lower electricity production compared to the previous year is attributable to the failure of the Combined Cycle 2 transformer which occurred on 8 July and due to a different modulation.

The production of steam for industrial uses was 559 thousand tons.

The degree of utilization of the production capacity of the plants, calculated on the installed power, was on average around 40%.

Main operational and sustainability data		2018	2019	2020
Installed production capacity	(megawatt)	846	846	846
Production capacity in operation		785	785	785
Electricity production in tolling	(gigawatt hours)	3.980	3.883	2.608
Steam production in tolling	(thousands of tons)	461	494	559

(1) Electricity produced means electricity net of self-consumption and auxiliary services.

Technical investments

In 2020, the company's investments in property, plant and equipment amounted to € 13,976 thousand (€ 11,498 thousand in 2019). The investments concerned:

- the reconditioning and purchase of gas turbine blades for Group 1 (€ 6,889 thousand);
- replacement of the Group 1 high pressure evaporator module (€ 2,775 thousand);
- the preliminary activities and the purchase of spare parts necessary for the repair of the TRM2 transformer of Group 2 (1,517 thousand euros);
- the purchase of spare parts and strategic materials (€ 1,037 thousand);
- the revamping of the control system of the gas turbine and of the steam turbine of Group 1 and 2, as well as the improvement interventions carried out by Ansaldo on the same turbines (€ 1,029 thousand);
- other minor interventions (729 thousand euros).

Human resources

There are 68 employees in the role of the company at 31 December 2020 (71 at 31 December 2019).

An employee seconded by other companies of the Eni group works at the plant.

For the activities of coordination of industrial management and for those of "staff", the company makes use of the services of Enipower SpA through a specific service contract.

The breakdown by contractual qualification as at 31 December 2020 is shown in the following table:

EMPLOYEES PER ROLE END OF PERIOD (by qualification)	2018	2019	2020	Spring. ass.
SENIOR EXECUTIVES				
PAINTINGS	9	9	7	(2)
EMPLOYEES	46	49	48	(1)
WORKERS	14	13	13	
TOTAL	69	71	68	(3)

With reference to permanent staff, the following changes occurred during the year:

- 2 resources terminated the employment relationship due to retirement;
- 1 resource has resigned.

In 2020, at the organizational level, it should be noted that the responsibilities of the unit dedicated to "Technical Services" of the Plant, have been integrated with a focus dedicated to the topic of "cyber security" pertaining to Industrial Control Systems (ICS), in line with the homologous Enipower headquarters unit S.p.A..

The coordination of the definition, updating and development of the organizational system, the system of powers (internal proxies and delegations) and the regulatory system continued. With reference to this last point, the analysis, implementation and subsequent implementation of the regulatory instruments issued by Eni SpA (Management System Guidelines-MSG) continued at company level, as well as the development and updating of corporate regulatory documents (procedures , operating instructions).

Comment on the results

Income statement

2018	(thousands of euros)	2019	2020	Spring. ass.	Was. %
102.728	Revenues from core business	105.342	87.872	(17.470)	(16,6)
591	Other income	1.033	660	(373)	(36,1)
103.319	Revenues	106.375	88.532	(17.843)	(16,8)
(55.597)	Purchases, provision of services and various costs	(66.441)	(53.498)	12.943	19,5
(17)	Write-backs (net write-downs) of trade and other receivables	(8)	(1)	7	87,5
(5.251)	Cost of work	(5.233)	(5.415)	(182)	(3,5)
(23.894)	Depreciation	(20.948)	(18.710)	2.238	10,7
	Radiation		(739)	(739)	100,0
18.560	Operating profit	13.745	10.169	(3.576)	(26,0)
(1.309)	Net financial income (expenses)	(1.327)	(904)	423	31,9
	Net income from equity investments				
17.251	Earnings before taxes	12.418	9.265	(3.153)	(25,4)
(4.717)	Income taxes	(3.345)	(2.214)	1.131	33,8
27,3	Tax rate (%)	26,9	23,9	(3,0)	
12.534	Net income	9.073	7.051	(2.022)	(22,3)
	competence:				
6.392	- Eni shareholders	4.627	3.596	(1.031)	
6.142	- third party interests	4.446	3.455	(991)	

Operating profit

Operating profit of € 10,169 thousand was down by € 3,576 thousand compared to 2019. The negative change is mainly due to:

- - € 3.0 million deriving from the processing account. The decrease is attributable, compared to the previous period, to the bonus / malus availability component deriving from the unavailability of Group 2 (-3.7 million euros) and the lower payment for opportunistic stops (-0.2 million euros), partially offset by the positive change in the bonus / malus component of imbalances (+ € 0.9 million);
- - € 1.0 million for the Group 1 accident insurance reimbursement received in 2019;
- - € 0.7 million for losses from radiation of transformer coils;
- - € 0.3 million deriving from the sale of industrial waters.

The negative differences were offset by: • € +0.7 million deriving from the adjustment of the bonus / malus component for the year 2019;

- + € 0.7 million deriving from the adjustment for the addendum to the Processing Account for the year 2018 which took place in 2019.

Net income

In 2020 the company achieved a net profit of € 7,051 thousand, a decrease of € 2,022 thousand compared to the previous year (€ 9,073 thousand). Compared to 2019 they are mainly recorded a worsening of operating performance (-3,576 thousand euros), an improvement in financial management (+423 thousand euros) and lower taxes for the year (+1,131 thousand euros).

Analysis of the items in the income statement

Revenues

In 2020 the company recorded core business revenues of € 87,872 thousand, down by € 17,470 thousand compared to 2019 (€ 105,342 thousand).

Starting from 1 January 2018, following the application of IFRS 15, the revenues for participation in the Dispatching Services Market (MSD) are recorded directly as a reduction of the related costs (11,187 thousand euros in 2020, 21,770 thousand euros in 2019).

Revenues for the year are mainly composed as follows:

- € 76,593 thousand (€ 91,596 thousand in 2019) for the Conto Lavorazione agreement with Eni, which includes the bonus / malus component for availability of € -4,966 thousand;
- € 7,965 thousand for electricity transport and metering services for the internal network of users (€ 7,858 thousand in 2019);
- € 2,755 thousand (€ 3,832 thousand in 2019) for the sale of water for use industrial;
- € 584 thousand (€ 2,066 thousand in 2019) for imbalance payments.

Other revenues of € 660 thousand (€ 1,033 thousand in 2019) mainly refer to income from the sale of emission rights (€ 441 thousand).

Purchases, provision of services and various costs

In 2020 the company incurred costs of € 53,498 thousand, a decrease of € 12,943 thousand compared to 2019 (€ 66,441 thousand).

Starting from January 1, 2018, following the application of IFRS 15, the revenues for the participation in the Dispatching Services Market (MSD) are recorded directly as a reduction of the related costs (€ 11,187 thousand in 2020, € 21,770 thousand in 2019).

Costs for the year are mainly broken down as follows:

- € 26,935 thousand (€ 39,588 thousand in 2019) for the costs associated with the purchase of emission rights;
- 11,592 thousand euros (10,439 thousand euros in 2019) for costs relating to the services of maintenance;
- 4,177 thousand euros (3,366 thousand euros in 2019) for the purchase of maintenance materials;
- € 586 thousand (€ 2,692 thousand in 2019) for purchases of electricity from Terna SpA for negative imbalances.

We also highlight:

- costs to Enipower SpA for management, managerial and industrial services for 3,411 thousands of euros (3,564 thousand euros in 2019) and costs for other general factory services returned by IFM Ferrara for € 2,371 thousand (€ 2,154 thousand in 2019);
- costs pertaining to € 1,040 thousand (€ 1,040 thousand in 2019) relating to the use of the off-gas treatment plant built by Versalis SpA and Basell Poliolefine Italia Srl and owned by the latter, against an additional 18,738 thousand euros of costs suspended among deferred income and deferred based on the useful life of the plant;
- charges for the Municipal Property Tax referring to 2020 for 313 thousand euro (316 thousand euros in 2019);
- the provision to the provision for environmental risks and charges for € 502 thousand for reclamation works asbestos;
- costs incurred for the Covid-19 emergency for 133 thousand euro.

Write-backs (net write-downs) of trade and other receivables

In 2020, the provision for bad debts for trade receivables increased by € 1 thousand.

Cost of work

Labor costs amounted to € 5,415 thousand (€ 5,233 thousand in 2019). The increase of 182 thousand euros is mainly attributable to costs for subsidized redundancies (161 thousand euros).

Depreciation

Depreciation amounts to € 18,710 thousand (€ 20,948 thousand in 2019) and consists of depreciation of tangible assets for € 18,692 thousand, of which € 18,113 thousands of euros referring to the depreciation of plant and machinery, and for 18 thousand euros of depreciation for the rights of use of leased assets.

Radiation

The cancellation of 739 thousand euro refers to the elimination from the asset book of the step-up transformer of the Combined Cycle 2 for which irreparable failure which resulted in the unavailability of the production unit.

Net financial income (expenses)

Net financial charges of € 904 thousand recorded a decrease of € 423 thousand compared to 2019.

Net financial charges are mainly made up of:

- charges accrued on long-term loans granted by Eni SpA and Axpo International SA for € 805 thousand (€ 1,096 thousand in 2019);
- commissions on the average balance of current accounts with Eni for € 62 thousand; - financial charges relating to the severance indemnity following the application of the accounting standard IAS 19 Employee benefits for € 6 thousand (€ 13 thousand in 2019).

Income taxes

Income taxes of € 2,214 thousand (€ 3,345 thousand in 2019) include taxes for Ires for € 1,920 thousand and for Irap for € 294 thousand.

Reclassified balance sheet

The scheme of the reclassified balance sheet aggregates the assets and liabilities according to the criterion of functionality to the management of the company considered conventionally divided into the three fundamental functions: investment, exercise, financing. The proposed scheme makes it possible to identify the sources of financial resources and their uses in fixed and operating capital.

Reclassified balance sheet (a)

(thousands of euros)	31.12.2019	31.12.2020	Spring. ass.
Fixed capital			
Property, plant and equipment	280.437	274.861	(5.576)
Intangible assets			
Right to use leased assets	21	3	(18)
Equity investments	564	564	
Financial receivables and securities instrumental to operating activities			
Net receivables / payables relating to investment activities	(1.409)	(575)	834
	279.613	274.853	(4.760)
Net working capital			
Inventories	2.253	1.776	(477)
Commercial credits	34.445	21.191	(13.254)
Commercial debts	(34.896)	(32.483)	2.413
Net tax liabilities	1.669	(317)	(1.986)
Provisions for risks and charges	(1.564)	(2.098)	(534)
Other assets (liabilities) for the year	18.745	17.637	(1.108)
	20.652	5.706	(14.946)
Provisions for employee benefits	(957)	(955)	2
NET INVESTED CAPITAL	299.308	279.604	(19.704)
NET ASSETS	206.620	213.655	7.035
Net financial debt	92.688	65.949	(26.739)
COVERINGS	299.308	279.604	(19.704)

(a) For the connection to the mandatory scheme see the paragraph "Reconciliation of the reclassified financial statements used in the report on operations to the mandatory ones".

Fixed capital

Fixed assets of 274,853 thousand euros decreased by 4,760 thousand euros compared to 31 December 2019 mainly due to the depreciation of the year partially offset by technical investments for the year.

Net tangible fixed assets of € 274,861 thousand (€ 280,437 thousand at the end of 2019) decreased by € 5,576 thousand mainly due to depreciation for the period of € 18,692 thousand and the elimination of the Combined Cycle step-up transformer

2 for 739 thousand euros, net of investments made during the year for 13,976 thousand euros.

The rights to use leased assets consist of leased cars for € 3 thousand.

The investments of € 564 thousand (no change from 31 December 2019) relate to the 10.70% stake in the share capital of IFM Ferrara, which provides industrial services to the companies co-located at the Ferrara petrochemical site.

Net payables relating to investing activities amounted to € 575 thousand (€ 1,409 thousand at 31 December 2019).

Net working capital

Net working capital has a positive balance of € 5,706 thousand (€ 20,652 thousand in 2019).

The most significant items are commented on below:

- inventories of € 1,776 thousand (€ 2,253 thousand in 2019) relate to mainly technical materials;
- trade receivables of € 21,191 thousand (€ 34,445 thousand in 2019) relate to mainly receivables from Eni for processing account activities;
- trade payables of € 32,483 thousand (€ 34,896 thousand in 2019) relate to mainly payables to the market for the purchase of emission rights (18,514 thousand euros), payables to third party suppliers (8,162 thousand euros) and payables to the parent company Eni (5,161 thousand euros);
- net tax liabilities of € 317 thousand increased by € 1,986 compared to 2019 following the allocation of the payable for IRES tax consolidation to Eni for € 1,452 thousand euro;
- the provisions for risks and charges, equal to € 2,098 thousand (€ 1,564 thousand in 2019), consist of charges for tax disputes relating to excise duties for the years 2005/2006/2007 for € 251 thousand, in charges of nature environmental costs for € 394 thousand (€ 113 thousand in 2019) and in site dismantling and restoration costs for € 1,452 thousand (€ 1,451 thousand in 2019);
- other assets (liabilities) for the year of € 17,637 thousand (€ 18,745 thousand in 2019) they mainly concern prepaid expenses.

The other liabilities include the non-interest-bearing security deposit received by Eni Gas and Luce SpA for € 6 thousand as a guarantee in accordance with the provisions of the "Network code for the electricity transport service" (ARERA Resolution no. / 2015 and subsequent amendments) following the stipulation of the transport and metering contract within the Internal User Networks.

The provisions for employee benefits of € 955 thousand (€ 957 thousand in 2019) relate to the severance indemnity (TFR) for € 897 thousand and the provision for seniority bonuses (Jubilee Awards) for € 58 thousand.

Reconditioning of the overall profit

(thousands of euros)	2019	2020
Net profit for the year	9.073	7.051
Other components of comprehensive income:		
- Revaluations of defined benefit plans for employees	(12)	(29)
- Tax effect	3	6
Total other components of comprehensive income, net of tax	(9)	(23)
Total comprehensive income for the year	9.064	7.028

Net financial debt

(thousands of euros)	31.12.2019	31.12.2020	Spring. ass.
Financial debts	95.304	68.059	(27.245)
Long-term financial debt	68.046	40.823	(27.223)
Short-term financial debt	27.258	27.236	(22)
Cash and cash equivalents	(2.616)	(2.110)	506
Net financial debt	92.688	65.949	(26.739)
Net assets	206.620	213.655	7.035
Leverage	0,45	0,31	(0,14)

Net financial debt amounts to € 65,949 thousand (€ 92,688 thousand at 31 December 2019). Long-term financial payables of € 40,823 thousand refer to the debt exposure towards Eni SpA and Axpo International SA for € 20,852 thousand and € 19,971 thousand respectively. The decrease of 27,223 thousand euros relates to the repayment plan of the loan for 27,216 thousand euros and the extinction of financial payables for leasing for 7 thousand euros. Short-term financial payables of € 27,236 thousand refer to the short-term portion of long-term loans and the short-term portion of financial payables for leasing.

Cash and cash equivalents of € 2,110 thousand recorded a decrease of 506 thousands of euros compared to 31 December 2019. This decrease is attributable to the repayment of the installments of loan, partially offset by the change in net working capital and by the non-payment of the IRES tax following the company's adhesion to the tax consolidation.

The ratio between net financial debt and shareholders' equity is 0.31.

Net assets

Shareholders' equity of 213,655 thousand euros (206,620 thousand euros at the end of 2019) is made up of the share capital of 140,000 thousand euros, the legal reserve of 7,724 thousand euros, other reserves for a total of 30,389 thousand euros of which 30,000 thousands of euro paid by shareholders in 2011 as a capital payment, from the retained earnings relating to previous years for 28,491 thousand euro and from the profit for the period for 7,051 thousand euro.

Reclassified cash flow statement

The reclassified cash flow statement makes it possible to highlight the change in debt net financial between the beginning and the end of the period.

Reclassified cash flow statement (a)

2018	(thousands of euros)	2019	2020	Spring. ass.
12,534 Net profit		9.073	7.051	(2.022)
Adjustments to trace profit to cash flow from operating activities:				
23.865	- depreciation and other non-monetary components	20.973	19.418	(1.555)
	- net capital gains on sales of assets			
6.011	- dividends, interest and taxes	4.623	3.110	(1.513)
(13.871)	Change in working capital	4.230	13.010	8.780
(4.634)	Dividends collected, taxes paid, interest (paid) collected	(3.793)	(1.040)	2.753
23,905 Net cash flow from operating activities	(5,300)	35.106	41.549	6.443
Technical investments in tangible assets				
(72)	Investments by capitalization of purchases of tangible assets	(11.499)	(13.976)	(2.477)
6.848	Disposal of intangible assets			
1.379	Other changes relating to investment activity	(1.012)	(834)	178
26.760 Free cash flow		22.595	26.739	4.144
(27.221)	Change in current and non-current financial payables	(27.228)	(27.227)	
	Repayment of debts for leasing	(14)	(18)	
(20.000)	Cash flow of equity			
(20,461) NET CASH FLOW FOR THE PERIOD		(4,647)	(506)	4.141

Change in net financial debt

31.12.2018	(thousands of euro)	12.31.2019	12.31.2020	Var.
26.760 Free cash flow		22.595	26.739	4.144
	Other changes in the registration of leasing payables	(39)		39
(20,000)	Cash flow of equity			
6,760 CHANGE IN NET FINANCIAL DEBT		22.556	26.739	4.183

(a) For the connection to the mandatory scheme see the paragraph "Reconciliation of the reclassified financial statements used in the report on operations to the mandatory ones".

The free cash flow of 26,739 thousand euros generated during the year is due to the net cash flow from operating activities for 41,549 thousand euros, offset by the cash flow from investing activities for 14,810 thousand euros.

Risk factors and uncertainty

In the context of business risks, the main risks identified and monitored are the following:

(i) financial risks:

- market risk deriving from changes in prices; - interest rate risk associated with fluctuations in rates which affect the value of market of financial assets and liabilities and the level of net financial charges; - credit risk represented by the company's exposure to potential losses deriving from the non-fulfillment of the obligations assumed by the counterparties; - liquidity risk deriving from the lack of financial resources to meet short-term commitments;

(ii) risks associated with industrial activity:

- a. unavailability / non-reliability of plants or assets;
- b. technological innovation;
- c. injuries to employees and / or contractors;
- d. regulatory / regulatory risk Gas & Power;
- And. criticality of waste management;
- f. impacts related to the complexity and evolution of the HSE Regulations;
- g. damage from natural events;
- h. biological risk (pandemic);
- i. incidenti process safety e asset integrity.

Financial risks are managed on the basis of guidelines issued at Eni level with the aim of standardizing and coordinating Eni's policies ("Guidelines on the management and control of financial risks") and are described in the notes to the financial statements.

The main risks associated with industrial activity are analyzed below.

Operational and strategic risk

In the context of business risks, the company is exposed to the risk deriving from possible damages and failures to own plants. The responsibility for the operation and correct maintenance of the plants is carried out in such a way as to ensure the modernization and interventions necessary to guarantee both reliability and maximum production efficiency. The safeguarding of the plants is based on scheduled maintenance plans and periodic revision of the same. The effectiveness and quality of these plans is guaranteed by service contracts stipulated with construction companies.

In order to mitigate the risks deriving from the unavailability and interruption of production of the plants, policies are in place relating to preventive and predictive maintenance, asset integrity and monitoring of deviations from the coded optimal performances; these policies, in line with Eni's MSG (Management System Guidelines), are continuously updated by the dedicated units of the

Production and Technical Services of Enipower SpA, which coordinate and monitor its timely application. Furthermore, on a preventive level, a study and analysis of maintenance interventions is carried out aimed at improving the reliability, efficiency and flexibility of the plants and an insurance policy has been adopted to mitigate the damage caused by any failures. .

In addition to the risk of interruption of plant operations, the risk of possible displacement associated with the evolution of technical progress, which would make the company's plants technologically obsolete, should be noted. In order to mitigate the possible displacement associated with the evolution of technical progress, specific organizational units have been set up at the competent Eni functions responsible for monitoring technological development and new applications in the industrial sector.

