# Semiannual Report

**AT JUNE 30, 2022**

# Contents



The document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

# Highlights of the Group

In order to help the reader obtain a better understanding of the Group's operating and financial performance, the tables below contain "alternative performance indicators". The methods used to compute these indicators, consistent with the guidelines of the European Securities and Markets Authority (ESMA), are described in the footnotes to the tables.

| **Income statement data** (in millions of euros) | **Chapter** (*) | **First half 2022** | First half 2021 | Change % |
|---|---|---|---|---|
| Sales revenues | 2 | 13,222 | 4,120 | *220.9%* |
| EBITDA | 2 | 622 | 472 | 31.8% |
| *as a % of sales revenues* | | *4.7%* | *11.5%* | - |
| EBIT | | 407 | 156 | 160.9% |
| *as a % of sales revenues* | | *3.1%* | *3.8%* | - |
| Profit (Loss) from Continuing Operations | | 228 | 322 | (29.2%) |
| Profit (Loss) from Discontinued Operations | 2;9 | 4 | (3) | *n.m.* |
| Group interest in profit (loss) | | 201 | 319 | *(37.0%)* |

| **Financial Data** (in millions of euros) | **Chapter** (*) | **06.30.2022** | 12.31.2021 | Change % |
|---|---|---|---|---|
| Net invested capital (A + B) (1) | | 6,110 | 6,457 | *(5.4%)* |
| Total financial indebtedness (A) (1)(2) | 6 | 150 | 104 | *44.2%* |
| Total shareholders' equity (B)(1) | 6 | 5,960 | 6,353 | *(6.2%)* |
| Shareholders' equity attributable to the Parent Company shareholders (1) | 6 | 5,508 | 5,934 | *(7.2%)* |

| **Rating** | **06.30.2022** | 12.31.2021 |
|---|---|---|
| **Standard & Poor's** | | |
| -Medium/Long-term rating | BBB | BBB |
| -Credit Watch/Outlook | Watch Negative | Stable |
| -Short-term rating | A-3 | A-3 |
| **Moody's** | | |
| -Rating | Baa3 | Baa2 |
| -Medium/Long-term outlook | Negative | Stable |

| **Key Indicators** | **06.30.2022** | 12.31.2021 | Change % |
|---|---|---|---|
| Debt / Equity (A/B) | 0.03 | 0.02 | - |
| Gearing (A/A+B) | 2.5% | 1.6% | - |
| Number of employees (1) | 5,760 | 4,918 | *17.1%* |

(1) Period-end data. The changes in these values were calculated compared to December 31, 2021.

(2) This item incorporates the ESMA Guidelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted as of May 5, 2021. A breakdown of this item is provided in paragraph 6.3 "Total financial debt and cost of debt" of the Notes to the Condensed Consolidated Semiannual Financial Statements.

(*) See the Notes to the Condensed Consolidated Semiannual Financial Statements.

| **Operating data** | **First half 2022** | First half 2021 | Change % |
|---|---|---|---|
| Net production of electricity (TWh) | 10.6 | 8.2 | *30.1%* |
| Sales of electricity to end users (TWh) | 7.0 | 6.5 | *8.0%* |
| Gas imports (Bn $m^3$) | 6.0 | 5.9 | *1.0%* |
| Total net gas sales in Italy (Bn $m^3$) | 11.0 | 9.1 | *20.7%* |
| Locations served power and gas (in thousands) | 1,706 | 1,566 | *8.9%* |

# Information about the Edison shares

| Shares at June 30, 2022 | | number | price |
|---|---|---|---|
| | Common shares | 4,626,557,357 | (*) |
| | Savings shares | 109,559,893 | 1.2607 |

| Shareholders with significant holdings at June 30, 2022 | | % of voting rights | % interest held |
|---|---|---|---|
| | Transalpina di Energia Spa (1) | 99.473% | 97.172% |

(*) Delisted as of September 10, 2012.
(1) 100% indirectly controlled by EDF Eléctricité de France Sa.