Risks in the HSE area

The industrial activities carried out by the company are subject to compliance with the rules and regulations for the protection of health, safety and the environment in force within the Italian territory, including the laws that adopt international protocols or conventions. The charges and costs associated with the necessary actions from put in place to fulfill these obligations constitute a significant cost item. The violation of the laws in force entails penalties of a criminal and / or civil nature against the managers and, in specific cases of violation of the legislation on health, safety and the environment, penalties against the company, based on the provisions of the model European corporate responsibility law, also fully implemented in Italy with Legislative Decree 121/11. This decree extends the discipline of liability administration of companies to environmental crimes. For the protection of the environment, the regulations provide for the control and compliance with the emission limits of pollutants in the air, water and soil and the correct management of the waste produced, in addition to the conservation of habitats, imposing increasingly stringent and stringent in terms of pollution prevention and reduction measures. As regards the protection of health and safety in the workplace, the Italian legislation has emphasized the value of organizational and personnel management models. The company has adopted management systems that take into account the specificities of the production sites and the activities therein carried out and the constant evolution of business processes. With reference to biological risk, the company has specific health emergency response plans prepared in accordance with the provisions contained in the government provisions. For an analysis of the company's activities relating to the management of this type of risk, please refer to the previous paragraph "Health, safety, environment and quality".

Gas & Power regulatory / regulatory risk

The company operates in a sector subject to intense regulated activity. Company management is therefore conditioned by the constant evolution, not always foreseeable, of the reference regulatory context as well as the introduction on the market of new technologies such as to have a strong impact on the Company's activities. The company in collaboration with Eni has equipped itself with a monitoring unit and maintains a constructive dialogue with the institutions and bodies responsible for governing the energy sector. The company also actively participates in trade associations and related work groups. For an analysis of the evolution of the regulatory framework and see the paragraph "Evolution of the regulatory framework".

Risk of damage from natural events

The risk relates to damage to assets, activities and people caused by increasingly frequent natural events. The main mitigation action consists in the adoption of specific internal emergency plans.

Foreseeable evolution of management

The company continues its electricity generation activity under the Conto Lavorazione for Eni, which since 1 January 2018 has been accompanied by the distribution and metering of electricity following the entry into force of the Integrated text of the Closed Distribution (TISDC).

Management continues to be aimed at the effectiveness and operational efficiency of the plants, improving their reliability and flexibility, paying ever greater attention to issues related to health, safety and the environment.

The repair of the Group 2 transformer is expected to be completed in the first quarter of 2021.

In the following years, the investment activity will continue with the procurement of spare parts for the blades and with the upgrading of the turbines of the combined cycle units. The strengthening of the internal electricity network which will increase reliability and allow the company to perform additional capacity available within the industrial site.

Other information

Relations with related parties

The company is classified as a jointly controlled company in the financial statements of Enipower SpA.

Transactions carried out with related parties essentially regard the exchange of goods, the provision of services, provisions and the use of financial resources with Eni's subsidiaries and associates and with companies belonging to the AXPO group. All transactions are part of ordinary operations, are generally regulated and where applicable at market conditions, i.e. at the conditions that would have been applied between two independent parts and were made in the interest of the enterprise. In particular, the most significant exchanges concern the Conto Lavorazione agreement with Eni, whose annual fees are determined by providing for the return on invested capital and the recovery of operating costs. The company receives industrial services at the Ferrara site from IFM Ferrara whose relationship is governed by a fixed fee proportionate to its stake in the consortium, equal to 10.70%. It also receives services from Enipower SpA and business and administrative support services from Eni.

Two long-term loans are in place respectively with Eni SpA and Axpo International SA.

Own shares and shares of parent companies

In compliance with the provisions of Article 2428, paragraph 2, n. 3) of the Civil Code, we certify that the company does not hold and did not hold in 2020, nor has it been authorized by the relative Shareholders' Meeting to purchase treasury shares or shares of Enipower SpA and its parent company, Eni SpA, not even through a company fiduciary or intermediary.

Obligations pursuant to resolution 11/07 of the Regulatory Authority for Energy Networks and Environment

The company carries out production, distribution and measurement of electricity and other activities, therefore it is subject to the obligations of accounting and administrative separation provided for by resolution no. 11/07 of the Regulatory Authority for Energy, Networks and the Environment.

Secondary offices

In compliance with the provisions of article 2428, fourth paragraph of the Civil Code, it is certified that as at 31 December 2020 the company does not have secondary offices, but rather a local unit constituted by the Ferrara plant - piazzale Donegani, 12 - Ferrara.

Aggiornamento Covid-19

In relation to the Covid-19 pandemic, a state of emergency was declared in 2020 and the company, in line with government indications and the indications provided by Eni's central functions competent in the matter, issued, and subsequently updated, the Annex A - MERP (Medical Emergency Response Plan) COVID-19 Preparation and Response Plan and related Circulars applications.

As of January 21, 2020, Eni's Health function, as soon as the World Health Organization declared a possible human-to-human transmission of the disease, issued the first preventive alert to all businesses.

A few days later, on January 27, 2020, the same disclosure was strengthened by asking each company to monitor the evolution of the emergency in relation to its context / country and to implement all operational actions, of a preventive nature, defined by corporate regulatory instruments, in particular by updating the response plan to epidemics and pandemics within the Medical Emergency Response Plan (MERP).

With evidence of a first outbreak on the national territory and in the immediate issue of legislation by the Italian Government, which was a prelude to the first measures to manage the spread of the infection, Eni, on 24 February 2020, consequently opened the Crisis Unit calling you to participate in all the competent functions (permanent and non-permanent members) given the specific situation, in line with the HSE (Health, Safety and Environment) Management System Guideline - Annex H "Management of emergencies". The Crisis Unit, in light of the state of health emergency declared by law throughout the Italian national territory, of the magnitude of the emergency itself on a global scale and taking into account the consequent need to identify timely, homogeneous measures (while taking into account the differences among the activities of the group) and applicable across all company businesses, has operated as specialist support and high consultancy for the third level central bodies by carrying out, through the indications issued by the same in the face of the debate and specialist sharing between the different functions, the strategic direction and coordination role assigned to this area by the HSE risk management model.

Specifically, the Crisis Unit met on a daily basis throughout the period of the so-called Phase 1, and then reduced the meetings with a decreasing frequency in relation to the evolution of the situation below.

the profile of the spread of the infection but never less than once a week.

In this second phase of operations, with the exception of some specificities, its role has mainly become one of monitoring compliance by the operating lines, subsidiaries and associates, also in the face of discussions with the control bodies.

Following the governmental and territorial indications, Eni and the companies of the Eni group have ensured the fulfillment of all the measures enacted. In particular, by carrying out an important role of constant updating, interpretation and connection of the regulations issued, we proceeded to ensure:

- i. the obligation to inform workers about the provisions promulgated by the Authorities regarding Covid-19; new methods of access and control in the workplace: communication of the prevention and behavioral measures and of the sanitation measures to be respected in the workplace as well as for the performance of work activities at indoor and outdoor environments / sites of third parties; signing by workers of the information sheet upon entry to Eni sites; detection of the temperature at the entrance to the sites through thermal imaging cameras and / or thermometers with no access if it is higher than 37.5 °. In this regard, it should be noted that Eni immediately took a more precautionary position than the one immediately envisaged by government regulations, organizing itself to target, for all its operational realities, the measurement of the inlet temperature as a condition for access. to the workplace;
- ii. the introduction of entry / stay / operation methods by external suppliers, contractors, visitors or guests;
- iii. the adoption in the workplace, of measures of personal distancing and personal hygiene / sanitization and of spaces as a priority measure of prevention and protection to protect the health and safety of workers;
- iv. carrying out cleaning and sanitizing activities;
- in. the adoption of specific personal protective equipment in relation to the types of activities performed (eg masks / half masks, gloves, goggles, overalls, etc ...); the mandatory use of the surgical mask when "the work requires working at an interpersonal distance of less than one meter and other organizational solutions are not possible, (as occurs, for example, in common areas or on occasions of mobility);
- we. the introduction of restrictions on access / use of common areas (canteen, changing rooms, smoking areas, vending machines for drinks, snacks, etc.);
- vii. the establishment, starting from 19 March 2020, of a company committee for the application of the verification of the rules of the Protocol, with the participation of the trade union representatives and the RLS

(Workers' Safety Representative, or the RLST - Workers' Representative for Territorial Safety - where absent). The National Committee also coordinated and monitored the site-level Committees which were subsequently established and which collaborated

in the enhancement of the specific features of the individual production units;

- viii. the obligation of the employer to collaborate with the health authorities in the case of subjects tested positive for the Sars-CoV-2 virus in the company (also in the case of external workers employed in the performance of services), also extended to the reconstruction of the so-called "Close contacts" - with the adoption of specific solutions for social distancing and contact tracing.

With particular reference to the offices and to all the tasks from "video terminal" or in any case compatible with remote work, the "generalized" recourse to agile work has been fulfilled since February 26, 2020 with extension also to the phase of progressive resumption of 'productive activity (not only, therefore, in cases where there is the right / priority of the worker to use this method), as a "useful and modular protection tool". Eni has extended the possibility to its employees and those of its subsidiaries operating at offices throughout the country to request work in the Smart Working mode until the end of the year. As required by current legislation, for public and private employers, the agile working method has been applied to every subordinate employment relationship until the end of the state of emergency. For those who enter the workplace, the need to respect the principle of social distancing was reiterated "also through a remodeling of work spaces".

Dedicated and widespread information was also given on the guidelines for "fragile" workers in line with the importance that Covid regulations attribute.

These measures have been declined as part of the Sars-CoV-2 pandemic response plan attached to the Medical Emergency Response Plan (MERP) required not only at the regulatory level but also in accordance with the most advanced standards / best practices. This (dynamic) plan was prepared from the early stages of the pandemic as an employer's tool for managing the health emergency and implementing all the protection and prevention measures required by regulations and best practices to ensure a response. effective in the pandemic and carrying out activities safely in the workplace. The pandemic response plan attached to the MERP implemented the guidelines defined within the Crisis Unit and was adopted by all Employers with their own formal deed, signed by RSPP (Head of the Prevention and Protection Service), Competent Doctor and shared with the RLSA (Workers' Representatives for Safety and the Environment).

The Covid-19 pandemic response plan includes both technical and organizational measures for the company and behavioral measures for workers in order to ensure the maximum protection of health in the company in an integrated way.

This plan, as a tool for managing the health emergency from Sars-CoV-2 defines:

1. Roles and responsibilities within the emergency preparedness and response plan, ensuring coordination of the decision-making process;
2. Communication and information;
3. Hygiene and prevention measures (temperature detection, etc.);
4. Personal Protective Equipment (PPE);
5. Access to workplaces (employees, contractors and guests) and to meeting areas;
6. Identification and management of suspicious cases in the company;
7. Management of staff traveling in Italy and abroad and any restrictions;
8. Health surveillance;
9. Protection of "fragile" workers.

It also contains the technical annexes with specific measures regarding:

1. Behavioral and health and hygiene measures to be adopted both in Eni's workplaces and for work activities at third-party environments / sites;
2. Information sheet on entry to Eni sites, and information on the processing of personal data;
3. Technical characteristics of personal protective equipment and indications for correct use of masks;

4. Cleaning and sanitizing of work environments through specific procedures and operations for the prevention of the spread of Covid-19 infection, which considered:
 - compliance with current regulations regarding the products used;
 - the indications of the ISS report (Istituto Superiore di Sanità) Covid-19 n. 25/2020;
 - the evidence, currently available, regarding the effectiveness of the products used for cleaning and disinfection / sanitization of workplaces, in relation to the survival of the virus on different surfaces;
 - the environmental impact and the health risks of workers associated with the sanitation and cleaning procedures;
5. Management and operation of the aeraulic systems: specific procedures have been implemented in line with the indications for this purpose provided by ISS;
6. Provision of corporate catering services;
7. Methods of use and cleaning of pool company cars;
8. Methods for measuring the incoming body temperature (with specification of the methods for identifying and formalizing the persons in charge of the detection. In this regard, it should be noted that each person in charge has received a formal indication of the methods of carrying out the service also in compliance with privacy).

In 2020, 2 cases of positivity to Covid-19 were recorded among the staff of SEF Srl.

It should be noted that the company in relation to the Covid-19 pandemic has not recorded significant impacts a economic and equity level both in qualitative and quantitative terms on the 2020 balance sheet values, as well as on the estimation processes adopted in the preparation of the financial statements and on the concentration of risks financial and liquidity. For more details, see the notes to the financial statements on page 37 in the paragraph "Impacts from Covid-19".

Reconciliation of the reclassified financial statements used in the report on operations to the mandatory ones

Reclassified balance sheet

(thousands of euros)

Items in the reclassified balance sheet (where not expressly indicated, the component is obtained directly from the legal scheme)	December 31, 2019		December 31, 2020	
	Values from legal scheme	Values from schema reclassified	Values from legal scheme	Values from schema reclassified
Fixed capital				
Property, plant and equipment		280.437		274.861
Intangible assets				
Rights to use leased assets		21		3
Equity investments valued using the equity method and Other equity investments		564		564
Financial receivables and securities instrumental to operating activities				
Net payables relating to investing activities, consisting of:		(1.409)		(575)
- receivables relating to investment / divestment activities				
- payables for investment activities	(1.409)		(575)	
Total fixed capital		279.613		274.853
Net working capital				
Inventories		2.253		1.776
Commercial credits		34.445		21.191
Commercial debts		(34.896)		(32.483)
Net tax liabilities, consisting of:		1.669		(317)
- current tax liabilities	(148)		(141)	
- payables to parent companies for tax consolidation			(1.452)	
- payables to parent companies for group VAT	(6)		(85)	
- deferred tax liabilities	(4.601)		(5.504)	
- current and non-current tax assets	2.200		2.363	
- deferred tax assets that can be offset	4.224		4.502	
Provisions for risks and charges		(1.564)		(2.098)
Other assets (liabilities), consisting of:		18.745		17.637
- other receivables and other assets	19.835		18.799	
- other payables and other liabilities	(1.090)		(1.162)	
Total net working capital		20.652		5.706
Provisions for employee benefits		(957)		(955)
NET INVESTED CAPITAL		299.308		279.604
Equity including minority interests		206.620		213.655
Net financial debt				
Financial debt and obligations, consisting of:		95.304		68.059
- long-term financial liabilities	68.039		40.823	
- long-term financial liabilities for leasing	7			
- short-term portions of long-term financial liabilities	27.240		27.229	
- short-term portions of long-term financial liabilities for leasing	18		7	
to deduce:				
Cash and cash equivalents		(2.616)		(2.110)
Securities not instrumental to operating activities				
Financial receivables not instrumental to operating activities				
Total net financial debt		92.688		65.949
COVERINGS		299.308		279.604

Reclassified cash flow statement

Items in the Reclassified Cash Flow Statement e confluences / reclassifications of the items in the legal scheme	2019		2020	
	Values from schema link	Values from schema reclassified	Values from schema link	Values from schema reclassified
(thousands of euros)				
Net income		9.073		7.051
Adjustments to trace profit to cash flow from operating activities:				
Depreciation and other non-monetary components		20.973		19.418
- depreciation	20.948		18.710	
- radiation			739	
- change in the provision for employee benefits	25		(31)	
Net gains on sales of assets				
Dividends, interest and taxes		4.623		3.110
- dividends				
- interest income				
- passive interests	1.278		896	
- income taxes	3.345		2.214	
Change in working capital		4.230		13.010
- inventories	(584)		477	
- commercial credits	14.513		13.254	
- commercial debts	(10.529)		(2.413)	
- Provisions for risks and charges	(363)		534	
- other assets and liabilities	1.193		1.158	
Dividends collected, taxes paid, interest (paid) collected		(3.793)		(1.040)
- dividends collected				
- interest received				
- interest paid -	(1.288)		(884)	
income taxes paid net of refunded tax credits	(2.505)		(156)	
Net cash flow from operating activities		35.106		41.549
Technical investments		(11.499)		(13.976)
- tangible assets	(11.499)		(13.976)	
Investments by capitalization of purchases of tangible assets				
Partial divestments and divestments:				
- intangible assets				
Other changes relating to investment activity		(1.012)		(834)
- change in payables and receivables relating to investment activities e				
allocation of depreciation to balance sheet assets - change in	(1.012)		(834)	
payables and receivables relating to divestment activity				
Free cash flow		22.595		26.739
Investments and divestments relating to financing activities				
Change in current and non-current financial payables		(27.242)		(27.245)
- repayment of leasing debts	(14)		(18)	
- repayments of non-current financial payables	(27.228)		(27.227)	
- increase (decrease) in current financial payables				
Cash flow of equity				
- dividends distributed to shareholders				
Net cash flow for the period		(4.647)		(506)



Bilancio 2020

Balance sheet

(unit of euro)	Note	31.12.2019		31.12.2020	
		Total	of which to related parties	Total	of which to related parties
ACTIVITY'					
CURRENT ASSETS					
Cash and cash equivalents	(5)	2.616.104	2.613.104	2.110.065	2.107.113
Trade and other credits	(6)	34.465.035	34.050.030	21.208.763	19.966.067
Inventories	(7)	2.253.173		1.776.500	
Income tax assets	(8)	2.199.626		2.231.907	
Assets for other taxes	(8)	412		132.168	
Other activities	(9)	1.043.128	512.031	1.050.342	512.234
		42.577.477		28.509.745	
NON-CURRENT ASSETS					
Property, plant and equipment	(10)	280.436.837		274.861.068	
Right to use leased assets	(12)	21.422		3.589	
Intangible assets	(11)				
Other equity investments	(13)	563.890		563.890	
Other activities	(9)	18.771.737	9.177.913	17.730.756	8.668.029
		299.793.886		293.159.303	
TOTAL ACTIVITY'		342.371.363		321.669.048	
LIABILITIES AND SHAREHOLDERS 'EQUITY					
CURRENT LIABILITIES					
Short-term payables to banks	(14)	74		90	
Short-term portions of long-term financial liabilities	(14)	27.240.424	27.240.424	27.228.497	27.228.497
Short-term lease liabilities	(12)	18.047		6.779	
Trade and other payables	(17)	37.394.022	10.767.563	35.751.900	12.518.354
Liabilities for other taxes	(8)	148.299		141.525	
		64.800.865		63.128.790	
NON-CURRENT LIABILITIES					
Long-term financial liabilities	(14)	68.039.064	68.039.064	40.823.438	40.823.438
Long-term lease liabilities	(12)	6.779			
Provisions for risks and charges	(18)	1.564.468		2.097.649	
Provisions for employee benefits	(19)	956.913		955.645	
Deferred tax liabilities	(20)	377.372		1.002.196	
Other liabilities	(21)	6.109	6.109	6.109	6.109
		70.950.705		44.885.037	
TOTAL PASSIVITY'		135.751.570		108.013.827	
SHAREHOLDERS 'EQUITY					
Share capital		140.000.000		140.000.000	
Share premium reserve					
Legal reserve		7.270.795		7.724.439	
Other reserves		30.376.632		30.353.907	
Restricted reserve for ifrs restatement effects		34.921		34.921	
Profits / losses relating to previous years		19.864.561		28.491.105	
Profit for the year		9.072.884		7.050.848	
TOTAL SHAREHOLDERS 'EQUITY		206.619.794		213.655.221	
TOTAL LIABILITIES AND SHAREHOLDERS 'EQUITY		342.371.363		321.669.048	

Income statement

(unit of euro)	Note	2019		2020	
		Total	<i>of which towards related parties</i>	Total	<i>of which towards related parties</i>
Revenues from core business	(24)	105.341.867	103.289.918	87.872.328	82.449.756
Other income		1.033.141	4.252	659.537	643.868
Total revenues		106.375.009		88.531.865	
Purchases, provision of services and various costs		66.440.991	47.832.532	53.497.736	46.300.670
Net write-backs (write-downs) of trade and other receivables		8.397		1.237	
Cost of work		5.232.582	161.005	5.414.851	100.289
OTHER OPERATING INCOME (EXPENSES)					
DEPRECIATION		20.947.769		18.710.301	
RADIATIONS				738.913	
OPERATING PROFIT (LOSS)		13.745.270		10.168.827	
Financial income					
Financial charges		(1.327.308)	(1.276.661)	(904.165)	(503.411)
FINANCIAL INCOME (EXPENSES)		(1.327.308)		(904.165)	
Profit (loss) before taxes		12.417.962		9.264.662	
Income taxes	(27)	3.345.078		2.213.814	
Net profit (loss) for the year		9.072.884		7.050.848	

Statement of comprehensive income

(unit of euro)	2019	2020
Net profit (loss) for the year	9.073	7.051
Other components of comprehensive income:		
<i>Components that cannot be reclassified to the income statement:</i>		
- Revaluations of defined benefit plans for employees	(19)	(12)
- Tax effect	(20)	3
Total other components of comprehensive income	(9)	(23)
Total comprehensive income (loss) for the year	9.064	7.028

Statement of changes in shareholders' equity items

Shareholders' equity of Enipower Ferrara

(thousands of euros)							
Balances as at 31 December 2017	140.000	5.554	35	30.386	7.273	21.806	205.054
Amendments to IFRS 9 accounting policies					(31)		(31)
Balances as at 31 December 2017 adjusted	140.000	5.554	35	30.386	7.242	21.806	205.023
Profit for the year						12.534	12.534
Other components of comprehensive income:							
IAS 19 OCI 2018					(1)		(1)
Total comprehensive income for 2018					(1)		(1)
Transactions with shareholders:							
Dividend attribution						(20.000)	(20.000)
Residual useful allocation		1.090			716	(1.806)	
Total transactions with shareholders:					1.090	716	(21.806)
Balances as at 31 December 2018	140.000	6.644	35	30.385	7.958	12.534	197.556

Shareholders' equity of Enipower Ferrara

(thousands of euros)							
Balances as at 31 December 2018	140.000	6.644	35	30.385	7.958	12.534	197.556
Profit for the year						9.073	9.073
Other components of comprehensive income:							
IAS 19 OCI 2019					(9)		(9)
Total comprehensive income for the year 2019					(9)		(9)
Transactions with shareholders:							
Residual useful allocation		627			11.907	(12.534)	
Total transactions with shareholders		627			11.907	(12.534)	
Other changes in shareholders' equity:							
Other variations							
Total other changes in shareholders' equity							
Sales as of December 31, 2019	140.000	7.271	35	30.376	19.865	9.073	206.620

Shareholders' equity of Enipower Ferrara

(thousands of euros)							
Sales as of December 31, 2019	140.000	7.271	35	30.376	19.865	9.073	206.620
Profit for the year						7.051	7.051
Other components of comprehensive income:							
IAS 19 OCI 2020					(22)		(22)
Transactions with shareholders:							
Residual useful allocation		453			8.626	(9.073)	
Other changes in shareholders' equity:							
Other variations							
Sales as of December 31, 2020	140.000	7.724	35	30.354	28.491	7.051	213.655

Financial statement

(thousands of euros)	Note	2019	2020
Net profit (loss) for the year		9.073	7.051
<i>Adjustments to bring net profit back to cash flow from operating activities:</i>			
Depreciation	(12)	20.948	18.710
Radiation			739
Passive interests		1.278	896
Income taxes	(27)	3.345	2.214
<i>Cash flow from working capital</i>		4.230	13.010
- inventories		(584)	477
- commercial credits		14.513	13.254
- commercial debts		(10.529)	(2.413)
- provisions for risks and		(363)	534
charges - other assets and liabilities		1.193	1.158
Change in the provision for employee benefits		25	(31)
Interest paid		(1.288)	(884)
Income taxes paid net of refunded tax credits		(2.505)	(156)
Net cash flow from operating activities:		35.106	41.549
- of which to related parties	(28)	56.457	54.424
<i>Cash flow from investments</i>		(11.499)	(13.976)
- tangible assets	(12)	(11.499)	(13.976)
- change in payables and receivables relating to investment activities			
<i>Cash flow from divestments</i>		(1.012)	(834)
- change in payables and receivables relating to divestment activities		(1.012)	(834)
Net cash flow from investing activities		(12.511)	(14.810)
- of which to related parties	(28)	(70)	(188)
Repayment of leasing liabilities		(14)	(18)
Repayment of long-term financial debt		(27.228)	(27.227)
Net cash flow from financing activities		(27.242)	(27.245)
- of which to related parties	(28)	(27.228)	(27.227)
Net change in cash and cash equivalents		(4.647)	(506)
Cash and cash equivalents at the beginning of the year		7.263	2.616
Cash and cash equivalents at the end of the year		2.616	2.110

Notes to the financial statements

Impacts from Covid-19

In light of the current context of economic uncertainty due to the spread of Covid-19, also taking into account the requests for information formulated by ESMA in the document "European Common Enforcement Priorities for 2020 Annual Financial Reports" published on 28 October 2020, it should be noted that the company in relation to the Covid-19 pandemic has not recorded any impact on the economic and capital levels regarding:

- qualitative and quantitative aspects as the company mainly carries out its business on basis of the Conto Lavorazione agreement with Eni SpA which provides for the recovery of costs and the remuneration of the invested capital. The production site carried out its production activity without interruptions caused by the pandemic;
- estimates and key factors used for the impairment that have not undergone any changes with respect to previous calculations as the assumptions used have remained valid;
- liquidity risks as there were no delays in collections from customers and there were none requests for deferred payments to suppliers;
- financial risks since the company did not have to resort to financial supplies extraordinary, maintaining its financial strength managed through the accented treasury of Eni SpA.

1 Accounting Policies, Accounting Estimates and Significant Judgments

Drafting criteria 1

The financial statements are drawn up, with a view to business continuity, according to the *International Financial Reporting Standards* (hereinafter "IFRS" or "international accounting standards")² issued by the *International Accounting Standards Board (IASB)* and adopted by the European Commission in accordance with procedure referred to in art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The international accounting standards used for the preparation of the financial statements coincide with those issued by the IASB in force for the year 2020.

The financial statements have been drawn up applying the historical cost method, taking into account, where appropriate, the value adjustments, with the exception of the balance sheet items which according to the IFRS must be measured at *fair value*, as indicated in the valuation criteria. The valuation criteria indicated below were applied consistently to all the financial years presented unless otherwise indicated.

The draft financial statements at 31 December 2020, approved by the Board of Directors of SEF Srl in the meeting of 8 March 2021, is subjected to the legal audit by the independent auditing company PricewaterhouseCoopers SpA.

The information commenting on the balance sheet and income statement, taking into account the significance of the amounts, is expressed in thousands of euro.

Accounting estimates and significant judgments

The application of generally accepted accounting principles for the preparation of the financial statements and interim accounting reports entails that the Company Management makes accounting estimates based on complex and / or subjective judgments, on past experiences and on assumptions considered reasonable and realistic taking into account the known information at the time of the estimate. The use of these accounting estimates affects the

¹ The Eni consolidated financial statements are available at the Eni SpA registered office, Piazzale E.Mattei — 000142 Rome, as well as on the website internet: www.eni.it.

² The IFRS also include the International Accounting Standards (IAS), still in force, as well as the interpretative documents drawn up by the IFRS Interpretations Committee, previously called the International Financial Reporting Interpretations Committee (IFRIC) and even earlier the Standing Interpretations Committee (SIC).

book value of assets and liabilities and information on potential assets and liabilities at the balance sheet date, as well as the amount of revenues and costs in the reference period. Actual results may differ from those estimated due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based. The critical accounting estimates of the process of preparing the financial statements, which involve a high use of subjective judgments, assumptions and estimates relating to issues that are by their nature uncertain, are illustrated in the description of the related accounting policy below. Changes in the conditions underlying the judgments, assumptions and estimates adopted may have a significant impact on subsequent results.

Valuation criteria The most

significant valuation criteria adopted for the preparation of the financial statements are indicated in the points below.

Property, plant and

equipment Property, plant and equipment are recognized according to the cost criterion and entered at the purchase price or production cost including directly attributable accessory costs necessary to make the assets ready for use. When a significant period of time is required for the asset to be ready for use, the purchase price or production cost includes the financial charges incurred that theoretically would have been saved, in the period necessary to make the asset ready for use, if the investment had not been done.

Revaluations of tangible assets are not permitted, not even in application of specific laws.

Costs for improvements, modernization and transformation of tangible assets are recognized as assets when it is probable that they will increase the expected future economic benefits of the asset. Items purchased for safety or environmental reasons which, although not directly increasing the future economic benefits of existing assets, are also recognized as assets

for carrying out the business activity.

Depreciation of tangible assets begins when the asset is ready for use, ie when it is in place and in the conditions necessary for it to be able to operate according to the programmed modalities. Tangible assets are systematically depreciated over their useful life, understood as the estimate of the period in which the asset will be used by the company. When the tangible asset is made up of several significant components with different useful lives, depreciation is made for each component. The value to be amortized is represented by the book value, reduced by the presumable net transfer value at the end of its useful life, if significant and reasonably determinable.

Land is not depreciated, even if purchased together with a building, as well as tangible assets intended for sale. Any changes to the amortization plan, deriving from a review of the useful life of the asset, of the residual value or of the methods for obtaining the economic benefits of the asset, are recognized prospectively.

The costs of replacing identifiable components of complex assets are recognized as assets and amortized over their useful life; the residual book value of the component being replaced is recognized in the income statement. Non-removable improvements on leased assets are depreciated over the shorter of the useful life of the improvements and the duration of the lease.

Ordinary maintenance and repair costs, other than the replacement of identifiable components, which reintegrate and do not increase the performance of the assets, are recognized in the income statement in the year in which they are incurred.

Tangible assets are derecognised upon their disposal or when no future economic benefit is expected from their use or disposal; the related profit or loss is recognized in the income statement.

Leasing³

A contract contains or represents a lease if it gives the contractor the right to control the use of an identified asset for a set period of time in exchange for consideration⁴; this right exists if the contract gives the lessee the right to manage the asset and obtain substantially all the economic benefits deriving from its use.

On the commencement date, ie the date on which the asset is made available for use, the lessee recognizes, in the balance sheet, an activity representing the right of use of the asset (hereinafter also "assets for the right of use" or "right-of-use asset"), and a liability representing the obligation to make the payments envisaged over the term of the contract (hereinafter also "lease liability" or "lease liability")⁵. The duration of the lease is determined considering the non-cancellable period of the contract, as well as, where there is reasonable certainty, also the periods considered by the extension options or connected to the failure to exercise the options for early termination of the contract.

The lease liability is initially recognized at an amount equal to the present value of the following payments due for the lease⁶, not yet made at the commencement date: (i) fixed (or substantially fixed) payments, net of any incentives to be received; (ii) variable payments that depend on indices or rates⁷; (iii) estimate of the payment that the lessee will have to make as a guarantee of the residual value of the leased asset; (iv) payment of the exercise price of the call option, if the lessee is reasonably certain that he will exercise it; and (v) payment of contractual penalties for terminating the lease, if the lessee is reasonably certain that he is exercising that option. The present value of the aforementioned payments is calculated by adopting a discount rate equal to the implicit interest rate of the lease or, if this cannot be easily determined, using the incremental financing rate

of the lessee. The latter is defined taking into account the duration of the leasing contracts, the frequency of payments provided for in the contract, the currency in which they are denominated and the characteristics of the lessee's economic environment (summarized by the country risk premium attributed to individual countries in which the company operates).

After initial recognition, the lease liability is valued on the basis of the amortized cost and is restated, generally as a contra-entry to the book value of the related right-of-use asset, in the presence of a change in the payments due for the lease mainly following of: (i) contractual renegotiations that do not give rise to a new separate lease; (ii) changes in indices or rates (to which the variable payments are related); or (iii) changes in the assessment regarding the exercise of the options contractually envisaged (purchase options for the leased asset, options for extension or early termination of the contract).

The right to use a leased asset is initially recognized at cost, determined as the sum of the following components: (i) the initial amount of the lease liability; (ii) the initial direct costs incurred by the lessee⁸; (iii) any payments made on or before the *commencement date*, net of any incentives received from the lessor. After initial recognition, the right-of-use asset is adjusted to take into account the accumulated depreciation rates⁹, any losses of

³ The accounting policies relating to leasing were defined on the basis of the provisions of IFRS 16 "Leasing" in force from January 1, 2019. As allowed by the accounting standard, the new provisions were applied without restating previous years comparison. The previous accounting policies on leasing essentially provided for:

(i) that the assets acquired under finance leases, i.e. relating to agreements which, although not taking the explicit form of a finance lease, provided for the substantial transfer of the risks and benefits of ownership, were recorded, on the effective date of the contract, at assets, at the fair value of the asset, net of the contributions due to the lessee, or if lower, at the present value of the minimum payments due for the leasing, as a counter-entry to the financial payable to the lessor; and (ii) with reference to operating leases, the recognition in the income statement of the related fees over the term of the contract.

⁴ The verification of the existence of the indicated conditions is carried out at the inception date represented by the most recent date between the date of stipulation of the contract and the one in which the parties undertake to respect the main contractual terms.

⁵ The company avails itself of the possibility, provided for by the accounting standard, of recognizing in the income statement the fees relating to short-term leasing contracts (for certain classes of underlying assets) and those of modest value.

⁶ As permitted by the provisions of the accounting standard, non-lease components are generally not subject to separate recognition, with the exception of the service component included in the single fee envisaged by the main contracts relating to upstream activities (drilling rigs).

⁷ On the other hand, the other types of variable payments (eg fees based on the use of the leased asset) are not included in the book value of the lease liability, but are recognized in the income statement as operating costs over the duration of the leasing contract.

⁸ Initial direct costs are incremental costs incurred by the lessee to obtain the lease that would not have been incurred had the lease contract not been signed.

⁹ Amortization is carried out systematically starting from the commencement date and up to the most recent date between: (i) the end of the useful life of the right-of-use asset; and (ii) the end of the lease term. However, in the event that the lease transfers ownership of the leased asset to the lessee at the end of the lease term, or if the value of the asset by right of use also takes into account the fact that the lessee will exercise the purchase option, the right-of-use asset is amortized systematically over the useful life of the underlying asset.

cumulative value (see point "Impairment of non-financial assets") and the effects associated with any recalculation of the leasing liability.

No recognition of assets and liabilities for leasing is carried out in cases in which the company is not considered "primary responsible" for the fulfillment of the obligations of the leasing contract.

Accounting estimates and significant judgments: leasing transactions

With regard to leasing contracts, the Company Management makes accounting estimates and exercises significant judgments with reference to: (i) the determination of the lease term having regard to the estimates to be made regarding the possible exercise of the extension and / or termination options provided for in the contract; (ii) the determination of the lessee's incremental financing rate; (iii) the identification and, where appropriate, the separation of non-lease components, in the absence of an observable stand-alone price for such components, also taking into account in-depth analyzes carried out with external experts; (iv) the identification of variable payments and their characteristics for the purpose of estimating per the inclusion, or not, in the determination of the lease liability.

Intangible assets

Intangible assets refer to assets without identifiable physical consistency, controlled by the company and capable of producing future economic benefits, as well as goodwill.

Intangible assets are recognized at cost determined according to the criteria indicated for tangible assets.

Revaluations are not allowed, not even in application of specific laws.

Intangible assets with a finite useful life are amortized systematically over their useful life; the criteria indicated in the point "Tangible assets" apply to the value to be depreciated.

Goodwill and *intangible* assets with an indefinite useful life are not subject to amortization. For the recoverability of the book value of goodwill and other intangible assets, the criteria indicated in the point "Impairment of non-financial assets" apply.

Costs relating to technological development activities are recognized as assets when: (i) the cost attributable to the development activity can be reliably determined; (ii) there is the intention, availability of financial resources and technical capacity to make the asset available for use or sale; (iii) it can be demonstrated that the asset is capable of producing future economic benefits.

Intangible assets are derecognised upon their disposal or when no future economic benefit is expected from their use or disposal; the related profit or loss is recognized in the income statement.

it is expected from their use or disposal; the related profit or loss is recognized in the income statement.

Impairment of non-financial assets

The recoverability of non-financial assets (tangible assets, intangible assets and right-of-use assets) is verified when events or changes in circumstances suggest that the book value is not recoverable.

The recoverability is assessed by individual cash generating unit (hereinafter also "CGU") represented by the smallest identifiable set of assets that generate incoming cash flows that are largely independent from those generated by other assets.

Cash generating units can include corporate assets, ie activities that do not generate autonomous cash flows, attributable on a reasonable and consistent basis. Corporate assets not attributable to a specific cash generating unit are allocated to a larger aggregate made up of several cash generating units. With reference to goodwill, the check is carried out, at least annually and in any case when events occur that suggest a reduction in value, at the level of the smallest aggregate on the basis of which the Company Management assesses, directly or indirectly, the return on the investment. which includes the goodwill itself. Right-of-use assets, which generally do not produce autonomous cash flows, are allocated to the CGU to which they refer; right-of-use assets that are not specifically allocable to the CGUs are considered corporate assets.

The recoverability is verified by comparing the book value with the relative recoverable value represented by the greater of the fair value, net of disposal costs, and the value in use.

The latter is determined by discounting the expected cash flows deriving from the use of the cash generating unit and, if significant and reasonably determinable, from its sale at the end of its life.

profit net of disposal costs. The expected cash flows are determined on the basis of assumptions

reasonable and supportable representative of the best estimate of the future economic conditions that will occur in the residual useful life of the cash generating unit, giving greater importance to the indications coming from the outside.

For the purposes of verifying the recoverability of cash generating units that include significant right-of-use assets, the determination of the value in use generally takes place by excluding from the estimate of future cash flows, subject to discounting, the disbursements relating to the payments of leasing fees considered for the purpose of determining the lease liability.

With regard to commodity prices, management assumes the price scenario adopted for the economic-financial projections and for the full-life valuation of investments. In particular, for the cash flows associated with crude oil, natural gas and petroleum products (and those derived from them), the price scenario is subject to approval by the Board of Directors and is based on the assumptions relating to the evolution of fundamentals and, in the short-medium term, it also considers the forecasts of market analysts and, where there is a sufficient level of liquidity and reliability, on the recording of forward prices inferable from the market.

For the purposes of the impairment test, the disbursements that are expected to be incurred to ensure compliance with the legislation on CO2 emissions (eg Emission Trading Scheme) are also considered.

For the purpose of determining the value in use, the expected cash flows are subject to discounting at a rate that reflects the current market valuations of the time value of money and the specific risks of the asset not reflected in the estimates of the cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC).

For the company's business, taking into account the substantial coincidence of the risk with that of Eni's overall risk, the same discount rate is used. The value in use is determined net of the tax effect as this method produces values substantially equivalent to those obtainable by discounting back the cash flows before taxes at a pre-tax discount rate derived, iteratively, from the result of the valuation post taxes.

When the book value of the cash generating unit including the goodwill attributed to it, determined by taking into account any write-downs of non-current assets that are part of the cash generating unit, is higher than the recoverable value, the difference is written down and is attributed in priority is given to goodwill up to its amount; any excess of the write-down with respect to the goodwill is charged pro rata to the book value of the assets that make up the cash generating unit, up to the amount of the recoverable value of the assets with a definite useful life.

When the reasons for the write-downs no longer apply, the assets are revalued and the adjustment is recognized in the income statement; the write-back is carried out for an amount equal to the lower of the recoverable value and the book value, gross of the previously made write-downs and reduced by the depreciation that would have been recognized had the write-down not been carried out. Writedowns of goodwill are not subject to write-backs¹⁰.

Inventories

Inventories are valued at the lower of the purchase or production cost and the net realizable value, this latter value is represented by the amount that the company expects to obtain from their sale in the normal course of business, net of the estimated costs for completing and making the sale. The cost of inventories is determined by applying the weighted average cost method.

Accounting estimates and significant judgments: impairment of non-financial assets

The recoverability of non-financial assets is verified when events or changes in circumstances lead to believe that the book value in the financial statements is not recoverable.

The events that can determine a write-down of non-financial assets are changes in industrial plans, changes in market prices that can determine lower operating performance, reduced use of plants. The decision whether to proceed with a write-down and its quantification depend on the assessments of the Company Management on complex and highly uncertain factors, including the evolution of prices, the evolution of discount rates, the forecasts regarding the costs of

¹⁰ The write-down of goodwill recognized in an interim period is not subject to reversal even if, on the basis of the conditions existing in a subsequent interim period, the write-down would have been minor or not recognized.

development and production, the impact of inflation and technological evolution, forecasts on production profiles on the conditions of supply and demand on a global or regional scale also in relation to decarbonisation processes, the impacts of legislative and regulatory changes etc. .

The expected cash flows used to determine the recoverable value are quantified in the light of the information available at the time of the estimate based on subjective judgments on the trend of future variables - such as prices, costs, demand growth rates, production profiles - and are discounted using a rate that takes into account the risk inherent in the activity concerned.