# Corporate Governance Bodies

| Board of Directors (1) | | |
|---|---|---|
| Chairman | | Marc Benayoun (2) |
| Chief Executive Officer | | Nicola Monti (3) |
| Directors | | Béatrice Bigois (4) |
| | Independent Director | Paolo Di Benedetto (5) |
| | Independent Director | Fabio Gallia (6) |
| | Independent Director | Angela Gamba (7) |
| | | Xavier Girre (8) |
| | | Jean-Bernard Lévy (8) |
| | | Nelly Recrosio (9) |
| | | Florence Schreiber (10) |
| Secretary to the Board of Directors | | Lucrezia Geraci |
| **Board of Statutory Auditors (11)** | | |
| Chairperson | | Serenella Rossi |
| Statutory Auditors | | Lorenzo Pozza |
| | | Gabriele Villa |
| **Independent auditors (12)** | | KPMG Spa |

(1) In office until the Shareholders' Meeting convened to approve the 2024 financial statements.
(2) Confirmed as Director and Chairman by the Shareholders' Meeting on March 31, 2022.
(3) Confirmed as Director by the Shareholders' Meeting on March 31, 2022 and as Chief Executive Officer by the Board of Directors on March 31, 2022.
(4) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Member of the Control and Risk Committee.
(5) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Chairman of the Compensation Committee and the Related Party Transactions Committee. Lead Independent Director and member of the Control and Risk Committee and the Oversight Board.
(6) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Chairman of the Control and Risk Committee and member of the Related Party Transactions Committee.
(7) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Member of the Compensation Committee, the Related Party Transactions Committee and the Oversight Board.
(8) Confirmed as Director by the Shareholders' Meeting on March 31, 2022.
(9) Elected as Director by the Shareholders' Meeting on March 31, 2022.
(10) Confirmed as Director by the Shareholders' Meeting of March 31, 2022. Member of the Compensation Committee.
(11) Elected by the Shareholders' Meeting on April 28, 2020 for a three-year period ending with the Shareholders' Meeting convened to approve the 2022 financial statements.
(12) Audit engagement awarded by the Shareholders' Meeting on April 28, 2020 for the nine-year period from 2020 to 2028.

# Semiannual Report on Operations

## AT JUNE 30, 2022

# Key Events

## Edison enters Hydrogen Park

January 13, 2022 - Edison buys 9.732% of Hydrogen Park, a consortium company located in Porto Marghera in 2003 with the aim of carrying out industrial-scale experiments in the hydrogen sector. The experience gained and the integration of existing infrastructures allow today the Consortium to be the first point of application of the European energy strategy based on the green molecule.

## Edison, Eni and Ansaldo Energia, study for the use of hydrogen in the thermoelectric power plant in Porto Marghera

February 22, 2022 - Edison, Eni and Ansaldo Energia have signed an agreement to launch a feasibility study for the production of green hydrogen, produced through water electrolysis, or blue hydrogen through the use of natural gas with capture of the $CO_2$ produced, to be used to replace a portion of natural gas as fuel at the Edison new power plant in Porto Marghera. The plant, which will enter commercial operation by the second half of this year, is a state-of-the-art combined cycle with a total capacity of 780 MW and will use a high-efficiency turbine equipped with technology designed to be powered by hydrogen.

## Edison: rating confirmed by S&P, downgraded by Moody's

February 24, 2022 - Edison announced that the Standard & Poor's rating agency confirmed the company's long-term rating at BBB and revised the outlook to negative from stable, following the downgrade by one notch to BBB with negative outlook of parent company EDF. While noting the solid results achieved by the company in 2021, and in particular the 45% growth in EBITDA, S&P's methodology limits Edison's rating to that of its parent company EDF, given the strategic importance of Edison as a driver of development in Italy, a priority market for EDF.
Edison also announced that Moody's Investors Service lowered the company's long-term rating to Baa3 from Baa2, with a negative outlook, for similar reasons following the downgrade by one notch with negative outlook of the parent company EDF. Both S&P and Moody's note Edison's strong operating performance, solid credit metrics, improved risk profile and progress in Edison's strategic repositioning.

## Edison launches a crowdfunding campaign for a new hydroelectric plant in Quassolo

March 24, 2022 - Edison has promoted Edison Crowd for Quassolo, the initiative addressed to the communities of the municipalities of Quassolo, Borgofranco di Ivrea, Quincinetto, Tavagnasco, Montalto Dora and Settimo Vittone that will be able to become an active part of the energy transition of their territory by contributing to the construction of a new mini-hydroelectric power plant on the banks of the Dora Baltea river. It is a plant under construction in Quassolo (2,700 kW of power) that will meet the energy demand of about three thousand families avoiding the emission into the atmosphere of 3,700 tons of $CO_2$ per year. From April 1 to April 15, the campaign was extended to all of Italy for Edison Energia customers with an electricity or gas contract.