Financial instruments

Financial assets

Depending on the characteristics of the instrument and the business model adopted for its management, financial assets are classified into the following categories: (i) financial assets measured at amortized cost; (ii) financial assets measured at fair value with the effects being recognized among the other components of comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value with recognition of the effects in the income statement.

Initial recognition takes place at fair value, increased by directly attributable transaction costs for financial assets other than those measured at fair value with recognition of the effects in the income statement. For trade receivables without a significant financial component, the initial recognition value is represented by the transaction price.

After initial recognition, financial assets that generate contractual cash flows exclusively representing payments of principal and interest are valued at amortized cost.

if held for the purpose of collecting the contractual cash flows (so-called business model hold to collect).

The application of the amortized cost method involves the recognition in the income statement of interest income determined on the basis of the effective interest rate, exchange differences and any write-downs¹¹ (see point "Write-downs of financial assets").

On the other hand, financial assets representing debt instruments whose business model provides for the possibility of both collecting the contractual cash flows and realizing their value through the sale (so-called business model hold to collect and sell). In this case: (i) interest income is recognized in the income statement, calculated using the effective interest rate, exchange differences and write-downs (see point "Write-downs of financial assets"); (ii) in shareholders' equity, among the other components of comprehensive income, the changes in the fair value of the instrument. The cumulative amount of changes in fair value, recognized in the shareholders' equity reserve which includes the other components of comprehensive income, is reversed in the income statement when the instrument is derecognised. At present, the company does not hold financial assets representing debt instruments valued at FVTOCI.

Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits, as well as financial assets that are originally due, generally within 90 days, readily convertible into cash and subject to an insignificant risk of change in value.

Write-downs of financial assets

The assessment of the recoverability of financial assets representing non-debt instruments valued at FVTPL is carried out on the basis of the so-called expected credit loss model.

In particular, the expected losses are generally determined on the basis of the product between: (i) the exposure to the counterparty net of the relative mitigants (so-called Exposure At Default or EAD); (ii) the probability that the counterparty will not comply with its payment obligation (so-called

Probability of Default or PD); (iii) the estimate, in percentage terms, of the amount of credit that will not be able to be recovered in the event of default (so-called Loss Given Default or LGD) defined, on the basis of past experience (historical series of the recovery capacity) and of the possible available recovery actions (e.g. out-of-court actions, legal disputes, etc.).

¹¹ Receivables and other financial assets valued at amortized cost are shown net of the related bad debt provision. 42

With reference to trade receivables and other receivables, for the determination of the Probability of Default of the counterparties, the internal ratings already used for commercial assignment purposes were adopted, subject to periodic verification, also through back-testing analysis; for counterparties represented by State Entities and in particular for National Oil Companies, the Probability of Default, essentially represented by the probability of a delayed payment, is determined using, as input data, the Country Risk Premium adopted for the purpose of determining the WACC for the impairment of non-financial assets.

Considering the characteristics of the reference markets, credit exposures are considered in default past due for more than 180 days or, in any case, the credit exposures in dispute or for which restructuring / renegotiation actions are in progress. The exposures for which credit recovery interventions have been activated or are in the process of being activated through legal / judicial proceedings are defined in litigation. Write-downs of trade receivables and other receivables are recognized in the income statement, net of any write-backs, under the item "Net write-backs (write-downs) of trade receivables and other receivables".

Accounting estimates and significant judgments: write-downs of financial assets

The quantification of the write-downs of financial assets involves management assessments of complex and highly uncertain factors such as, among other things, the probability of counterparty default (PD), the existence of any mitigating factors for the exposure, the forecast on the quantity of credit that will not be able to recover in the event of default (LGD), as well as the customer clustering process.

More details on the main assumptions underlying the determination of the write-downs of financial assets are provided in note no. 6 "Trade and other receivables".

Equity investments

Financial assets representing minority shareholdings, not held for trading purposes, they are measured at *fair value*, with the effects recognized in the shareholders' equity reserve which includes the other components of comprehensive income, without forecasting their transfer to the income statement in the event of realization; otherwise, dividends from such equity investments are recognized in the income statement under the item "Income (charges) on equity investments" unless they clearly represent a recovery of part of the investment. The valuation at cost of a minority shareholding is allowed in the limited cases in which the cost represents an adequate estimate of the fair value.

Financial liabilities

Financial liabilities, other than derivative instruments, are initially recognized at the fair value of consideration received, net of directly attributable transaction costs, and are subsequently valued at amortized cost.

Offsetting of financial assets and liabilities

The financial assets sold are eliminated from the balance sheet assets when the contractual rights connected to obtaining the cash flows associated with the financial instrument expire or are transferred to third parties. Financial liabilities are eliminated when they are extinguished, or when the obligation specified in the contract is fulfilled, canceled or expired.

Accounting elimination of financial assets and liabilities

The financial assets sold are eliminated from the balance sheet assets when the contractual rights connected to obtaining the cash flows associated with the financial instrument expire or are transferred to third parties. Financial liabilities are eliminated when they are extinguished, or when the obligation specified in the contract is fulfilled, canceled or expired.

Provisions, contingent liabilities and assets

The provisions for risks and charges relate to costs and charges of a determined nature and of certain or probable existence which at the end of the financial year are undetermined in their amount or date of occurrence. Provisions are recognized when: (i) the existence of a current, legal or obligation is probable

implicit, resulting from a past event; (ii) it is probable that the fulfillment of the obligation will be onerous; (iii) the amount of the obligation can be reliably estimated.

Provisions are entered at the value representing the best estimate of the amount that the company would rationally pay to extinguish the obligation or to transfer it to third parties at the end of the financial year. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is determined by discounting the expected cash flows determined taking into account the risks associated with the obligation at the average debt rate of the company; the adjustment of the provision related to the passage of time is recognized in the income statement under the item "Financial income (expenses)".

The provisions are periodically updated to reflect changes in cost estimates, implementation times and the discount rate. The revisions of estimates are charged to the same income statement item that previously accepted the provision or, when the liability relates to tangible assets (e.g. dismantling and restoration of sites), the changes in the provision are recognized as a contra-entry to the activities to which they refer within the limits of the relative book values; any excess is recognized in the income statement.

The company has no potential liabilities represented by: (i) possible obligations deriving from events past whose existence will be confirmed only upon the occurrence or otherwise of one or more uncertain future events not totally under the control of the company; (ii) current obligations deriving from past events the amount of which cannot be reliably estimated or the fulfillment of which is likely not burdensome.

The company has no potential assets, i.e. possible assets that derive from past events and the existence of which will be confirmed only by the occurrence or otherwise of one or more uncertain future events not totally under the control of the company, are not recognized unless the obtainment of its benefits are virtually certain. If the achievement of the benefits is probable, the potential assets are illustrated in the notes to the financial statements. Contingent assets are periodically reviewed in order to assess the probability of obtaining economic benefits by the company.

Provisions for the dismantling and restoration of sites The

liabilities associated with the dismantling of tangible assets and the restoration of the sites at the end of the production activity are recognized, in the presence of a legal or constructive obligation and the possibility of making a reliable estimate of the charge, in return for the activities to which they refer. In consideration of the long period of time between the moment in which the obligation arises and the related settlement, the estimates of the costs to be incurred are recognized on the basis of their current value.

The adjustment of the provision connected to the passage of time is recognized in the income statement under the item "Financial income (expenses)". The funds are periodically assessed to take into account the updating of the costs to be incurred, the contractual constraints, the legislative provisions and the practices in force in the country where the tangible assets are located. Any changes in the estimate of these provisions are recognized generally in return for the assets to which they refer; in this regard, if the change in the estimate results in a reduction of an amount greater than the book value of the asset to which it refers, the excess is recognized in the income statement.

Accounting estimates and significant judgments: provisions for site dismantling and restoration, environmental liabilities and other provisions

The company incurs significant liabilities connected with the obligations to dismantle tangible assets and to restore the environment at the end of the production activity. Estimating future decommissioning and restoration costs is a complex process and requires the appreciation and judgment of the Company Management in the assessment of liabilities to be incurred after many years for the fulfillment of dismantling and restoration obligations, often not fully defined by laws, administrative regulations or contractual clauses. Furthermore, these obligations are affected by the constant updating of the techniques and costs of dismantling and restoration, as well as the continuous evolution of political and public sensitivity in matters of health and environmental protection. There

determination of the discount rate to be used both in the initial assessment of the charge and in the

subsequent assessments, as well as the forecast of the timing of disbursements and their eventual updating,

they are the result of a complex process that involves the exercise of professional judgment by the Company Management.

The liabilities for the dismantling and restoration of sites, taking into account the indeterminacy of the time of abandonment of the assets which prevents the related discounted abandonment costs from being estimated, are recognized when the date of the actual incurring of the charge and the amount of the obligation can be reliably estimated. The company periodically evaluates the occurrence of changes, circumstances or events that could require the recognition of such liabilities.

The company is subject to numerous laws and regulations for the protection of the environment at EU, national, regional and local levels. The related costs are set aside when it is probable the existence of a burdensome liability and the amount can be reliably estimated. Although the company does not currently believe that there will be particularly significant negative effects on the financial statements due to non-compliance of the environmental legislation - also taking into account the interventions already carried out, the insurance policies stipulated and the provisions for risks - however it cannot be excluded with certainty that the company may incur additional costs or responsibilities, even of significant proportions because, at the current state of knowledge, it is impossible to predict the effects of future developments taking into account, among other things, the following aspects: (i) the possibility of new contaminations emerging; (ii) the results of the characterizations in progress and to be carried out and the other possible effects deriving from the application of the laws in force on the subject; (iii) the possible effects of new laws and regulations for the protection of the environment; (iv) the effects of any technological innovations for environmental remediation; (v) the possibility of disputes and the difficulty of determining any consequences, also in relation to the liability of other subjects and possible indemnities.

The company recognizes environmental liabilities, obligations to remove tangible assets and to restore sites e liabilities relating to employee benefits and provisions related to legal disputes. The estimate of the provisions in these matters is the result of a complex process that involves subjective judgments on the part of the Company Management with particular reference to the amounts to be recognized in the financial statements and the timing of the disbursements. After initial recognition, the provisions are periodically updated to reflect changes in the estimates made.

Employee benefits Employee

benefits are the remuneration paid by the company in exchange for the work performed by the employee or by virtue of the termination of the employment relationship.

Post-employment benefits are defined on the basis of plans, albeit not formalized, which according to their characteristics are divided into "defined contribution" and "defined benefit" plans.

In defined contribution plans, the company's obligation, limited to the payment of contributions to the State or to an asset or to a legally distinct entity (so-called fund), is determined on the basis of the contributions due.

The liability relating to defined benefit plans, net of any assets serving the plan, is determined on the basis of actuarial assumptions and is recognized on an accrual basis consistently with the working period necessary to obtain the benefits.

Net interest includes the return component of the assets serving the plan and the cost of interest to be recognized in the income statement.

The net interest is determined by applying to the liabilities, net of any assets serving the plan, the discount rate defined for the liabilities; the net interest of defined benefit plans is recognized under "Financial income (expenses)".

For defined benefit plans, changes in the value of the net liability (so-called revaluations) deriving from actuarial gains (losses) resulting from changes in the actuarial assumptions used or adjustments based on past experience are recognized in the statement of comprehensive income, and from yield on plan assets different from the component included in the net interest. In the presence of net assets, changes in value other than the component included in the net interest are also recognized in the statement of comprehensive income.

The revaluations of the net liability for defined benefits, recognized in the shareholders' equity reserve which includes the other components of the comprehensive income, are not subsequently reclassified to the account cheap.

Long-term benefit obligations are determined by adopting actuarial assumptions; the effects deriving from the revaluations are recognized entirely in the income statement.

Significant accounting estimates and judgments: employee benefits Defined benefit

plans are valued on the basis of uncertain events and actuarial assumptions which include, among others, discount rates, the level of future salaries, mortality rates, retirement age and future trends in covered healthcare costs.

The main assumptions used to quantify these benefits are determined as follows: (i) the discount and inflation rates are based on the rates accruing on high quality corporate bonds (ie, in the absence of a "deep market" of these bonds, on the yields of government bonds) and on inflationary expectations of the reference currency area; (ii) the level of future salaries is determined on the basis of elements such as inflationary expectations, productivity, career advancement and seniority; (iii) the future cost of health care is determined on the basis of elements such as the present and past trends in health care costs, including assumptions about the inflationary growth of such costs, and changes in the health conditions of the beneficiaries and the level contributions made to health funds; (iv) the demographic assumptions reflect the best estimate of the trend of variables, such as, for example, mortality, turnover and disability relating to the population of the beneficiaries.

Differences normally occur in the value of the net liability (asset) of employee benefit plans deriving from the so-called revaluations represented, among other things, by changes in the actuarial assumptions used, by the difference between the actuarial assumptions previously adopted and those that have actually been realized and by the different return on the assets serving the plan compared to the considered in the net interest.

Revenues from contracts with customers The

recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and / or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the stand alone sales price of each good or service; (v) recognition of the revenue when the related performance obligation is satisfied, that is, upon the transfer to the customer of the promised good or service; the transfer is considered completed when the customer obtains control of the good or service, which can take place continuously (over time) or at a specific point in time (at a point in time).

Revenues are recognized for the amount equal to the fair value of the consideration to which the company believes it is entitled in exchange for the goods and / or services promised to the customer, with the exclusion of amounts collected on behalf of third parties.

Revenues are recognized for the amount equal to the fair value of the consideration to which the company believes it is entitled in exchange for the goods and / or services promised to the customer, with the exclusion of amounts collected on behalf of third parties. In determining the price of the transaction, the amount of the consideration is adjusted to take into account the financial effect of time, in the event that the timing of the payments agreed between the parties attributes a significant financial benefit to one of them. The consideration is not subject to adjustment to take into account the financial effect of time if at the beginning of the contract it is estimated that the payment extension is equal to or less than one year. In the presence of a variable consideration, the company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods and / or services promised to the customer; in particular, the amount of the consideration may vary in the presence of discounts, reimbursements, incentives, price concessions, performance bonuses, penalties or if the price itself depends on the occurrence or otherwise of certain future events.

If a contract assigns the customer an option to purchase additional goods or services, free of charge or at discounted prices (e.g. sales incentives, customer reward points, etc.), this option represents a distinct performance obligation of the contract only if the option gives the customer a significant right that he would not be able to claim if he had not signed the contract.

Costs

Costs are recognized when associated with goods and services sold or consumed during the year or by systematic distribution, or when it is not possible to identify their future usefulness.

The costs relating to the emission quotas connected to compliance with the reference regulations (eg Emission Trading Scheme), determined on the basis of market prices, are recognized limited to the carbon dioxide emission quotas in excess of the free allocations. Costs relating to the purchase of emission rights, in excess of the quantity necessary to satisfy regulatory obligations, are capitalized and recognized under intangible assets. The income relating to the emission quotas is recognized upon realization through the sale. Monetary credits assigned to replace the free assignment of emission quotas are recognized as a balancing entry under the item "Other revenues and income".

Exchange differences

Revenues and costs relating to transactions in currencies other than the functional currency are recognized at the current exchange rate on the day on which the transaction is completed.

Monetary assets and liabilities in currencies other than the functional currency are converted into the functional currency by applying the exchange rate current at the closing date of the reference year with recognition of the effect on the income statement in the item "Financial income (expense)" or, if qualified as hedging instruments against exchange rate risk, in the item that includes the economic effects produced by the object of the hedge.

Non-monetary assets and liabilities expressed in currencies other than the functional currency, valued at cost, are entered at the initial exchange rate; when the valuation is carried out at fair value or at the recoverable or realizable value, the current exchange rate at the date of determination of this value is adopted.

Income taxes Current income

taxes are calculated on the basis of the estimated taxable income.

Starting from financial year 2020, the company jointly with Eni SpA, has exercised the option for the tax regime of the national tax consolidation which allows for the determination of IRES on a taxable basis corresponding to the algebraic sum of the positive and negative taxable amounts of the individual companies participating in the consolidation. The economic relations, as well as the reciprocal responsibilities and obligations, between Eni SpA and the other Group companies that have joined the tax consolidation are defined in the "Regulations for participation in the taxation regime of the national tax consolidation for Group companies Eni", according to which: (i) subsidiaries with a positive taxable amount transfer to Eni the financial resources corresponding to the higher tax due from it as a result of their participation in the national consolidation, (ii) those with negative taxable income receive compensation, on proportional basis, equal to the related tax savings achieved by Eni SpA if and to the extent that they have profitability prospects that would have allowed, in the absence of the national tax consolidation, to recognize prepaid taxes; any amount not remunerated by Eni is recognized within the limits of its recoverability. The company, in the absence of income prospects resulting from the multi-year plans, does not recognize deferred tax assets.

Consequently, the related tax, net of advances paid, withholding taxes and tax credits in general, is recognized as a payable or receivable from the parent company.

Deferred and prepaid income taxes are calculated on the temporary differences between the values of assets and liabilities recognized in the financial statements and the corresponding values recognized for tax purposes on the basis of the rates and regulations applicable in the years in which the temporary difference will be canceled, approved or substantially approved at the closing date of the financial year reference. Deferred tax assets are recognized when their recovery is considered probable, that is, when it is expected the availability of taxable income, in the year in which the temporary difference will be canceled, such as to enable the tax deduction to be activated. Similarly, within the limits of their recoverability, unused tax credits and deferred tax assets on tax losses are recognized. The recoverability of deferred tax assets is verified at least annually.

In the presence of uncertainties in the application of tax legislation, the company: (i) in cases where it deems it probable that the tax authority will accept the uncertain tax treatment, determines the income taxes (current and / or deferred) to be recognized in financial statements based on the tax treatment applied or which it plans to apply in the tax return; (ii) in cases where the tax authority deems it unlikely

accept the uncertain tax treatment, reflects this uncertainty in the determination of income taxes (current and / or deferred) to be recognized in the financial statements.

Deferred tax assets and deferred tax liabilities are classified among non-current assets and liabilities and are offset at the individual company level if they refer to offsettable taxes. The balance of the offsetting, if active, is entered under the item "Deferred tax assets"; if negative, under the item "Deferred tax liabilities". When the results of the transactions are recognized in the statement of comprehensive income or directly in shareholders' equity, the related current, prepaid and deferred taxes are also recognized in the statement of comprehensive income or directly in shareholders' equity.

Accounting estimates and significant judgments: income taxes

The correct determination of income taxes requires the interpretation of the applicable tax laws. Although the company intends to maintain relations with the tax authorities based on transparency, dialogue and collaboration (e.g. by refusing to implement aggressive tax planning and using, where present, the institutes provided to mitigate the risk of tax litigation), it cannot exclude, with certainty, the onset of disputes with the tax authorities as a result of non-univocal interpretations of tax regulations. The settlement of a tax dispute, either through a negotiation process with the tax authorities or following the settlement of a dispute, can take several years.

The estimate of the amount of liabilities relating to uncertain tax treatments is the result of a complex process that involves subjective judgments on the part of the Company Management. After initial recognition, these liabilities are periodically updated to reflect changes in the estimates made, following changes in relevant facts and circumstances. The need to make complex assessments and exercise managerial judgment also concerns the activities connected with the verification of the recoverability of prepaid taxes, relating to temporary deductible differences and tax losses, which requires making estimates and assessments regarding the amount of future taxable income and the related timing of implementation.

Fair value valuations

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators (i.e. not in a forced liquidation or a sale below cost) on the date of evaluation (exit price).

The determination of the *fair value* is based on the market conditions existing at the valuation date e on the assumptions of market operators (market-based). The fair value measurement assumes that the asset or liability is traded on the main market or, in the absence thereof, in the most advantageous market to which the company has access, regardless of the company's intention to sell the asset or transfer the liability being valued.

The determination of the *fair value* of a non-financial asset is carried out considering the ability of market operators to generate economic benefits by employing this asset to its maximum and best use, or by selling it to another market operator who would use it to its maximum and best use.

The determination of the maximum and best use of the asset is carried out from the point of view of market operators even in the event that the company intends to make a different use of it; it is assumed that the company's current use of a non-financial asset is its maximum and best use, unless the market or other factors suggest that a different use by market participants is capable of maximize its value.

The *fair value* measurement of a liability, both financial and non-financial, or of its own equity instrument, in the absence of a listed price, is carried out by considering the valuation of the corresponding asset owned by a market operator at the valuation date.

The *fair value* of financial instruments is determined considering the credit risk of the counterparty to a financial asset (so-called Credit Valuation Adjustment or CVA) and the risk of default of a financial liability by the entity itself (so-called Debit Valuation Adjustment or DVA).

In the absence of available market prices, the fair value is determined using valuation, appropriate to the circumstances, that maximize the use of relevant observable inputs, minimizing the use of unobservable inputs.

Accounting estimates and significant judgments: fair value

The determination of fair value, even if based on the best information available and on the adoption of adequate valuation methodologies and techniques, is intrinsically characterized by elements of uncertainty and the exercise of professional judgment and could lead to forecasts of different values compared to those they will actually go to realize.

2 Financial statements

The financial statements are essentially the same as those adopted in the last financial statements.

The assets and liabilities are classified as current and non-current, those in the income statement are classified by nature. Assets and liabilities are classified as current if: (i) their realization / settlement is expected in the normal corporate operating cycle or in the twelve months following the end of the financial year; (ii) they consist of cash or cash equivalents that are not subject to constraints such as to limit their use in the twelve months following the closing date of the financial year; or (iii) are held primarily for trading purposes.

The statement of comprehensive income (loss) indicates the integrated economic result of income and expenses which, by express provision of the IFRS, are not recognized in the income statement.

The statement of changes in shareholders' equity items shows the comprehensive income (loss) for the year, transactions with shareholders and other changes in shareholders' equity.

The cash flow statement is prepared according to the "indirect method", adjusting the profit for the year of the non-monetary components.

3 Amendments to Accounting Policies

The amendments to the international accounting standards that came into force on January 1, 2020 did not produce significant effects.

4 Recently issued accounting standards

Accounting standards and interpretations issued by the IASB and approved by the European Commission

With Regulation no. 2021/25 issued by the European Commission on 13 January 2021, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Reform of the benchmarks for determining the interest rates - phase 2 "(hereinafter the amendments), aimed at introducing practical expedients and temporary exemptions from the application of certain IFRS provisions in the presence of financial instruments valued at amortized cost and / or hedging relationships subject to modification following the reform of the benchmark interest rates. Changes are effective at starting with financial years starting on or after 1 January 2021.

Accounting standards and interpretations issued by the IASB and not yet approved by the European Commission

On May 18, 2017, the IASB issued IFRS 17 "Insurance Contracts" (hereinafter IFRS 17), which defines the accounting of insurance contracts issued and reinsurance contracts held. On 25 June 2020, the IASB issued the amendments to IFRS 17 "Amendments to IFRS 17" and to IFRS 4 "Extension of temporary exemption from applying IFRS 9", relating to insurance activities, providing, among other things, the two-year deferral of the entry into force of IFRS 17. Therefore, the provisions of IFRS 17, which exceed those currently envisaged by IFRS 4 "Insurance contracts", are effective starting from financial years starting on, or after January 1, 2023.

On 23 January 2020, the IASB issued the amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" (hereinafter the amendments), aimed at providing clarifications regarding the classification of liabilities as current or non-current which, due to the deferral defined with the amendments made on 15 July 2020 ("Classification of Liabilities as Current or Non-current - Deferral of Effective Date") will come into force on or after 1 January 2023.

On May 14, 2020, the IASB issued:

- the amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" (hereinafter the amendments), aimed at providing clarifications on the methods of determining the cost of a contract. The amendments are effective starting from financial years starting on or after 1 January 2022;
- the amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use" (hereinafter the amendments), aimed at defining that the revenues deriving from the sale of goods produced by an asset before it is ready for use expected to be charged to the income statement together with the related production costs. The amendments are effective starting from financial years starting on or after 1 January 2022;
- the amendments to IFRS 3 "Reference to the Conceptual Framework" (hereinafter the amendments), for: (i) complete the update of references to the Conceptual Framework for Financial Reporting present in the accounting standard; (ii) provide clarifications regarding the conditions for the recognition, at the *acquisition date*, of provisions, contingent liabilities and *levy liabilities* assumed as part of a *business combination transaction*; (iii) make it clear that potential assets cannot be recognized as part of a *business combination*. Changes are effective at start with financial years starting on or after 1 January 2022;
- the document "Annual Improvements to IFRS Standards 2018-2020 Cycle", containing amendments, essentially of a technical and editorial nature, of the international accounting standards. The amendments to the accounting standards are effective starting from financial years starting on or after January 1, 2022.

On February 12, 2021, the IASB issued:

- the amendments to IAS 1 and to IFRS Practice Statement 2 "Disclosure of Accounting Policies" (hereinafter the amendments), aimed at providing clarifications in identifying the relevant accounting policies to be described in the financial statements. The amendments are effective starting from financial years starting on or after 1 January 2023;
- the amendments to IAS 8 "Definition of Accounting Estimates" (hereinafter the amendments) which introduce the definition of accounting estimates essentially in order to facilitate the distinction between changes in accounting estimates and changes in accounting principles. The amendments are effective starting from financial years starting on or after 1 January 2023.

The company is analyzing the accounting principles indicated above and evaluating whether their adoption will have a significant impact on the financial statements.

Activities

5 Cash and cash equivalents

Cash and cash equivalents are mainly made up of the current account with Eni and amount to € 2,110 thousand, down by € 506 thousand compared to 31 December 2019 (€ 2,616 thousand at 31 December 2019).

6 Trade and other receivables

Trade receivables and other receivables of € 21,209 thousand (€ 34,465 thousand at 31 December 2019) are analyzed as follows:

(thousands of euros)	31.12.2019	31.12.2020
Commercial credits	34.445	21.191
Other credits:		
- other	20	18
	20	18
	34.465	21.209

Trade receivables are generally not interest bearing and have payment terms ranging from 15 days to 60 days. The fair value measurement of trade receivables and other receivables does not produce significant effects considering the short period of time between the arising of the receivable and its deadline.

Trade receivables of € 21,191 thousand mainly relate to receivables deriving from the Conto Lavorazione agreement with Eni and are divided as follows: € 19,173 thousand from Eni, € 174 thousand from Eni group companies and € 1,844 thousand from third party customers.

The other receivables of € 18 thousand relate to receivables from employees for holidays taken and not accrued (€ 13 thousand) and receivables from social security institutions (€ 5 thousand).

The company has no receivables in currencies other than the euro.

The following table illustrates the information on gross credit risk exposure and bad debt provision with reference to trade receivables and other receivables for which an analytical assessment has been carried out and / or on the basis of the generic model, developed on the basis of internal ratings. :

(thousands of euros)	Credits in assets			Credits in default	Total
	Risk low	Risk means, medium	High risk		
31.12.2020					
Business customers	630	1.219		90	1.939
Other counterparties (*)	19.347				19.347
Gross value as at 31.12.2020	19.977	1.219		90	21.286
Devaluation fund		(5)		(90)	(95)

(*) "Other counterparties - low risk" include receivables from Eni Group companies for which an expected loss of zero was considered.

Receivables from other counterparties include receivables for which the generic model is adopted, as well as receivables for which the expected loss has not been determined because they are outside the defined scope of application internally.

Receivables and other receivables are shown net of the bad debt provision of € 95 thousand (€ 94 thousand at 31 December 2019).

The following table illustrates the changes in this bad debt provision that took place in the 2020 financial year.

(thousands of euros)	Credits	Other
	commercial	credits
Bad debt provision as at 31.12.2017 pursuant to IAS 39	28	
Change in accounting policies (IFRS 9)	41	
Bad debt provision at 01.01.2018 pursuant to IAS 39	69	
Provisions on trade receivables and other receivables in default	17	
Bad debt provision as at 31.12.2018	86	
Provisions for trade and other performing loans	4	
Provisions on trade receivables and other receivables in default	4	
Other variations		
Bad debt provision as at 31.12.2019	94	
Provisions for trade and other performing loans	1	
Provisions on trade receivables and other receivables in default		
Other variations		
Provision for bad debts as at 31.12.2020	95	

Receivables from related parties are indicated in note no. 28.

7 Inventories

Inventories of € 1,776 thousand (€ 2,253 thousand at 31 December 2019) can be analyzed as

Follow:

(thousands of euros)	31.12.2019				31.12.2020			
	Products petroleum	Products chemists	Technical materials	Total	Products petroleum	Products chemists	Technical materials	Total
Raw materials, subsidiary and consumer goods	10	56	2.187	2.253	10	51	1.715	1.776
	10	56	2.187	2.253	10	51	1.715	1.776

Raw materials mainly concern stocks of fuel oil and chemicals, used in production processes and various materials used for maintenance activities.

The change in the related bad debt provision is analyzed as follows:

(thousands of euros)	2019	2020
Initial value - Current inventory write-down provision	77	88
Write-downs	11	10
Uses		(95)
Final value - Current inventory write-down provision	88	3

8 Tax assets and liabilities

Income tax assets and liabilities are analyzed as follows:

(thousands of euros)	31.12.2019		31.12.2020	
	Activities	Liabilities	Activities	Liabilities
	Non-current currents	Non-current currents	Non-current currents	Non-current currents
Income taxes	2.200		2.232	1.452
- IRES	2.183		2.151	1.452
- IRAP	17		81	

Income tax assets at 31 December 2020 amounted to € 2,232 thousand (€ 2,200 thousands of euros at 31 December 2019) and increased by 32 thousand euros compared to the previous period.

Liabilities for current income taxes relate to the payable for IRES tax consolidation to Eni for 1,452 thousand euro.

Liabilities for other current taxes of € 141 thousand (€ 148 thousand at 31 December 2019) are analyzed as follows:

	31.12.2019		31.12.2020	
	Activities	Liabilities	Assets	Liabilities
(thousands of euros)				
Other taxes and fees		148		141
- Withholding taxes on employee work		147		139
- Other taxes and duties		2		2

9 Other assets

Other current and non-current assets are analyzed as follows:

	31.12.2019		31.12.2020	
	Currents	Not current	Currents	Not current
(thousands of euros)				
Other activities	1.043	18.772	1.050	17.731

Other current assets of € 1,050 thousand mainly concern the short-term portion of prepaid expenses relating to suspended costs for the construction of the off-gas treatment plant owned by Versalis SpA and Basell Poliolefine Italia.

Other non-current assets of € 17,731 thousand mainly relate to:

- prepaid expenses relating to suspended costs for the construction of the off-gas treatment plant owned by Versalis SpA and Basell Poliolefine Italia for € 17,697 thousand. These costs are released to the income statement on the basis of the useful life of the plant;
- guarantee deposits paid by suppliers for 34 thousand euro.

Non-current assets

10 Property, plant and equipment

Property, plant and equipment of € 274,861 thousand (€ 280,437 thousand at 31 December 2019) are analyzed as follows:

								(thousands of euros)		
	Initial value net at 31.12.2018	Increases	Depreciation	Radiation	Transfers	Other variations	Final value net at 31.12.2019	Final value gross to 31.12.2019	Fund depreciation e devaluation to 31.12.2019	
31.12.2019		Investments	Capitalization of depreciation							
Activities intended for use:										
Lands and buildings	10.867		(465)				10.402	17.796	(7.394)	
Other plant and machinery	275.883		(20.440)	(4)	8.948		264.387	560.069	(295.682)	
Industrial and commercial facilities	109		(24)				85	340	(255)	
Other assets		7	(1)				7	97	(90)	
Other assets under construction and advances	3.008	11.492		4	(8.948)		5.556	5.556		
TOTAL	289.867	11.499	(20.930)				280.437	583.858	(303.421)	

								(thousands of euros)		
	Value initial net as of 31.12.2019	Increases	Depreciation	Radiation	Transfers	Other variations	Final value net at 31.12.2020	Final value gross to 31.12.2020	Fund depreciation e devaluation at 31.12.2020	
31.12.2020		Investments	Capitalization of depreciation							
Activities intended for use:										
Lands and buildings	10.402		(465)				9.937	17.796	(7.859)	
Other plant and machinery	264.387		(18.203)	(739)	17.634		263.079	560.069	(296.990)	
Industrial and commercial facilities	85		(23)				62	340	(278)	
Other assets		7	(1)				6	97	(91)	
Other assets under construction and advances	5.556	13.976			(17.634)	(121)	1.777	1.777		
TOTAL	280.437	13.976	(18.692)	(739)			274.861	580.079	(305.218)	

The land (3,334 thousand euros) mainly relates to the areas on which the industrial plants are located. Buildings (€ 6,603 thousand) essentially regard industrial buildings.

Plant and machinery (€ 263,079 thousand) mainly refer to the plants of electricity generation. During the year there was an increase of € 17,634 thousand due to the entry into operation of fixed assets in progress.

Plant and machinery also include plants depreciated using the UOP (Units of Production) method, determined on the basis of the operating hours of the plants. There are also plant dismantling costs amortized on the basis of the plant dismantling forecast.

Industrial and commercial equipment (€ 62 thousand) essentially refers to various and small equipment.

Fixed assets in progress and advances (€ 1,777 thousand) refer in particular to investments connected with the combined cycle power plant.

The company's investments in property, plant and equipment amounted to € 13,976 thousand (11,498 thousands of euros in 2019). The main interventions are highlighted below:

- the reconditioning and purchase of gas turbine blades for Group 1 (€ 6,889 thousand);
- the replacement of the Group 1 high pressure evaporator module (€ 2,775 thousand);
- the preliminary activities and the purchase of spare parts necessary for the repair of the TRM2 Group 2 transformer (1,517 thousand euro);
- the purchase of spare parts and strategic materials (€ 1,037 thousand);
- the revamping of the control system of the gas turbine and of the steam turbine of Group 1 and 2, as well as the improvement interventions carried out by Ansaldo on the same turbines (1,029 thousands of euros);
- other minor interventions (729 thousand euros).

The other changes of -121 thousand euro referring to plant and machinery mainly relate to tax credits for subsidized investments.

At 31 December 2020 the Directors carried out an "impairment test" in order to verify the recoverability of the value of the Cash Generation Unit (CGU) identified in the tangible and intangible fixed assets of the thermoelectric plant on the basis of the expected discounted cash flows deriving from the

plans of the company. To calculate the recoverable value of the CGU, the following assumptions were considered:

(i) the time horizon considered for the cash flows coincides with the useful life of the thermoelectric plant as at 31.12.2038; (ii) the revenues and the gross operating result refer to the evolution of the tolling agreement with Eni and of the transport and metering agreements; (iii) the investment maneuver is that hypothesized in the four-year plan and for the following years the planning of investments in continuity was considered to guarantee the operation of the plant; (iv) the discount rate for discounting the expected cash flows is in line with the remuneration of the tolling agreement in force; (v) the theoretical tax rate applied to the flows is composed of IRAP and IRES equal to 4.82% and 24% respectively.

The estimate of the recoverable value resulting from the test shows a value higher than the book value of the tangible and intangible fixed assets subject to impairment.

The main depreciation ratios adopted in the 2020 financial year are included in the following ranges:

	(%)
Fabbricati	4
Impianti e macchinari	UOP
Impianti (CTE)	VITAUTILE
Impianti (sottosoluzioni)	7
Altri impianti specifici	15
Attrezzature industriali e commerciali	25
Arredi e macchine d'ufficio	12
Macchine elettroniche	20

No real guarantees have been lodged on property, plant and equipment.

Leasing liabilities of € 7 thousand were recognized at the time of first application among short-term liabilities for installments falling due in 2022; the annual increase relates exclusively to the interest accrued on the capital shares. The total of outgoing financial flows for leasing amounts to 18 thousand euro. Payments of the principal amount of the lease liabilities is 11

thousands of euros in short-term liabilities and 7 thousand euros in long-term liabilities. The other changes indicate the reclassification of the rents expiring in 2021.

The amounts recognized in the income statement are analyzed as follows:

	(thousands of euros)	
	2019	2020
Purchases, provision of services and various costs:		
- low value leasing	24	45
Amount recognized in the income statement	24	45
Depreciation		
to deduce:		
adm. Right of use - other assets	18	18
Amount recognized in the income statement	18	18
Financial income and expenses		
- interest expense on liabilities for leased assets	1	1
Amount recognized in the income statement	1	1
	43	64

13 Equity investments

The other equity investments for which the fair value cannot be reliably determined are measured at cost and are analyzed as follows:

	(thousands of €)							
	Balance initial	Acquisitions - Transfers and reimbursements	Adjustments from	Effect various assessment	Other tions	Value net at 31.12.2019	Value gross to 31.12.2019	Fund devaluation 31.12.2019
Equity investments in:								
IFM Ferrara S.c.p.a.	564					564	564	

	(thousands of €)							
	Balance initial	Acquisitions - Transfers and refunds	Adjustments from	Effect various assessment	Other tions	Value net at 31.12.2020	Value gross to 31.12.2020	Fund devaluation 31.12.2020
Equity investments in:								
IFM Ferrara S.c.p.a.	564					564	564	

Liabilities

14 Trade and other payables

Trade payables and other payables of € 35,751 thousand (€ 37,395 thousand at 31 December 2019) are analyzed as follows:

(thousands of euros)	31.12.2019	31.12.2020
Commercial debts	34.896	32.483
Other debts:		
Payables for investment activities	1.409	575
Payables to others	1.090	2.693
	2.499	3.268
	37.395	35.751

Trade payables are made up as follows: payables to Eni for € 5,161 thousand, payables to other group companies for € 646 thousand and payables to third party suppliers for € 26,676 thousand.

The other payables of € 3,268 thousand (€ 2,499 thousand at 31 December 2019) consist of payables for investment activities for € 575 thousand and payables to others for € 2,693 thousand euro.

Payables to others mainly concern personnel for € 617 thousand, social security and welfare institutions for € 749 thousand, payables to Eni for € 1,573 thousand for remuneration for corporate offices and group VAT, consultants and professionals for 60 thousand euro.

Payables to related parties are indicated in note no. 28.

The fair value measurement of trade and other payables does not produce significant effects considering the short period of time between the occurrence of the payable and its maturity.

15 Financial liabilities

(thousands of euros)	31.12.2019			31.12.2020		
	Short-term portions of financial liabilities long-term	Long-term financial liabilities	Total	Short-term portions of long-term financial liabilities	Liabilities financial for a long time	Total
Banks						
Other non-shareholder lenders						
Non-shareholder parent companies	13.914	34.754	48.668	13.908	20.852	34.760
Members	13.326	33.285	46.611	13.321	19.971	33.292
	27.240	68.039	95.279	27.229	40.823	68.052

Short-term financial liabilities to banks are of an insignificant amount. The ordinary current account at Eni has an average active balance of € 6,127 thousand and an average negative balance of -2 thousands of euros. The long-term financial liabilities including the short-term portions relate to the two loan agreements in place with Eni SpA and Axpo International SA and decreased by € 27,228 thousand due to the repayment of the principal installments net of the effect deriving from accrued and not yet paid interest, recognized in short-term portions.

The two loan agreements, entered into to finance the company's investment program, provide for the same contractual conditions. The loans were renegotiated during the first half of 2011 as follows: the four half-yearly installments payable starting from 20/06/2011

up to 20/12/2012 they were suspended, generating an extension of the expiry date of the loan which will take place on 20/06/2023.

The repayment plan provides for 24 six-monthly installments starting from 20 December 2009.

Financial liabilities have a variable interest rate. The average interest rate of long-term financial liabilities, including short-term portions, outstanding as at 31 December 2020 is 0.844% (0.940% as at 31 December 2019).