## Edison: purchase from Italgas and Marguerite of the majority of Gaxa to contribute to the development of the retail market in Sardinia

April 1, 2022 – May4, 2022- In execution of the agreement signed on 1 April 2022, on 4 May 2022 Edison acquired a majority stake in Gaxa from Italgas and Marguerite, previously owners respectively of 51.85% and 48.15% of the capital of the Company. Gaxa is active in Sardinia in the marketing of natural gas, LPG and propane air for civil uses via the network. Following the transaction Gaxa capital is owner by Edison at 70%, by Italgas at 15.56% and by Marguerite at 14.44%. The transaction strengthens the commercial presence and development prospects of Gaxa in view of the important investment plan for Sardinia promoted by Italgas with the construction of new digital native distribution networks.

## Edison completes the divestment of Exploration and Production activities

May 5, 2022/ June 29, 2022 - Edison announced that it has signed an agreement for the sale of its 11.25% stake in the North Reggane on-shore gas field in Algeria, to Wintershall Dea Algeria Gmbh. The agreement is based on a value for Edison’s participating interest in Reggane Nord of approximately 100 million dollars. Subsequently, on June 29, 2022, following the exercise of the pre-emption right by the other partner in the concession, Repsol, on the basis of the related Joint Operating Agreement, Edison announced that it had signed an amendment to the agreement to provide for the sale of the shareholding, partly to Repsol (6.75%) and partly to Wintershall Dea (4.50%). All other contractual conditions remain unchanged. The transaction is subject to the approval of the competent authorities. Edison thus completes the divestment of all Exploration and Production (E&P) activities initiated following the strategic reorganization of the company on the energy transition businesses.

## Fenice (now Edison Next) buys Citelum Italia

May 10, 2022 – In execution of the agreement signed on April 4th, 2022, Fenice Spa (now Edison Next), a company wholly owned by Edison, acquired the entire capital of Citelum Italia Srl, from Citelum SA (part of the EDF group) a group active in the sector of lighting services to the Public Administration. Citelum Italia Srl has a widespread presence in Italy and Spain: it is the second operator in Italy in the public lighting sector and the fifth operator in Spain with a market share of 10%.The acquisition of Citelum Italia thus allows Fenice to expand its offering in the business of energy services for local areas and cities, and to develop important synergies with Edison activities dedicated to energy services for the energy transition and decarbonization of local areas and cities towards the smart cities of the future.

## Edison launches “Edison Next” for the decarbonization of companies and territories in Italy and Spain

May 11, 2022 - Edison announced the development plan of Edison Next, a company that accompanies companies and territories in the ecological transition and decarbonization. It is a company which owns a unique platform on the market for services, technologies and skills, already present in Italy, Spain and Poland, in over 65 industrial sites, 2,100 facilities (public and private) and 280 cities, with over 3,500 people. Edison Next expects investments of 2.5 billion euros by 2030, of which 300 million for the energy services sector in Spain, and an EBITDA target of 300 million euros.

## Edison Next, Comunità Montana, Bim and Consorzio Valle Camonica Servizi sign agreement for decarbonization in Valle Camonica

May 19, 2022 - Edison Next, Comunità Montana and Bacino Imbrifero Montano (BIM), together with the Valle Camonica Servizi Consortium, have signed an agreement for the development of a territorial platform dedicated to the realization of initiatives for the decarbonization of the Valcamonica territory, with particular regard to the sector of energy-intensive industrial activities and local and regional sustainable mobility, with a view to reducing their environmental impact, taking into consideration various solutions, including the local production of green hydrogen through electrolysis.

## Edison receives a negative creditwatch from Standard&Poor's

May 25, 2022 - On May 24, 2022, Standard&Poor's placed in negative CreditWatch the long-term 'BBB' rating of Edison Spa, following the same intervention on the EDF rating. In fact, according to the S&P analysis and methodology, Edison's creditworthiness is set at the EDF level. The CreditWatch indicates the possibility of a downgrade of a notch and S&P will monitor developments over the next six months.

## Edison inaugurates the new Palestro (PV) hydroelectric power plant

May 27, 2022 - Edison inaugurated the new hydroelectric power plant in Palestro, in the province of Pavia, on the Sesia River, confirming its commitment to the development of renewable source plants, as a strategic axis of the company's growth, and to the creation of shared value with the communities and territories in which it operates. Edison's business plan calls for an increase in installed renewable capacity from 2 to 5 GW through investments of 3 billion euros by 2030, consistent with national and European decarbonization and energy transition policies. The Palestro power plant is a small-scale run-of-river plant with 3,600 kW of installed capacity and is fully integrated into the surrounding area thanks to its underground structure and the presence of a special passageway that allows fish to ascend.