The analysis by maturity of the long-term financial liabilities existing at 31 December 2020 is as follows:

	(thousands of €)		
	by 12 months	within five	over five
Other shareholder lenders (Axpo International SA)	13.321	19,971	
Eni SpA	13.908	20.852	
	27.229	40.823	

16 Change in financial liabilities deriving from financing activities

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

(thousands of euros)							
31.12.2019	Variations of cash flows	Changes without impact on cash flows				Other variations	31.12.2020
		Acquisition in/ Disposals from	New leases	Differences cambio da conversione	Variations di fair Value		
Long-term financial liabilities and related short-term portions	68.051	(27.228)					40.823
Short-term lease liabilities	18	(11)					7
Long-term lease liabilities	7	(7)					0
Total net liabilities deriving from financing activities	68.076 (27.246)		0			0	40.830

17 Analysis of net financial debt

The analysis of the net financial debt indicated in the "Comment on the economic-financial results" of the "Report on operations" is as follows:

(thousands of euros)	31.12.2019			31.12.2020		
	Currents	Non currents	Total	Currents	Non current Total	Total
A. Cash and cash equivalents B. Financial assets held for trading	2.616		2.616	2.110		2.110
C. Liquidity (A + B)	2.616		2.616	2.110		2.110
D. Financial receivables						
E. Short-term financial liabilities to banks						
F. Long-term financial liabilities to banks						
G. Bonds						
H. Short-term financial liabilities to related entities	27.240		27.240	27.229		27.229
I. Long-term financial liabilities to related entities		68.039	68.039		40.823	40.823
L. Other short-term financial liabilities						
M. Other long-term financial liabilities						
N. Gross financial debt excluding leasing liabilities (E + F + G + H + I + L + M)	27.240	68.039	95.279	27.229	40.823	68.052
O. Net financial debt excluding leasing liabilities (NCD)	24.624	68.039	92.663	25.119		65.942
P. Short-term lease liabilities Q. Long-term lease liabilities R. Lease liabilities (P + Q)	18		18	7		7
		7	7			
	18	7	25	7		7
S. Gross financial debt with lease liabilities (N + R)	27.258	68.046	95.304	27.236	40.823	68.059
T. Net financial debt with lease liabilities (SCD)	24.642	68.046	92.688	25.126	40.823	65.949

18 Provisions for risks and charges

The provisions for risks and charges of € 2,097 thousand (€ 1,564 thousand at 31 December 2019) are analyzed as follows:

	2019	2020	2020	2020	2020	2020	2020	2020	2020	2020
(thousands of euros)										
Abandonment and site restoration fund	1.451									1.452
Provision for environmental risks and charges	113	502				(221)				394
Provision for taxes		251								251
	1.564	753				(221)				2.097

The provision for the abandonment and restoration of sites of 1,452 thousand euros mainly includes the costs that are presumed to be incurred at the end of the activity of removing obsolete plants.

The provision for environmental risks and charges of € 394 thousand concerns the risks relating to the asbestos remediation interventions to be implemented at the Ferrara production site.

The provision for taxes equal to 251 thousand euro relates to tax disputes relating to excise duties for the years 2005/2006/2007.

19 Provisions for employee benefits

The provisions for employee benefits of € 955 thousand (€ 957 thousand at 31 December 2019) are analyzed as follows:

(thousands of euros)	31.12.2019	31.12.2020
Defined benefit plans:		
TFR	876	897
Other provisions for employee benefits	81	58
	957	955

The severance indemnity fund, governed by art. 2120 of the Civil Code, includes the estimate of the obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to employees of Italian companies upon termination of the employment relationship.

The indemnity, paid in the form of lump sum, is equal to the sum of the accruals calculated on the salary items paid on the basis of the employment relationship and revalued up to the time of termination of the same. As a result of the legislative changes introduced starting from 1 January 2007, the accruing severance indemnity will be allocated to pension funds, to the treasury fund set up at the INPS, or, in the case of companies with fewer than 50 employees, it may remain in the company.

This means that a significant portion of the severance pay accruing is classified as a defined contribution plan as the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability relating to the severance indemnity prior to January 1, 2007 continues to represent a defined benefit plan to be valued according to actuarial techniques.

The other provisions for employee benefits relate to defined benefit plans for € 58 thousand (81 thousands of euros at 31 December 2019) and refer to seniority bonuses which are benefits paid upon reaching a minimum period of service in the company and are paid in kind.

The provisions for employee benefits valued using actuarial techniques are analyzed as follows:

	31.12.2019				31.12.2020			
	TFR	Total defined benefit plans	Other funds for benefits to employees	Total	TFR	Total defined benefit plans	Other funds for benefits to employees	Total
(thousands of euros)								
Present value of the obligation at the beginning of the period	853	853	71	924	876	876	81	957
Current cost			4	4			3	3
Passive interests	13	13	1	14	6	6		6
Revaluations:								
- (Profit) actuarial losses resulting from changes in demographic assumptions					(10)	(10)	3	(7)
- (Profit) actuarial losses resulting from changes in financial assumptions	30	30		30	43	43	1	44
- Effect of past experience	(19)	(19)	7	(12)	(4)	(4)	2	(2)
Benefits paid					(14)	(14)	(32)	(46)
Business combinations, divestments and transfers	(1)	(1)	(2)	(1)				
Present value of the obligation at the end of the period (a)	876	876	81	957	897	897	58	955
Activities serving the plan at the beginning of the year								
Activities serving the plan at the end of the year (b)								
Redemption rights at the beginning of the year								
Repayment rights at the end of the year (c)								
Cap of onerous assets / liabilities at the beginning of the financial year								
Cap on interest-bearing assets / liabilities at the end of the financial year (d)								
Net liability recognized in the financial statements (ab ± d)	876	876	81	957	897	897	58	955

The costs for employee benefits, determined using actuarial assumptions, recognized in the income statement are analyzed as follows:

	31.12.2019			31.12.2020			
	TFR Total benefit plans defined	Other benefit funds ai dependent of	Total	TFR	Total benefit plans defined	Other funds for benefits ai employees	Total
(thousands of euros)							
Current cost		4	4			3	3
Net (active) interest expense:							
- interest expense on the obligation				6	6	0	0
Total net interest expense (assets)	13	13	0	6	6	0	0
- of which recognized in labor costs			1				0
- of which recognized in financial expense (income)	13	13					
Reassessment of long-term plans		7	7			6	6
Other costs							
Total	13	13	11	6	6		0
- of which recognized in labor costs			12			10	10
- of which recognized in financial expense (income)	13	13		6	6		

The costs for defined benefit plans recognized among the other components of comprehensive income are analyzed as follows:

	12.31.2019		31.12.2020	
	TFR Total benefit plans defined		TFR Total benefit plans defined	
(thousands of euros)				
Revaluations:				
- actuarial gains / losses resulting from changes in demographic assumptions				(10)
- actuarial gains / losses resulting from changes in financial assumptions	31	31		43
- effect of past experience	(19)	(19)	(4)	(4)
Total	12	12	39	39

The main actuarial assumptions adopted are indicated below:

	31.12.2019	31.12.2020
Discount rate	1,50%	0,70%
Trend rate of wage growth	2,50%	1,70%
Inflation rate	1,50%	0,70%

The discount rate adopted was determined considering the yields of bonds of Corporate companies with an AA rating; the mortality tables drawn up by the State General Accounting Office (RG48) were adopted.

The effects deriving from a reasonably possible modification of the main actuarial assumptions at the end of the year are indicated below:

(thousands of euros)	Discount rate		Inflation rate		Wage growth rate	
	increment	Reduction	increment	Reduction	increment	Reduction
	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
31.12.2020						
TFR	851	927	929		898	
Other provisions for employee benefits	56	59	59			

This analysis was performed on the basis of a methodology that extrapolates the effect on the net obligation resulting from reasonably possible changes in the main actuarial assumptions at the reporting date.

The amount of contributions expected to be paid to employee benefit plans in the following year amounts to € 41 thousand, of which € 28 thousand relating to defined benefit plans.

The maturity profile of the obligations for employee benefit plans is indicated below:

	(thousands of €)			
	2019		2020	
	Benefit plans defined	Other funds for employee benefits	Defined benefit plans	Other funds for employee benefits
Within 1 year	35	35	28	13
Within 2 year	38	13	54	
Within 3 year	51		52	17
Within 4 year	21	15	37	7
Within 5 year	52	7	40	3
Over 5 years	80	12	146	15

The weighted average duration of the obligations for employee benefit plans at the end of the year is 11 years for defined benefit plans (TFR) and 5 years for the other plans (in 2019 respectively 13 and 3 years).

20 Deferred tax liabilities and prepaid tax assets

Deferred tax liabilities amounted to 1,002 thousand euros (377 thousand euros at December 31, 2019). The change compared to the previous year is essentially due to the provision for non-deductible depreciation.

(thousands of euros)	31.12.2019	31.12.2020
Gross deferred tax liabilities	(4.601)	(5.504)
Deferred tax assets that can be offset	4.224	4.502
Deferred tax liabilities	(377)	(1.002)

The nature of the temporary differences that determined the payables for deferred IRES and IRAP taxes is as follows:

(thousands of euros)	Value initial Provisions		Uses	Other variations	Value finale
31.12.2019					
Prepaid taxes: - provisions	(901)	258	(620)	5.487	4.224
for risks and charges	368	26	(21)	(340)	33
- non-deductible depreciation	(1.423)		(529)	5.493	3.541
- f.do devaluation of abandoned warehouse		3		18	21
- and site restoration		12	(44)	286	254
- other	154	217	(26)	30	375
Deferred taxes: - excess	(94)		980	(5.487)	(4.601)
depreciation - other	(7)		980	(5.500)	(4.527)
	(87)			13	(74)
	(995)	258	360		(377)
31.12.2020					
Deferred tax assets: -	4.224	1.253	(975)	0	4.502
provisions for risks and charges - non-deductible amortization	33	150	(69)		114
- f.do inventory write-down - abandonment	3.541	1.094	(634)		4.001
and restoration of sites - other	21	3	(23)		1
	254				254
	375	6	(249)		132
Deferred taxes: - excess	(4.601)	(917)	14	0	(5.504)
depreciation - other	(4.527)	(917)	6	6	(5.432)
	(74)		8	(6)	(72)
	(377)	336	(961)	0	(1.002)

The movements in deferred tax liabilities and deferred tax assets are analyzed as follows:

(thousands of euros)	Value as at 31.12.2019	Increases	Decreases	Translation differences	Other variations	Value as at 31.12.2020
Gross deferred tax liabilities	(4.601)		(917)	14	-	(5.504)
Gross deferred tax assets	4.224	1.253	(975)			4.502
Depreciation fund for deferred tax assets						0
Deferred tax assets net of the bad debt provision	4.224	1.253	(975)			4.502
	(377)	336	961			(1.002)

Income taxes are commented on in note 27.

21 Other liabilities

The other non-current liabilities of € 6 thousand (€ 6 thousand at 31 December 2019) consist of long-term guarantee deposits.

Relations with related parties are indicated in note no. 28.

22 Equity

The net equity of SEF Srl is analyzed as follows:

(thousands of euros)	31.12.2019	31.12.2020
Share capital	140.000	140.000
Legal reserve	7.271	7.724
Other reserves:		
Optional reservations	606	606
Capital payment	30.000	30.000
Riserva per remeasurement included in OCI	(230)	(252)
Reserve unavailable due to IFRS restatement effects	35	35
Profit carried forward previous years	19.865	28.491
Profit for the year	9.073	7.051
	206.620	213.655

Share capital

At 31 December 2020 the share capital is represented by n. 140,000,000 shares with a nominal value of € 1.00 held for 51% (71,400,000 shares) by Enipower SpA and the remaining 49% (68,600,000 shares) by Axpo International SA

Legal reserve

The legal reserve of € 7,724 thousand increased by € 454 thousand compared to 31 December 2019 euro following the resolution of the Shareholders' Meeting of 22 April 2020.

Other reserves

The other reserves of € 30,389 thousand decreased compared to December 31, 2019 by € 23 thousand due to the adjustment of the OCI component (Components of comprehensive income) at December 31, 2020 of the severance pay and related taxes.

Profits relating to previous years

Profits relating to previous years of € 28,491 thousand increased by € 8,627 thousand compared to the previous year following the resolution of the shareholders' meeting of 22 April 2020 relating to the distribution of the residual profit for 2019.

Analysis of equity by origin, possibility of use and distributability

(thousands of euros)	Amount	Possibility of use	Quota available
A. Share capital	140.000		
B) Capital reserves			
Reserve for capital payment	30.000	A, B, C	
Reserves of profits			
Legal reserve	7.724	B	7.724
Reserves available	606	A, B, C	606
Riserva per rimeasurament included in OCI	(252)		
Riserva appl. IFRS EX ART. 7 DL 38/2005 COMMA 7	35	B	35
Profits carried forward	28.491	A, B, C	28.491
Total	206.604		36.856
Non-distributable portion			7.724
Remaining distributable portion			29.132

Legend:

A: available for capital increase

B: available to cover losses

With regard to the changes in the reserves in the two previous years, please refer to the "Statement of changes in shareholders' equity".

According to the provisions of art. 109, paragraph 4 letter b of Presidential Decree no. 917/1986 the reserves other than those in tax suspension, equal to 36,604 thousand euros, can be distributed without contributing to the formation of taxable income for IRES purposes up to 36,360 thousand euros. The difference of 244 thousand euro corresponds to amortization, value adjustments and provisions deducted for tax purposes only and, from 2004, only in the tax return, net of the related deferred taxation.

23 Guarantees, commitments and risks

Guarantees

The guarantees are analyzed as follows:

(thousands of euros)	31.12.2019		31.12.2020	
	Faithfulness	Total	Faithfulness	Total
Other	5.393	5.393	5.560	5.560
	5.393	5.393	5.560	5.560

The sureties provided by the company through Eni SpA are issued to local authorities to guarantee the reclamation and / or waste disposal activities at the site and to Terna SpA to guarantee the obligations deriving from the contract for the electricity dispatching service by placing.

The guarantees of € 5,560 thousand at December 31, 2020 (€ 5,393 thousand at December 31, 2019) increase following the issue of a new guarantee to Terna for an amount of € 205 thousand and decrease by an amount of 38 thousand euro following the reduction of a guarantee issued in favor of the Municipality of Ferrara.

Commitments and risks

The commitments and risks are analyzed as follows:

(thousands of euros)	31.12.2019	31.12.2020
Engagements		
- commitments to purchase goods and services	18.174	7.426
	18.174	7.426

Commitments to purchase for operating activities and for investment activities amount respectively to € 6,548 thousand and € 878 thousand.

Business risk management

In the context of business risks, the main risks identified and monitored are the following:

(i) financial risks:

- market risk deriving from changes in prices; - interest rate risk associated with fluctuations in rates which affect the market value of financial assets and liabilities and the level of net financial charges; - credit risk represented by the company's exposure to potential losses deriving from the non-fulfillment of the obligations assumed by the counterparties; - liquidity risk deriving from the lack of financial resources to meet short-term commitments;

(ii) risks associated with industrial activity:

- to. unavailability / non-reliability of plants or assets;
- b. technological innovation;
- c. injuries to employees and / or contractors;
- d. regulatory / regulatory risk Gas & Power;
- And. criticality of waste management;
- f. impacts related to the complexity and evolution of the HSE Regulations;
- g. damage from natural events;
- h. biological risk (pandemic);
- i. incidenti process safety e asset integrity.

Financial risk management is based on guidelines issued centrally by Eni SpA, with the aim of standardizing and coordinating Eni's financial risk policies ("Guidelines on financial risk management and control").

Risks associated with industrial activity are described in the Management Report in the chapter "Risk factors and uncertainty".

The description of the main financial risks and the related management methods is provided below.

Market risk

Market risk consists of the possibility that changes in interest rates or commodity prices could adversely affect the value of assets, liabilities or expected cash flows.

The company carries out production activities in the electricity sector with exposure to market risks in connection with changes in interest rates and in the prices of goods. The risk of changes in prices and cash flows is strictly connected to the very nature of the business and can only be partially mitigated through the use of appropriate risk management policies.

The business model of the company with the work account contract implies a precise division of roles, responsibilities and risks between the company and the Toller. With the processing contract, the company assumes the role of transformer of the fuel owned by the Toller. Therefore, the typical risks of those operating in the electricity market, such as the supply of fuel and the sale of energy, are borne by the Toller and do not have a direct impact on the company's activities.

Furthermore, the company's cash flows are exposed to fluctuations in exchange rates and interest rates in relation to the time lag between the time of purchases and sales. In particular, the exposure to exchange rates derives from the fact that the prices of a significant part of the products sold (purchased) are quoted or linked to the US dollar.

Fluctuations in interest rates have an impact

on the market value of the company's financial assets and liabilities and on the level of net financial charges.

Interest rate risk

Fluctuations in interest rates affect the market values of the company's financial assets and liabilities and the level of net financial charges.

A hypothetical positive and negative change of 10% in the weighted average rate of debt long-term and short-term financial results would not have had a significant pre-tax effect on the result.

The company does not use derivatives to manage interest rate risk.

Credit risk

Credit risk represents the company's exposure to potential losses deriving from the non-fulfillment of the obligations assumed by the counterparty. Eni approaches risks relating to counterparties for commercial transactions with differentiated policies, compared to those relating to counterparties for financial transactions, also according to the centralized finance model adopted for the latter. With regard to the counterparty risk in commercial contracts, credit management is entrusted to the responsibility of the business units and the dedicated Eni specialist functions, on the basis of formalized assessment and assignment procedures of commercial partners, including credit recovery and any dispute management. At Eni level, the guidelines and methodologies for the qualification and control of customer risk are defined.

As regards the financial counterparty risk deriving from the use of liquidity, from positions in derivative contracts and from transactions with physical underlying assets with financial counterparties, the aforementioned "Guidelines" identify the optimization of the risk profile as the risk management objective in the pursuit of operational objectives.

The maximum risk limits are expressed in terms of maximum credit rating by counterparty class, defined at the level of the Board of Directors and based on the rating provided by the main agencies. The risk is managed by Eni's Operational Finance Structures, as well as by Eni Trading & Shipping for commodity derivatives, as well as by Eni companies and Divisions limited to physical transactions with financial counterparties, in line with the centralized model. Within the limits defined by rating class, the lists of names of authorized counterparties are identified for each operating structure, assigning each a maximum credit limit, which is monitored and controlled.

daily. The critical situation that occurred on the financial markets led to the adoption of more stringent provisions, such as the diversification of risk and the rotation of financial counterparties, and of selectivity for transactions in derivative instruments with a duration of more than three months.

The company has not had any significant cases of non-compliance by the counterparties. The company manages credit risk on the basis of the policies issued by Eni.

As of December 31, 2020, there are no significant concentrations of credit risk.

Liquidity risk

Liquidity risk represents the risk that, due to the difficulty of finding new funds (funding liquidity risk) or liquidating assets on the market (asset liquidity risk), the company will not be able to meet its payment commitments, resulting in an impact on the economic result if the company is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that puts the business activity at risk.

At present, the company mainly collects financial means from Eni SpA, which, at present, believes, given the wide availability of credit lines, that it has access to sufficient sources of financing to meet foreseeable financial needs.

Future payments for financial liabilities, trade payables and other payables

The following table shows the amount of payments due contractually, relating to financial payables, including interest payments, and derivative financial liabilities.

(thousands of euros)	Years of expiration						Total
	2020	2021	2022	2023	2024	Beyond	
31.12.2019							
Long-term financial liabilities	27.215	27.215	27.215	13.610			95.255
	27.215	27.215	27.215	13.610			95.255
Interest on financial debts	839	578	321	64			1.802
	839	578	321	64			1.802
	Years of expiration						Total
	2021	2022	2023	2024	2025	Beyond	
31.12.2020							
Long-term financial liabilities	27.215	27.215	27.215	13.634			95.279
Financial liabilities for leasing	7	18					25
Interest on financial debts	839	578	320	64			1.801
Interest on liabilities for leased assets	1						1

The following table shows the timing of the disbursements for trade and other payables:

(thousands of euros)	Years of expiration		
	2020	Beyond	Total
31.12.2019			
Commercial debts	34.896		34.896
Other debts and advances	2.498	6	2.504
	37.394	6	37.400
	Years of expiration		
	2021	Beyond	Total
31.12.2020			
Commercial debts	34.283		34.283
Other debts and advances	3.269		3.269
	37.552		37.552

Other information on financial instruments

Categories of financial instruments - Book value and related economic and equity effects

The book value of the financial instruments and the related economic and equity effects for 2020 are illustrated below:

	2020		
	Registration value	Income (expenses) recognized a	
		Income statement	Net assets
Financial instruments mandatorily measured at fair value with effects on the income statement			
Financial instruments designated as measured at fair value with effects on the income statement (<i>fair value option</i>)			
Receivables and other financial assets measured at amortized cost			
- Trade and other receivables (c Financial	21.209	(1)	
liabilities measured at amortized cost - Trade and other			
payables (e)	3.263		
- Financial payables	68.059		

(f) (a) The effects on the income statement in 2020 were recognized in "Net write-backs (write-downs) of trade receivables and other receivables" for 1 thousand euro.

Contentious

The company is a party in civil and administrative proceedings and in legal actions connected with the normal course of its business. There are no significant proceedings in progress.

24 Revenues

The main items that make up "Revenues" are analyzed below. The reasons for the most significant changes are indicated in the "Comment on the economic-financial results" of the "Report on management".

Revenues from core business

Core business revenues are analyzed as follows:

(thousands of euros)	2019	2020
By type of product / service:		
Processing account fees	91.596	76.593
Revenues for connection, metering and transport services	7.858	7.965
Industrial water administration	3.832	2.755
Other utilities and services	(10)	(25)
Imbalance fee	2.066	584
Total	105.342	87.872
By geographic area		
Italy	105.342	87.872
Total	105.342	87.872
Timing for the transfer of goods / services:		
Goods / services transferred at a specific time	105.342	87.872
Goods / services transferred over a period of time (e.g. work progress)		

The main operating activity of the company concerns the production of electricity on behalf of Eni.

Revenues for connection, metering and transport (7,965 thousand euros) relate to the activity started from 1 January 2018 relating to the provision of connection, metering and transport services for Distribution Closed (SDC), which also includes the Internal User Networks (RIU) established by resolution 539/2015.

The company essentially operates in a single sector of activity in Italy.

Other income

Other revenues and income are analyzed as follows:

(thousands of euros)	2019	2020
Compensation for damages from insurance companies	1.000	
Revenues from the sale of emission rights	4	441
Proceeds from prescription of debts	8	
Other revenues and miscellaneous income	21	219
Total	1.033	660

Other revenues and income deriving from transactions with related parties are indicated in note no. 28.

25 Operating costs

The main items that make up "Operating costs" are analyzed below. The reasons for the most significant changes are indicated in the "Comment on the economic-financial results" of the "Report on operations".

Purchases, provision of services and various costs

Purchases, services and different costs are analyzed as follows:

(thousands of euros)	2019	2020
Costs for raw materials, supplies, consumables and goods	7.557	5.750
Costs for services	19.673	20.560
Costs for the use of third party assets	34	45
Net provisions for risks and charges	(299)	502
Change in inventories	(584)	477
Other charges	40.109	27.576
	66.490	54.910
to deduce:		
- increases for internal work - tangible assets	(49)	(1.412)
	66.441	53.498

The costs for services of € 20,560 thousand (€ 19,673 thousand at 31 December 2019) relate to:

(thousands of euros)	2019	2020
Use of provisions for risks and charges	(20)	(221)
Maintenance	10.894	12.044
Transport and handling	(8)	4
Insurance	664	635
Consultancy and professional services	461	295
Buildings	136	164
Costs for personnel services	318	284
Other costs for services	7.228	7.355
Services for plant construction	3.485	2.709
Investment services	(3.485)	(2.709)
	19.673	20.560

Other service costs of € 7,355 thousand mainly include factory services provided by IFM Ferrara (€ 2,371 thousand) and management, managerial and industrial services provided by Enipower SpA (€ 3,411 thousand).

The disclosure regarding the remuneration due to the independent auditors is omitted as it is provided in Eni's annual financial report.

There are costs incurred for the Covid-19 emergency for 133 thousand euro.

Lease installments amount to € 45 thousand and mainly relate to plant leases of moderate value.

Information relating to provisions for risks and charges is indicated in note no. 18.

Information relating to leasing is indicated in note no. 12 to which reference is made.

Cost of work

Labor costs are analyzed as follows:

(migliaia di euro)	2019	2020
Salari e stipendi	3.767	3.770
Oneri sociali	1.140	1.146
Oneri per programmi a benefici e contributi definiti	245	231
Comandati, interinali e borsisti	161	93
Altri costi	(80)	175
	5.233	5.415

Expenses for employee benefits include expenses for defined contribution programs for 238 thousand euro and expenses for defined benefit programs for -7 thousand euro.

The expenses for defined benefit programs are analyzed in note no. 19.

Average number of employees

The average number of employees per role broken down by category is as follows:

(number)	2019	2020
Senior executives		
Paintings	9	7
Employees	49	48
Workers	13	13
	71	68

The average number of employees is calculated as a half-sum of employees at the beginning and at the end of the period.

Remuneration due to directors and statutory auditors

The remuneration due to the directors amounts to 120 and 110 thousand euros respectively for the financial years 2019 and 2020. The fees due to the statutory auditors amount to 72 and 76 thousand euros for the years 2019 and 2020 respectively [Civil Code, art. 2427, paragraph 1, point 16].

These fees include emoluments and any other sum of a salary, social security and welfare nature due for carrying out the function of director or statutory auditor which constituted a cost for the company, even if not subject to personal income tax.

Operating costs deriving from transactions with related parties are indicated in note no. 28.

26 Financial income (expenses)

Financial income (expenses) are analyzed as follows:

(thousands of euros)	2019	2020
Financial income (expenses)		
Financial income		
Financial charges	(1.327)	(904)
	(1.327)	(904)
	(1.327)	(904)

The net value of financial income and expenses is analyzed as follows:

(thousands of euros)	2019	2020
Financial income (expenses) related to net financial debt		
- Interest and other charges to banks and other lenders	(1.277)	(897)
	(1.277)	(897)
Other financial income (expenses)		
- Interest income		
- Financial charges on employee benefits	(13)	(6)
- Other financial charges	(37)	(1)
- Other financial income		
	(1.327)	(904)

(a) The item relates to the increase in provisions for risks and charges which are indicated, at a discounted value, in the non-current liabilities of the financial statements.

Information relating to leasing is indicated in note no. 12 to which reference is made.

Financial income (expenses) deriving from transactions with related parties are indicated in note no. 28.

27 Income taxes

Income taxes are analyzed as follows:

(thousands of euros)	2019	2020
Current taxes:	3.963	1.582
- Ires	3.027	1.491
- Irap	936	91
Net deferred and prepaid taxes:	(618)	632
- Deferred taxes	(980)	(6)
- prepaid taxes	362	638
	3.345	2.214

The incidence of taxes for the year on the pre-tax result is 23.90% (26.94% in 2019).

The company made use of the provisions of art. 24 of Legislative Decree 34 of 19/05/2020 (the so-called Relaunch Decree) which provides for a contribution in terms of exclusion from the payment of the first installment of the Irap deposit relating to the 2020 tax period.

The analysis of the difference between the theoretical and the effective tax rate is as follows:

(thousands of euros)	2019		2020	
	Rate	Tax	Rate	Tax
Earnings before taxes	24,00%	2.980	24,00%	2.224
Difference between value and cost of adjusted production	4,82%	663	4,82%	490
Theoretical rate ⁽¹⁾	29,34%	3.643	29,29%	2.714
Effect of increases (decrease) compared to the theoretical rate:				
- previous year taxes - deferred / prepaid restatement due to rate change				
- taxable and non-deductible taxes - other changes	0,26%	32	0,28%	26
- costs beyond accruals	0,50%	62	0,49%	45
-ACE -maxi / hyper	0,06%	6	(1,49)%	(138)
- amortization <i>Effective rate</i> (1)	0,21%	27	0,67%	62
	(1,80%)	(224)	(2,72)%	(252)
The theoretical rate is	(1,63%)	(201)	(2,62)%	(243)
	26,94%	3.345	23,90%	2.214

determined by comparing the taxes calculated by applying the income tax rates (Ires and Irap) to the pre-tax profit.

The reduction in the tax rate compared to the previous year is mainly due to the greater incidence of other permanent decreases.

28 Relations with related parties

The transactions carried out by SEF Srl with related parties essentially concern:

- (a) the exchange of goods, the provision of services, the provision and use of financial means with associated companies as better specified below;
- (b) the exchange of goods and the provision of services with other companies owned or controlled by the Italian State, as better specified below.

All the transactions were carried out in the interest of the company and are part of ordinary management, they are generally regulated at market conditions, that is, at the conditions that would have been applied between two independent parties.

The amounts of commercial, other and financial relationships with related parties are indicated below and the nature of the most significant transactions is indicated.

Business and other relationships

The commercial and other relationships are analyzed below.

Financial year 2019

(thousands of euros)

Name	31.12.2019			2019			
	Credits	Payables	Guarantees	Costs		Revenues	
				Me	Services	Me	Services
Parent companies							
Eni Div E&P		31			18		
Eni Corporate	2	68		8	99		
Eni Gas & Power Division	31.523	2.383		917	(437)		101.341
Eni Divisione R&M					(2)		
Enipower	20	3.670		68	3.727		
Total parent companies	31.545	6.152		993	3.405		101.341
Companies under common control							
Servant		(2)			54		
Serfactoring		48			6		
Enigaseluce	4	28			21		24
Eni Corporate University		7					
Versalis	9.802	10			538	1.763	
Eni Rewind	3	530			933	6	
Enipower Mantova Eni	10				(10)		
Trading & Shipping Ing. Luigi		39			36.097		4
Conti Vecchi Eni Fuel		87		220			
				7			
Total companies under common control	9.819	747		227	37.639	1.769	28
State-owned groups							
GSE Group				20			
Terna Group	2.337	3.596	96	3.215	315		
Enel Group	39				(10)		155
Total state-owned groups	2.376	3.596	96	3.235	305		155
Other companies							
Axpo International SA							
IFM Scarl		243		1	2.153	1	
Total other companies		243		1	2.153	1	
Total	43.740	10.738	96	4.456	43.502	1.770	101.524

(a) costs differ from those in the income statement because they are shown gross of the capitalized portions and the cost of seconded personnel

(b) the revenues differ from those of the income statement because the income relating to seconded personnel is shown

Exercise 2020

(thousands of euros)

Name	31.12.2020			2020			
	Credits	Debts	Guarantees	Costs		Revenues	
				Me	Services	Me	Services
Parent companies							
Eni Div E&P		18			18		
Eni Corporate	16	109			14		
Eni Gas & Power Division	18.902	2.568		3.227	(416)		80.885
Eni Divisione R&M		21		10	18		
Enipower S.p.A.	271	4.018		639	3.368		
Total parent companies	19.189	6.734		3.876	3.002		80.885
Companies under common control							
Servant		10			49		
Serfactoring		230			(1)		
Enigaseluce	4	6			(1)		24
Eni Corporate University		10			2		
Versalis	9.334	8			520	1.515	
Eni Rewind		308			1.119	2	
Eni Insurance Designated Activity Co Enipower					279		
Mantua Eni Trading & Shipping Eng. Luigi Conti		6		27			
Vecchi		31			114		
		58		163			
Eni Fuel							
Total companies under common control	9.338	667		190	2.081	1.517	24
State-owned groups							
GSE Group				17			
Terna Group	599	1.204	206	(3.234)	661		24
Cassa Dep e Prestiti Group		3.638		1.374	6.878		
Enel Group							
Total state-owned groups	599	4.842	206	(1.843)	7.539		24
Other companies							
Axpo International SA							
IFM Scarl		281		6	2.365		
Total other companies		281		6	2.365		
Total	29.126	12.524	206	2.229	14.987	1.517	80.933

(a) costs differ from those in the income statement because they are shown gross of the capitalized portions and the cost of seconded personnel

(b) the revenues differ from those of the income statement because the income relating to seconded personnel is shown

The most significant relationships concern Eni, with which a processing contract is in place for the transformation of natural gas into electrical and thermal energy, and with the parent company Enipower SpA for management, managerial and industrial services.

SEF Srl also has commercial relationships with special purpose companies aimed at providing services to the Eni Group, among the main ones: EniServizi which performs general services such as property management, catering, security, procurement of non-strategic goods; Eni Trading Shipping for the purchase of emission rights quotas for trading activities; Eni Rewind for the supply of environmental services and Versalis for the supply of chemical and other materials. In consideration of the activity carried out and the nature of the correlation (companies wholly or almost entirely owned by Eni), the services provided by these companies are regulated on the basis of tariffs defined with reference to the specific costs incurred and the minimum margin for cost recovery, general and the return on invested capital.

The company also has relations with Terna for the supply and sale of electricity.

Financial reports

The financial reports are analyzed below:

Financial year 2019

(thousands of euros)

Name	31.12.2019		2019	
	Credits	Debts	Charges	Proceeds
Companies to parent companies				
Eni	2.613	48.668	741	
Other related parties				
Axpo International SA		46.611	536	
	2.613	95.279	1.277	

Exercise 2020

(thousands of euros)

Name	31.12.2020		2020	
	Credits	Debts	Charges	Proceeds
Companies to parent companies				
Eni	2.107	34.761	504	
Other related parties				
Axpo International SA		33.291	393	
	2.107	68.052	897	

An agreement is in place with Eni SpA, which carries out financial activities on behalf of the companies of the Eni Group, on the basis of which it provides for the coverage of financial needs and the use of liquidity and "cash pooling" operations of SEF Srl.

A loan agreement is in place with Eni SpA and AXPO International SA to finance the company's investment program.

Impact of transactions or positions with related parties on the balance sheet, economic result and cash flows

The incidence of transactions or positions with related parties on the balance sheet items is indicated in the following summary table:

(thousands of euros)

	31.12.2019			31.12.2020		
	Total	Entity correlate	Incidence %	Total	Entity correlate	Incidence %
Trade and other credits	34.465	34.050	98,80	21.209	19.966	94,14
Other current assets	1.043	512	49,09	1.050	512	48,76
Other non-current assets	18.772	9.178	48,89	17.731	8.668	48,89
Short-term lease liabilities	18			7		
Trade and other payables	37.394	10.768	28,80	35.752	12.518	35,01
Long-term financial liabilities including short-term portions	95.279	95.279	100,00	68.052	68.052	100,00
Long-term lease liabilities	7					
Other non-current liabilities	6	6	100,00	6	6	100,00

The impact of transactions with related parties on the income statement items is indicated in the following summary table:

(thousands of euros)	2019			2020		
	Total	Entity correlate	Incidence %	Total	Entity correlate	Incidence %
Revenues from core business	105.342	103.290	98,05	87.872	82.450	93,83
Other income	1.033	4	0,39	660	644	97,58
Purchases, provision of services and various costs	66.441	47.833	71,99	53.498	46.301	86,55
Net write-backs (write-downs) of receivables	8			1		
Financial income						
Financial charges	1.327	1.277	96,23	904	503	55,64

Transactions with related parties are part of ordinary management and are generally regulated at market conditions, ie at the conditions that would have been applied between two independent parties.

The main cash flows with related parties are indicated in the following summary table:

(thousands of euros)	2019	2020
Revenues and income	103.290	82.450
Costs and charges	(47.994)	(46.401)
Other operating income (expenses)	4	644
Passive interests	1.277	503
Change in trade and miscellaneous receivables	15.917	14.594
Change in trade and other payables	(17.319)	1.750
Interest collected		
Interest paid	1.282	884
Net cash flow from operating activities	56.457	54.424
Change in payables relating to investment activities	(70)	(188)
Net cash flow from investing activities	(70)	(188)
Repayment of financial debts for a long time	(27.228)	(27.227)
Dividends paid		
Net cash flow from financing activities	(27.228)	(27.227)
Total cash flows to related entities	29.159	27.009

The incidence of cash flows with related parties is indicated in the following summary table:

(thousands of euros)	2019			2020		
	Total	Entity correlate	% Incidence	Total	Entity correlate	% Incidence
Cash flow from operating activities	35.106	56.457	160,82	41.549	54.424	130,99
Cash flow from investing activities	(12.511)	(70)	0,56	(14.810)	(188)	1,27
Cash flow from financing activities	(27.242)	(27.228)	99,95	(27.245)	(27.227)	99,93

26 Significant non-recurring events and transactions

There are no significant non-recurring events and / or transactions that have an impact on the financial position, economic result and cash flows of the company.

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

There are no positions or transactions deriving from atypical and / or unusual operations that have an impact on the equity situation, on the economic result and on the financial flows of the company.

28 Management and coordination activities

Pursuant to article 2497-bis, the essential data of the financial statements at 31 December 2019 of Eni SpA, which exercises management and coordination activities on the company, are indicated.

STATO PATRIMONIALE

(€)	Note	31.12.2019		31.12.2018		01.01.2018*	
		Totale	di cui verso parti correlate	Totale	di cui verso parti correlate	Totale	di cui verso parti correlate
ATTIVITÀ							
Attività correnti							
Disponibilità liquide ed equivalenti	(5)	4.752.470.760	110.988.773	9.654.468.868	502.964.041	6.213.811.825	367.730.040
Altre attività finanziarie destinate al trading	(6)	6.229.958.835		6.100.426.641		5.793.162.809	
Altre attività finanziarie	(16)	4.692.864.012	4.688.843.170	2.688.524.711	2.686.455.675	2.699.464.465	2.691.668.755
Crediti commerciali e altri crediti	(7)	4.980.639.428	2.981.395.714	5.573.774.237	3.122.929.196	5.888.079.765	3.466.904.113
Rimanenze	(8)	1.663.573.673		1.324.128.339		1.388.544.550	
Attività per imposte sul reddito	(9)	63.343.576		65.760.321		58.726.446	
Altre attività	(10)	1.532.342.642	993.956.577	1.216.634.786	790.360.827	959.982.778	377.969.627
		23.915.192.926		26.623.717.903		23.001.772.638	
Attività non correnti							
Immobilii, impianti e macchinari	(11)	7.482.764.775		7.578.619.152		7.178.646.178	
Diritto di utilizzo beni in leasing	(12)	2.027.023.519					
Attività immateriali	(13)	157.547.351		180.491.241		194.752.958	
Rimanenze immobilizzate - scorte d'obbligo	(8)	1.413.226.422		1.200.236.229		1.297.318.037	
Partecipazioni	(15)	42.534.715.849		41.914.073.644		42.336.529.045	
Altre attività finanziarie	(16)	4.168.637.337	4.148.763.021	1.974.727.001	1.954.457.145	4.832.057.257	4.811.641.219
Attività per imposte anticipate	(17)	993.402.181		1.168.817.273		1.151.910.450	
Attività per imposte sul reddito	(9)	79.752.834		78.314.917		77.527.975	
Altre attività	(10)	521.877.781	279.072.941	487.107.148	294.049.892	403.345.609	164.534.684
		59.378.948.049		54.582.386.605		57.472.087.509	
Attività destinate alla vendita	(25)	1.588.442		1.474.116		1.717.074	
TOTALE ATTIVITÀ		83.295.729.417		81.207.578.624		80.475.577.221	
PASSIVITÀ E PATRIMONIO NETTO							
Passività correnti							
Passività finanziarie a breve termine	(19)	4.621.894.240	4.413.058.546	4.434.682.785	4.233.716.240	4.146.377.799	3.922.516.072
Quota a breve di passività a lungo termine	(19)	3.080.748.473	978.335	3.178.407.868	7.440.940	1.972.775.366	464.447
Quote a breve di passività finanziarie per beni in leasing	(12)	337.189.259	160.555.668				
Debiti commerciali e altri debiti	(18)	5.544.690.061	3.082.138.817	5.631.752.561	2.901.317.916	6.224.379.855	3.156.070.915
Passività per imposte sul reddito	(9)	2.746.560		1.556.602		64.289.938	
Altre passività	(10)	3.065.257.148	1.454.017.809	2.235.585.039	699.551.357	1.680.769.029	510.938.545
		16.652.525.741		15.481.984.855		14.088.591.987	
Passività non correnti							
Passività finanziarie a lungo termine	(19)	17.240.044.117	718.834.000	18.069.732.686	506.264.000	18.843.053.798	380.563.643
Passività per beni in leasing a lungo termine	(12)	2.319.525.918	1.543.535.746				
Fondi per rischi e oneri	(22)	4.308.691.031		3.860.607.419		3.760.664.177	
Fondi per benefici ai dipendenti	(23)	376.267.163		370.072.343		353.083.516	
Passività per imposte sul reddito	(9)	15.455.000		22.829.000		20.247.000	
Altre passività	(10)	747.701.416	151.563.615	787.051.322	142.040.680	880.586.249	143.007.778
		25.007.684.645		23.110.292.770		23.857.634.740	
TOTALE PASSIVITÀ		41.660.210.386		38.592.277.625		37.946.226.727	
PATRIMONIO NETTO							
Capitale sociale	(26)	4.005.358.876		4.005.358.876		4.005.358.876	
Riserva legale		959.102.123		959.102.123		959.102.123	
Altre riserve		36.216.209.281		36.570.923.909		36.000.165.103	
Acconto sul dividendo		(1.541.829.734)		(1.512.478.856)		(1.440.456.053)	
Azioni proprie		(981.047.639)		(581.047.644)		(581.047.644)	
Utile netto dell'esercizio		2.977.726.124		3.173.442.591		3.586.228.089	
TOTALE PATRIMONIO NETTO		41.635.519.031		42.615.300.999		42.529.350.494	
TOTALE PASSIVITÀ E PATRIMONIO NETTO		83.295.729.417		81.207.578.624		80.475.577.221	

(*) Per la riesposizione dei dati all'01.01.2018 si rinvia al paragrafo dei Criteri.