## Edison inaugurates new wind farm in Mazara del Vallo (TP)

June 15, 2022 - Edison inaugurated a new wind farm in Mazara del Vallo (TP), reinforcing its commitment to the development of renewable generation, the company's strategic growth axis. With this new 45 MW plant, Edison has exceeded 1GW of installed wind power capacity and confirms its position among the leader country in the sector.

## Water crisis, Edison increases water releases from reservoirs in Valtellina

June 16, 2022 - Edison announced that, in agreement with the Region of Lombardy, from June 16 ultil the end of July, it will increase the downstream water releases from the reservoirs in Valtellina, in order to mitigate the serious water crisis that is continuing due to the low rainfall recorded since the second half of 2021, and that in the first five months of 2022, has led to a reduction in rainfall of around 60%, with a consequent reduction in hydroelectric production of more than 50% compared to historical averages.

# External Context

## Economic Framework

Before the outbreak of the war, and two years after the onset of the global health emergency from COVID-19, the outlook for 2022 (and 2023) was broadly favorable: the easing of the pandemic and its consequent supply-side constraints were expected to put economic growth and inflation back on a normal path.

Russia's aggression against Ukraine shuffled the cards not only in geopolitics, but also in the world economy, affecting international trade and causing material shortages. Russia and Ukraine are, in fact, major exporters of raw materials: together they account for about 30% of global wheat exports, 15% of corn exports, 20% of mineral fertilizer exports, 20% of natural gas exports and 11% of oil exports. With the outbreak of the conflict, energy and food raw material prices soared due to non-recurring events, triggering high supply-side inflation in Europe, thus exacerbating the post-pandemic inflationary scenario and highlighting the weakness of the old continent in terms of energy dependency.

The restrictive measures established by much of the international community against Russia in relation to Ukraine are impacting the European economy in particular due to the current conjunctural spike in price levels, which Europe will have to deal with until it has significantly reduced its energy dependency on Russia. To this end, the European Commission on March 8, 2022 adopted the RePowerEU, a plan aimed at freeing Europe from Russian fossil fuels well before 2030 (date set by the European Green Deal to reduce greenhouse gas emissions by 55%), and which envisages diversifying the supply of gas (which Europe imports from Russia to the extent of 40%) by buying it from different countries; accelerating the introduction of renewable gases (biogas, biomethane, green hydrogen, synthetic methane); and replacing gas in heating and power generation.

If Europe's liberation from energy dependence can only come through the increased use and development of alternative sources - as is the aim of the Next Generation EU - however, it would be necessary to consider the long timing involved in the energy transition; and that time, at this particular juncture, is by far the scarcest resource. The problem of energy dependence on Russia must be solved as quickly as possible, both because of the high cost of gas, which cannot be sustained for long, and because of the risk of supply disruption, which is increasingly feared by the Russian authorities. From this perspective, worthy of consideration is the hypothesis of a 'recalibration' of the NGEU that takes into account the current international context when defining its short-term objectives on the energy sustainability front, thus temporarily opening up the possibility of producing energy from sources that are less environmentally sustainable, but also less costly; and giving clear messages to the markets and financial operators so that they also subsidize economic activities other than those considered as green according to the so-called “European taxonomy”.

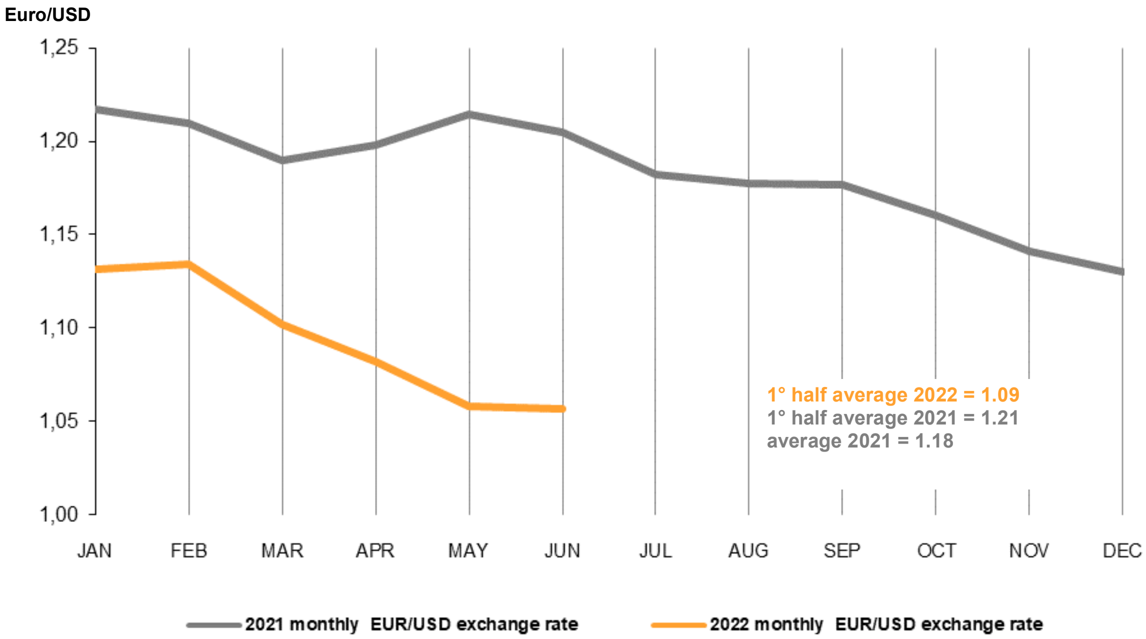
As part of the restrictive measures, the EU - which is the largest importer of energy from Russia - opted for an embargo on coal, which will come into force in August, and an embargo on maritime oil imports from Russia starting in 2023. Much more complicated would be, on the other hand, to renounce Moscow's gas (which accounts for about 15% of Europe's energy needs), given the need to build important new infrastructures that take a long time (pipelines and regasifiers) and considering that an increase in supply from other producers might not be immediate for both political and technical reasons. In the event of a possible total energy embargo on Russia, the European Union will have to carefully assess the consequences, in terms of further increases in energy prices and the risks of energy rationing due to the possible loss of supply.

The effects of the war in Ukraine could, in fact, be aggravated by a possible abrupt European interruption of gas supplies from Russia, which could also occur as a consequence of a tightening of the sanctions spiral or by further increases in commodity prices, but also from shortages in the supply of components and semi-finished products related to Russian and Ukrainian metal exports. Russia is in fact a key supplier of palladium, used in catalytic converters for cars, and nickel used in steel production and battery manufacturing. Russia and Ukraine also have significant global uranium reserves. The prices of many of these raw materials have risen sharply since the beginning of the war, despite the absence of significant disruptions in production or export volumes.

It is therefore clear that the extent to which and how the conflict is resolved will depend on the extent to which economic growth will contract and whether high inflation rates will continue, especially in Europe.
Added to this already particularly complex scenario is the risk of further major disruptions in global supply chains due to the zero-COVID policy implemented by the Chinese government, with the closure of the country's major cities and ports. The ensuing reduction in China's domestic growth, together with weakening global demand and disruption of global supply chains, thus aggravates an already quite compromised international environment.
In this new scenario of global turmoil, all major forecasting institutes have predicted a drastic weakening of the global economy. The International Monetary Fund reduced its growth forecast for 2022 from +4.9% in October 2021 to +3.6% in April 2022; the OECD reduced it from 4.5% in December 2021 to 3% in June 2022; Consensus Forecasts' estimates went from +4.2% in December 2021 to +2.9% in June 2022. Consumer price inflation for 2022 was strongly revised upwards: the International Monetary Fund's forecast rose from +3.8% in October 2021 to +7.4% in April 2022; the Consensus Forecasts' forecast rose from +3.5% in December 2021 to +6.9% in June 2022; the OECD expects global inflation to rise by about two and a half percentage points in the first full year after the start of the conflict.
This scenario of high inflation, however, calls for a differentiated response among the major advanced economies.
Indeed, monetary policy will have to adapt to the current extraordinary circumstances, moving in the direction of normalization, however modulating the extent of restrictions. The abandonment of the expansive approach that has characterized it in recent years will in fact have to be more incisive in all those countries suffering from excess demand inflation, such as the United States and Canada; it is with this in mind that the FED, at the Federal Open Market Committee (FOMC) meeting on June 15, decided to further accelerate the monetary tightening that began in March and continued in May, raising interest rates by 75 basis points and assuming a further increase of half a point or another 0.75% in July.
More caution is needed in Europe, where supply-side inflation, generated by high energy and agricultural commodity prices, dominates. In May, inflation picked up significantly (+8.1% in the Eurozone; +8.8% in the EU), with the prices of many goods and services also rising sharply. Eurosystem experts revised their inflation projections significantly upwards, indicating an annual price increase rate of 6.8% in 2022 (which would decrease to 3.5% in 2023 and 2.1% in 2024). The Governing Council of the ECB on June 9 therefore decided to take further steps in the normalization of monetary policy, confirming the end of QE on July 1, 2022 and announcing a 25 basis point increase in interest rates in July and a second hike in September, however of a magnitude yet to be determined.
In the current European and global economic scenario, Italy is also slowing down. After the brilliant performance of +6.6% recorded in 2021, in the first quarter of 2022 (the latest data available to date), the Italian economy in fact reduced its growth rate to +0.1%, suffering from the sharp rise in energy and raw material prices, aggravated by the Russian-Ukrainian war; from the difficult international trafficking of goods, shortages in the supply of components and semi-finished products, and the unravelling of global supply chains, which were further affected by the COVID-19 restrictions adopted in China. For comparison, France recorded -0.2%, Spain and Germany +0.2% (the latter after an already negative Q4 2021), the US -0.4%, Japan -0.1%.
In Italy (as in the rest of Europe) there is concern about inflation and the erosion of household purchasing power, which the government is trying to counter with short-term measures such as the sterilization of excise duties on fuel, aid to families and the one-off bonus of 200 euros, as well as with structural interventions such as the very important one-off child allowance. In May, overall inflation rose to 7.3%, driven by rising energy and food prices. Core inflation reached 3.4%, reflecting production cost pressures and normalization of prices in services after COVID-related stagnation.
Disaggregated data on Italian GDP indicate, specifically, a 0.9% drop in total household expenditure in the first quarter of this year, particularly by 1% for non-durable goods and 2% for services. The consumption of durable goods, however, grew by 2.7% and the consumption of semi-durable goods by 2.4%. Furthermore, although in the first quarter of 2022 there was a total shortfall of about 2.3 billion in real terms in household expenditure compared to the fourth quarter of 2021, at the same time, investment in housing increased by 1.2 billion; in particular, in the first quarter of 2021, investment in housing increased by 5.7%, investment in non-residential buildings by 5.3%. We are therefore not in the presence, at least for the time being, of a collapse in consumption and investments by Italian