CONTO ECONOMICO

(€)	Note	2019		2018	
		Totale	di cui verso parti correlate	Totale	di cui verso parti correlate
RICAVI	(28)				
Ricavi della gestione caratteristica		28.496.142.053	11.076.717.103	31.794.899.384	13.296.210.660
Altri ricavi e proventi		429.985.627	186.165.602	330.771.212	126.640.523
Totale ricavi		28.926.127.680		32.125.670.596	
COSTI OPERATIVI					
Acquisti, prestazioni di servizi e costi diversi	(29)	(27.534.272.260)	(14.432.576.776)	(30.621.006.375)	(14.875.672.832)
Riprese di valore (svalutazioni) nette di crediti commerciali e altri crediti	(7)	(65.165.504)		(26.410.349)	
Costo lavoro	(29)	(1.185.076.676)		(1.127.524.660)	
Altri proventi (oneri) operativi	(24)	112.722.000	(1.478.378.238)	113.047.226	505.622.860
Ammortamenti	(11),(12),(13)	(1.137.371.082)		(635.421.852)	
Riprese di valore (svalutazioni) nette di attività materiali, immateriali e diritto di utilizzo beni in leasing	(14)	(1.144.400.696)		(13.359.653)	
Radiazioni	(11),(13)	(2.401.456)		(1.361.951)	
UTILE (PERDITA) OPERATIVO		(2.029.837.994)		(186.367.018)	
PROVENTI (ONERI) FINANZIARI	(30)				
Proventi finanziari		1.625.147.595	244.817.589	1.616.145.269	188.208.837
Oneri finanziari		(2.015.741.083)	(81.182.872)	(1.878.697.439)	(18.629.139)
Proventi (oneri) netti su attività finanziarie destinate al trading		116.895.080		33.058.919	
Strumenti finanziari derivati		(5.111.273)	8.590.077	(97.098.895)	210.592.495
		(278.809.681)		(326.592.146)	
PROVENTI (ONERI) SU PARTECIPAZIONI	(31)	5.676.830.609		3.689.331.494	
UTILE ANTE IMPOSTE		3.368.182.934		3.176.372.330	
Imposte sul reddito	(32)	(390.456.810)		(2.929.739)	
UTILE NETTO DELL'ESERCIZIO		2.977.726.124		3.173.442.591	

PROSPETTO DELL'UTILE COMPLESSIVO

(€ milioni)	Note	2019	2018
Utile netto dell'esercizio		2.978	3.173
Altre componenti dell'utile (perdita) complessivo:			
Componenti non riclassificabili a conto economico			
Valutazione di piani a benefici definiti per i dipendenti	(26)	(16)	(11)
Valutazione fair value partecipazioni minoritarie	(26)		(4)
Effetto fiscale relativo alle altre componenti dell'utile complessivo non riclassificabili a conto economico	(26)	4	4
		(12)	(11)
Componenti riclassificabili a conto economico			
Variazione fair value strumenti finanziari derivati di copertura cash flow hedge	(26)	(767)	(163)
Differenze cambio da conversione Joint Operation	(26)	9	17
Effetto fiscale relativo alle altre componenti dell'utile complessivo riclassificabili a conto economico	(26)	222	34
		(536)	(112)
Totale altre componenti dell'utile (perdita) complessivo, al netto dell'effetto fiscale		(548)	(123)
Totale utile complessivo dell'esercizio		2.430	3.050

The essential data of the parent company Eni SpA set out in the summary table required by art. 2497-bis of the Civil Code have been extracted from the related financial statements for the year ended December 31, 2019. For an adequate and complete understanding of the equity and financial situation of Eni SpA as at 31 December 2019, as well as the economic result achieved by the company in the year ended on that date, please refer to the reading of the financial statements which, accompanied by the independent auditors' report, are available at the company's registered office.

29 Events subsequent to the end of the financial year

Significant events occurring after the close of the year are illustrated in the same item presented in the Management Report.

Disclosure on public disbursements

The regulations relating to the transparency of public disbursements (already contained in Article 1, paragraphs 125-129 of Law no. 124/2017 and subsequent amendments) has been reformulated for some aspects by art. 35 of Legislative Decree 30 April 2019, n. 34 "Urgent measures for economic growth and for the resolution of specific crisis situations" (so-called Growth Decree), amended by the conversion law of 28 June 2019, no. 58.

During the 2020 financial year, the company did not receive / granted public grants, falling within the scope of application of the aforementioned legislation.

In particular, the following are not included in the publication obligations:

- transactions that constitute a consideration for performance of works / services (for example, supply of goods / services, professional services, etc.), even if there is a component of public "contribution" that cannot be distinguished from the normal commercial operation ;
- remuneration for an assignment received or which is due as compensation;
- sponsorships, taking into account the fact that jurisprudence qualifies them as contracts for corresponding services;

- non-selective economic benefits (eg tax breaks) and state aid received in application of a general concessionality regime, i.e. the economic advantages aimed at all subjects who meet certain conditions, on the basis of predetermined criteria (eg contributions aimed at specific sectors); in this perspective, by way of example, the attribution of environmental certificates, subsidized tax regimes, subsidized loan regimes open to a plurality of companies or to an overall sector, etc are excluded;

- reimbursements and allowances paid to subjects engaged in training and orientation internships;
- contributions received from enterprises for ongoing training from inter-professional funds established in the legal form of association (eg Fondimpresa);
- contributions made to associations, foundations and other third sector entities, for advocacy purposes (protection of corporate interests), including membership of Confindustria and similar associations, and with technical / business purposes, because a benefit deriving from the activity is recognizable of the association / organization in which you participate, connected with the business carried out.

Proposal of the Board of Directors to the Shareholders' Meeting

Dear Shareholders,

your company's income statement shows a profit of € 7,050,848.15.

It is proposed to resolve on the allocation of the profit for the year 2020 as follows:

- allocate the amount of € 352,542.41 to the legal reserve;
- allocate the amount of € 6,698,305.74 to retained earnings.

**RELAZIONE DEL COLLEGIO SINDACALE AI SENSI DELL'ART. 2429
DEL CODICE CIVILE ALL'ASSEMBLEA DEI SOCI DELLA SOCIETA'
ENIPOWER FERRARA S.r.l. – Bilancio al 31.12.2020**

I sottoscritti componenti del Collegio Sindacale di Società Enipower Ferrara – SEF S.r.l. sono stati nominati dall'Assemblea dei Soci del 22 Aprile 2020 ed è in tale contesto che riferiscono quanto di seguito riportato e che la presente relazione deve essere letta. Il loro incarico avrà termine con l'approvazione del Bilancio al 31.12.2022.

L'attività di vigilanza del Collegio Sindacale, nel corso dell'esercizio chiuso al 31 dicembre 2020, è stata svolta secondo le norme di comportamento raccomandate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. La Revisione Legale dei Conti è stata svolta, ai sensi dell'art. 2409 *bis* del Codice Civile, dalla società PricewaterhouseCoopers S.p.A..

In particolare:

- Abbiamo vigilato sull'osservanza della legge e dell'atto costitutivo e sul rispetto dei principi di corretta amministrazione. Il Collegio sindacale si è riunito n. 7 volte nel corso del 2020 ed ha partecipato all'unica Assemblea dei Soci ed alle n. 5 adunanze del Consiglio di Amministrazione tenutesi nell'esercizio, svoltesi nel rispetto delle norme statutarie, legislative e regolamentari che ne disciplinano il funzionamento e per le quali possiamo ragionevolmente assicurare che i potenziali conflitti di interesse sono stati correttamente dichiarati e le azioni deliberate sono conformi alla legge ed allo statuto sociale e non sono manifestamente imprudenti, azzardate, o tali da compromettere l'integrità del patrimonio sociale.
- Abbiamo vigilato sull'attuazione delle delibere del Consiglio di Amministrazione.
- Negli incontri periodici con gli organi direzionali abbiamo ottenuto informazioni sulle operazioni economico finanziarie e patrimoniali di maggior rilievo; riteniamo che tali operazioni non siano state manifestamente imprudenti o azzardate né in potenziale conflitto di interessi o in contrasto con le delibere assunte dall'assemblea dei soci o tali da compromettere l'integrità del patrimonio aziendale.



- Abbiamo valutato positivamente l'adeguatezza della struttura organizzativa della società.
- Con particolare riferimento alla normativa di cui al D.Lgs. 231/2001 riferiamo quanto segue:
 - a. La Società, nell'ambito della valutazione di rischio 231 assegnato da Eni in data 22 settembre 2020, è stata classificata **Ente non di Piccole Dimensioni a rischio complessivo 231 Basso**. In precedenza, la Società era stata classificata Ente di Piccole Dimensioni.
 - b. L'ultimo aggiornamento dell'attuale Modello di Organizzazione, Gestione e Controllo ex Decreto Legislativo 231/2001 nella sua "Parte Generale" è avvenuto con delibera del Consiglio di Amministrazione dell'8 marzo 2021, in relazione alla nuova classificazione di rischio. Gli aggiornamenti hanno riguardato principalmente:
 - la composizione standard dell'Organismo di Vigilanza di tipo monocratico, costituito da un Componente Interno "Dedicato";
 - una maggiore articolazione dei flussi informativi verso l'Organismo di Vigilanza;
 - una maggiore articolazione delle regole per l'aggiornamento del Modello 231.
 - c. L'ultimo aggiornamento della parte Modello relativa alle "Attività sensibili e standard di controllo specifici", è stato approvato dal Presidente della Società in data 9 Gennaio 2019, in relazione alle innovazioni normative introdotte in materia di c.d. *market abuse*, per allinearli all'aggiornamento operato sul tema da Eni S.p.A. nel Luglio 2018. Il Consiglio di Amministrazione della Società ha ratificato l'operato del Presidente con delibera del 7 Marzo 2019 (circostanze già riferite nelle Relazioni del Collegio Sindacale al Bilancio 2018 ed al Bilancio 2019, rilasciate in data 1.4.2019 e 7.4.2020).
 - d. L'Organismo di Vigilanza monocratico (nel seguito anche "OdV"), nella persona dell'Ing. Alberto Mosca che nel corso del 2020 ha incontrato il Collegio 4 volte, ha prodotto n. 2 rapporti semestrali che sono stati puntualmente acquisiti ed esaminati dal Collegio Sindacale nonché oggetto di



confronto negli incontri periodici di cui sopra. Ricordiamo che il Consiglio di Amministrazione del 25.9.2019 ha confermato l'Ing. Mosca nella carica di Organismo di Vigilanza monocratico con decorrenza dal 28.9.2019 per la durata di tre anni.

c. Con riferimento al Piano di Vigilanza 2020, è stato attuato e risulta completato con la riunione di exit meeting del 5 febbraio 2021. L'attività di controllo ha rilevato un gap/osservazione di minima importanza nell'ambito del processo Procurement.

f. Il Piano di Vigilanza 2021, illustrato dall'Organismo di Vigilanza al Collegio Sindacale nella riunione del 11 Febbraio 2021, si articola principalmente in:

1. *Vigilanza sull'effettività del Modello*, con interventi svolti dall'OdV direttamente o tramite l'utilizzo della funzione Internal Audit di Eni SpA o del supporto del fornitore esterno con cui Eni SpA ha stipulato un accordo quadro per le attività di vigilanza 231. L'attività programmata per il 2021 sarà focalizzata sulle attività sensibili (AS) relative ai seguenti processi: "Commerciale", "Finanza", "Fiscale", "Omaggi e ospitalità", "Affari Societari" e "Security". Gli interventi di vigilanza sono previsti per il secondo semestre del 2021. A valle di queste attività verrà redatto dall'OdV un documento – successivamente condiviso con il Presidente della Società - con gli eventuali gap/osservazioni rilevati, le possibili azioni correttive o i suggerimenti proposti. L'OdV potrà altresì effettuare interventi di vigilanza non programmati e monitorerà il completamento delle azioni correttive derivanti dall'intervento di vigilanza.
2. *Flussi informativi con gli Organi e le Funzioni aziendali*;
3. *Formazione*, con la "verifica delle iniziative atte a promuovere la comunicazione e la formazione sul Modello, sul Codice Etico ed in materia di compliance, anche mediante monitoraggio della programmazione e dell'effettuazione dei corsi previsto dalla Società".
4. *Attività di comunicazione* relative alla diffusione del Modello.



5. *Relazioni semestrali*, come previsto dal Modello 231 della Società.

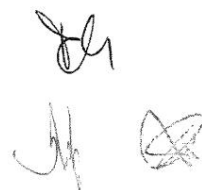
Il Collegio Sindacale non ha formulato specifiche richieste di ulteriori interventi di verifica rispetto a quanto prospettato dall'Organismo di Vigilanza.

g. Il Modello 231 ed i suoi successivi aggiornamenti ci risultano essere stati oggetto di diffusione e di comunicazione.

h. Per quanto riguarda l'attività di formazione sul Modello 231, nel Rapporto dell'OdV al 31.12.2020 si legge che l'OdV ha monitorato le iniziative formative programmate ed attuate dalla Società.

Il Collegio Sindacale ha valutato positivamente l'attività svolta dall'Organismo di Vigilanza.

- Nel corso del 2020 la Società non è stata oggetto di un'attività di audit da parte dell'Internal Audit Eni.
- Abbiamo ottenuto informazioni - con relativa verifica da parte nostra - sull'andamento della gestione e sulla sua prevedibile evoluzione, non riscontrando criticità od incongruenze da segnalare; in termini di criticità, oltre a tenere conto di quanto la Società sta facendo per rispondere all'emergenza per l'epidemia di COVID - 19, non possiamo esimerci dal ricordare il rilevante impatto negativo sulla gestione derivante dal guasto al trasformatore elevatore TRM2 del Ciclo Combinato 2, ampiamente illustrato nella Relazione sulla Gestione al Bilancio al 31.12.2020.
- Sulla base delle verifiche effettuate nel corso dell'esercizio, degli incontri avuti con l'Organismo di Vigilanza, con i revisori ed il responsabile amministrativo di Enipower S.p.A. non abbiamo riscontrato elementi che ci impediscano di valutare positivamente l'adeguatezza del sistema amministrativo-contabile e la sua affidabilità a rappresentare correttamente i fatti di gestione; riteniamo inoltre che, nel complesso, il sistema di controllo interno e l'assetto organizzativo della Società siano adeguati all'attività da essa svolta.
- Non ci sono stati richiesti altri pareri ai sensi di legge nel corso dell'esercizio.



- Non sono state poste in essere operazioni atipiche e/o inusuali né nei confronti di terzi né a livello infragruppo né con parti correlate.
- Per quanto riguarda le operazioni infragruppo e con parti correlate di natura ordinaria, peraltro dettagliatamente esposte nelle note al bilancio cui rimandiamo per la quantificazione degli effetti economici e patrimoniali, segnaliamo quanto segue: trattasi di operazioni di carattere sia commerciale sia finanziario che abbiamo ritenuto rispondenti all'interesse della società. Le operazioni in esame sono state effettuate, generalmente e laddove applicabile, a condizioni di mercato, cioè alle condizioni che si sarebbero applicate fra due parti indipendenti.
- Non sono pervenute denunce ex art. 2408 c.c., né esposti da parte di terzi.
- Il bilancio al 31.12.2020 è stato redatto secondo i criteri IAS/IFRS in quanto trattasi di società a controllo congiunto posseduta indirettamente da società quotata.
- Non essendo a noi demandato il controllo analitico di merito sul contenuto del bilancio, abbiamo vigilato sull'impostazione generale data allo stesso, sulla sua generale conformità alla legge ed ai criteri di cui sopra, per quel che riguarda la sua formazione e struttura, ed a tale riguardo non abbiamo osservazioni particolari da riferire.
- Con riferimento all'adeguatezza delle informazioni rese dagli amministratori nella relazione sulla gestione, le riteniamo esaustive e tempestive anche con riferimento ai rapporti di fornitura di beni e servizi alla società che hanno riguardato parti ad essa correlate. Tali rapporti sono stati supportati da accordi contrattuali unanimemente approvati dai componenti dell'organo amministrativo.
- Abbiamo verificato la rispondenza del bilancio ai fatti ed alle informazioni di cui abbiamo conoscenza a seguito dell'espletamento dei nostri doveri e non abbiamo osservazioni al riguardo.
- Nella Relazione sulla Gestione al Bilancio al 31.12.2020, il Consiglio di Amministrazione ha ampiamente illustrato le risposte organizzative messe in atto per contenere la diffusione dell'epidemia da COVID – 19, con particolare riferimento alle attività svolte presso lo Stabilimento di Ferrara,

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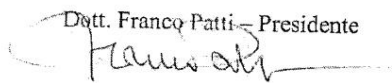
in base a direttive emesse a livello di Gruppo ENI. Il massimo livello di attenzione alle problematiche HSE che ha sempre caratterizzato l'operatività di SEF, ci fa essere confidenti nella scrupolosa applicazione delle ulteriori misure di sicurezza e di protezione adottate.

- Nel complesso della nostra attività di vigilanza non abbiamo riscontrato omissioni, fatti censurabili o irregolarità da portare all'attenzione dei Soci.
- Nel corso dell'esercizio abbiamo incontrato n. 4 volte gli esponenti della società incaricata della Revisione Legale dei Conti, per il periodico scambio di informazioni sul lavoro rispettivamente svolto, e da tali incontri non sono emersi dati ed informazioni da riferire nella presente relazione;
- Considerando infine le risultanze dell'attività svolta dalla società di revisione PricewaterhouseCoopers S.p.A., contenute nell'apposita Relazione - ai sensi dell'art. 14 D.LGS. 27.1.2010 n. 39 - emessa in data 12 Aprile 2021, sotto i profili di nostra competenza esprimiamo parere favorevole all'approvazione del bilancio di esercizio chiuso il 31.12.2020 così come redatto dagli amministratori e non abbiamo osservazioni relativamente alla proposta inerente l'attribuzione del risultato di esercizio.

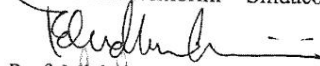
Bergamo, Venezia, Napoli 12 Aprile 2021

Il Collegio Sindacale

Dott. Franco Patti - Presidente



D.ssa Elena Nembrini - Sindaco Effettivo



Prof. Michele Pizzo - Sindaco Effettivo





**RELAZIONE DELLA SOCIETÀ DI REVISIONE
INDIPENDENTE AI SENSI DELL'ARTICOLO 14
DEL DLGS 27 GENNAIO 2010, N° 39**

SOCIETÀ ENIPOWER FERRARA SRL

BILANCIO D'ESERCIZIO AL 31 DICEMBRE 2020



Relazione della società di revisione indipendente

ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39

Ai Soci della Società Enipower Ferrara Srl

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della società Società Enipower Ferrara Srl (la Società), costituito dallo stato patrimoniale al 31 dicembre 2020, dal conto economico, dal prospetto dell'utile complessivo, dal prospetto delle variazioni nelle voci di patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa



informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'articolo 14, comma 2, lettera e), del DLgs 39/10

Gli amministratori della Società Enipower Ferrara Srl sono responsabili per la predisposizione della relazione sulla gestione della Società Enipower Ferrara Srl al 31 dicembre 2020, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Società Enipower Ferrara Srl al 31 dicembre 2020 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Società Enipower Ferrara Srl al 31 dicembre 2020 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e), del DLgs 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 12 aprile 2021

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read 'S. Pizzarelli', written over a light blue horizontal line.

Sergio Pizzarelli
(Revisore legale)

Resolutions of the Shareholders' Meeting

The Shareholders' Meeting of SEF Srl met on 27 April 2021 at 10.30 on first call, in San Donato Milanese, Piazza Vanoni 1.

The Shareholders' Meeting resolved to approve the financial statements as at 31 December 2020 which present a profit of € 7,050,848.15 and to attribute the profit for the year 2020 as follows:

- allocate the amount of € 352,542.41 to the legal reserve;
- allocate the amount of € 6,698,305.74 to retained earnings.