households. Part of the decline in consumer spending is in fact also explained by the financial commitment that households have diverted to home renovations, stimulated by the various bonuses.
Moreover, Italy is still benefiting from the impetus of some important reforms initiated by previous governments, among which the Industry 4.0 plan set up in 2016, and then constantly re-proposed in several subsequent variants stands out for its positive structural effects. In fact, in the first quarter of 2022, Italy reached technical investment levels close to the historical record of the third quarter of 2007 (which seemed unrepeatable), with a growth of 4.3% compared to the fourth quarter of 2021.
At the same time, the implosion of industrial production that many feared did not occur in the first quarter of 2022. Many companies still have significant orders and exports continue to pull.
However, the problem of energy supplies remains, like a sword of Damocles.
With gas accounting for 42% of total energy consumption, energy prices and supplies represent the main risks for future prospects. To address this situation, the government has expanded incentives for investments in green energy; alternative gas sources have been negotiated and regulations put in place to increase gas reserves (although less energy may be required in the event of a possible decrease in gas supplies). In this way, the government has secured energy supplies for almost two-thirds of Russian imports and estimates that Italy will be completely independent of Russian gas by the end of 2024. In the long term, the acceleration on the renewable energy front can increase the country's energy security.
Against this backdrop, the government's policy remains focused on increasing growth by focusing on the gradual reduction of fiscal support so that by 2030, total debt will return to 2019 levels. Fiscal policy is expected to remain expansionary in 2022, with a deficit of 6.1% falling to 4.2% in 2023.
The OECD forecasts Italian GDP growth to be 2.5% in 2022; the Italian government estimates +3.1%.

During the first half of 2022, the average EUR/USD exchange rate came in at 1.09, down 9.3% on the same period of 2021. The depreciation of the single currency, which started in mid-2021 and became more pronounced in the second quarter of 2022, was mainly driven by the divergence in the monetary policies of the ECB and the Fed, with the latter moving earlier and more rapidly towards a restrictive policy to cope with the strong growth in inflation.
Observing the monthly trend of the euro/dollar exchange rate, it can be seen that, after a substantial stability in the first two months of the year, since March there has been a progressive weakening of the single currency, which reached its lowest level for twenty years against the US currency in May. The US central bank began a round of interest rate hikes in March, which turned out to be more aggressive than initially expected due to the continued rise in inflation and its widespread entrenchment in the economy. After the rate hikes in March and May, the Fed raised rates in June by as much as 75 basis points, bringing the main benchmark to the 1.50-1.75% range. Instead, the ECB took a more cautious line, gradually starting the process of normalizing monetary policy and leaving interest rates unchanged for the time being. The Pandemic Emergency Purchase Programme (PEPP) ended on 31 March, and net purchases under traditional Quantitative Easing were reduced until they came to an end in early July. At its June meeting, the Frankfurt Institute announced an interest rate hike - for the first time since 2011 - of 25 basis points at its July monetary policy meeting. The downward trend in the exchange rate was also influenced by the appreciation of the US dollar as a safe haven currency, following geopolitical tensions due to the war in Ukraine and the deterioration of the European macroeconomic environment. Eurozone growth prospects weakened due to the repercussions of the economic sanctions imposed against Russia and the sharp rise in inflation, which reached +8.6% in June, the highest level since the introduction of the single currency.



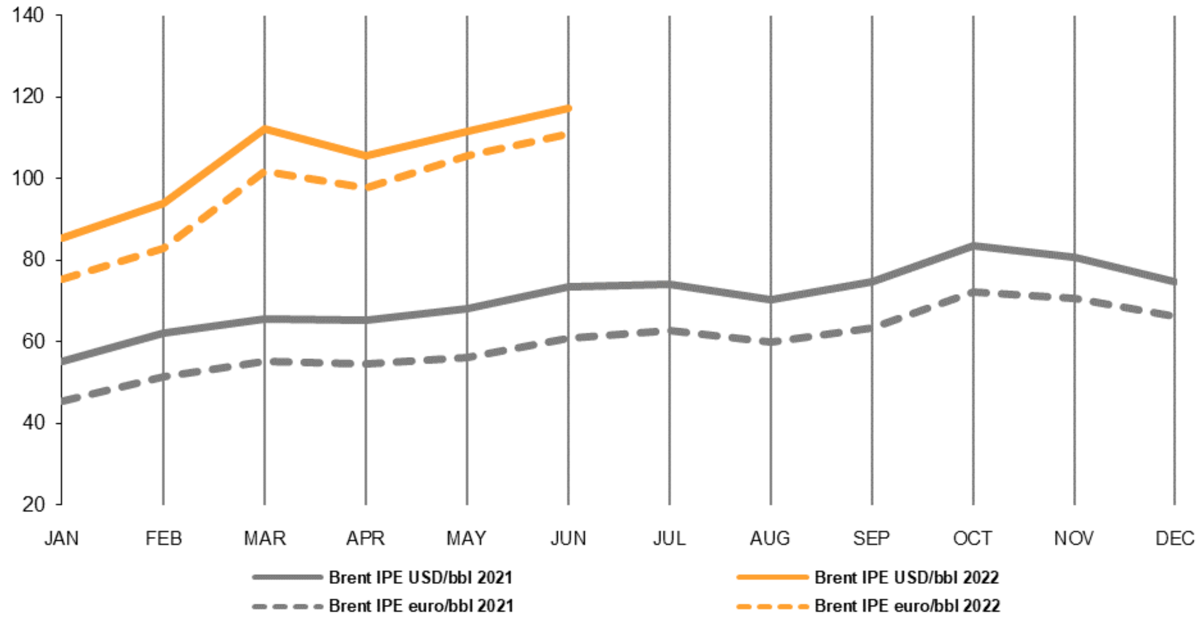

As regards the oil markets, the average price of Brent for the first six months of 2022 came to 104.4 USD/barrel, up 60.6% compared to the same period of 2021.

Quotations continued last year's bullish trend with sharp increases occurring since late February with the Russian army's invasion of Ukraine. Brent crude prices on March 8 reached a record high of USD 128/bbl, the highest level since 2008, and thereafter remained at very sustained levels, above USD 100/bbl, against a backdrop of reduced global supply and low inventories in the face of robust demand. Initially, after the outbreak of war in Ukraine, the European Union did not follow the United States in adopting an embargo on Russian oil imports due to the high impact on the European oil budget and opposition from countries that due to their geographical location have no viable alternative. However, the prolonged military conflict subsequently prompted Europe to include Russian oil in the sanctions. After weeks of difficult negotiations, the EU Council approved the sixth sanctions package in early June, which also includes an embargo from the end of the year on crude oil and derived products imported from Russia by sea, thus allowing a temporary exemption for imports by pipeline. In addition to lower supply from Russia, impacted by international sanctions, quotations were also supported by modest production increases from OPEC+ alliance countries. In the first six months of 2022, OPEC+ decided to confirm the monthly supply increase targets set in 2021 and aimed at recovering from the cuts made in 2020 during the most acute phase of the pandemic. However, actual increases were less than promised due to the chronic difficulty of several countries in increasing their production due to a lack of adequate investment. Moreover, the OPEC supply increase was also limited by the instability of oil production in Libya, where the country's political crisis led to the blockade of export terminals and the suspension of operations at several fields since May.

In the first half of 2022, the crude oil price in euro came to an average value of 95.8 euro/bbl, marking an increase of 77.5% compared to the same period of 2021; this rise is higher than that in dollar due to the depreciation of the single currency against the US currency. The table and chart that follow respectively show the average data for the half-year and the monthly trends for this year and the previous year:

| | **First half 2022** | First half 2021 | % change |
|---|---|---|---|
| Oil price in USD/bbl(1) | 104.4 | 65.0 | *60.6%* |
| EUR/USD exchange rate | 1.09 | 1.21 | *(9.3%)* |
| Oil price in EUR/bbl | 95.8 | 53.9 | *77.5%* |

(1) Brent IPE




Coal prices on the Atlantic market recorded a growing trend, coming in at an average of 288.6 USD/ton, up sharply (+263.4%) compared to the first half of 2021. Similar to other commodities in the energy sector, the rises were accentuated by tensions arising from the military conflict between Russia and Ukraine. In April, the European Union approved an embargo on coal imports from Russia, which will come into force on August 10. However, European countries have already started to look for alternative suppliers, pushing up quotations. In addition, news that several states planned to rely more on coal-fired generation to reduce dependence on Russian gas gave further support to prices in the latter part of the semester. For example, Germany postponed the planned closure of some coal- and lignite-fired power plants and the Netherlands removed limits on coal-fired power plant output for the period 2022-2024.

Gas prices at the main European hubs more than quadrupled compared to the levels observed during the first half of 2021, supported by the high tensions with Russia that led to a reduction in pipeline flows imported from Moscow. Quotations at the US Henry Hub - the main reference in the international gas market - increased in the first six months of 2022, but to a lesser extent than at the European hubs: the average quotation was USD 6.1/MMBtu, up 86.5% compared to the first half of 2021.

The $CO_2$ emission rights market in the first six months of 2022 showed an increase on a trend basis, with quotations ending the six-month period at an average of 83.3 euro/ton, up 90.5%. Prices started the year on a strong upward trend, supported by high demand for 2021 compliance purchases - a year in which emissions rebounded by 7.3% compared to 2020 - as well as expectations of more fossil-fuelled generation in Europe following the low availability of

France's nuclear stock. After setting a record average price of 90.7 euro/ton in February, March saw a reduction in prices with the market decoupling from the strong rises recorded by the rest of the energy sector and taking direction from the bearish sentiment in the financial markets. Subsequently, prices resumed their upward trend, with the $CO_2$ permit market closely following the discussions at the European institutions on the “Fit for 55” package in the second quarter. In June, after an initial rejection, the plenary of the European Parliament approved its position on several “Fit for 55” measures, including the reform of the ETS and the $CO_2$ tax mechanism at EU borders. Free allocations of ETS permits to industry will be eliminated in the period 2027-2032, compared to 2026-2035 as proposed by the Commission. From 2024, the ETS will be extended to maritime transport and a separate ETS for fuel distribution and for buildings will be introduced, but with precise safeguard rules to avoid negative impacts on consumers.

In the first six months of 2022, the market of Energy efficiency certificates (EEC) had an average price of 259.5 euro/EEC, down 4.9% compared with the same period of 2021. The decrease in prices compared to last year was helped by the lower than in the past level of energy saving obligations for the four-year period 2021-2024, which therefore allowed for a rebalancing of supply and demand. During the semester, prices remained stable at 260 euro/EEC, which is the price signal provided by the regulation.

# The Italian Energy Market

## Demand for Electric Power in Italy and Market Environment

| (TWh) | **First half 2022** | First half 2021 | % change |
|---|---|---|---|
| Net production: | 137.9 | 133.3 | *3.4%* |
| *- Thermoelectric* | 95.3 | 82.8 | *15.1%* |
| *- Hydroelectric* | 14.5 | 24.0 | *(39.7%)* |
| *- Photovoltaic* | 13.9 | 13.2 | *4.8%* |
| *- Wind power* | 11.5 | 10.6 | *8.9%* |
| *- Geothermal* | 2.7 | 2.7 | *(0.8%)* |
| Net imports | 21.4 | 21.9 | *(2.1%)* |
| Pumping consumption | (1.2) | (1.4) | *(12.4%)* |
| **Total demand** | **158.1** | **153.8** | ***2.8%*** |

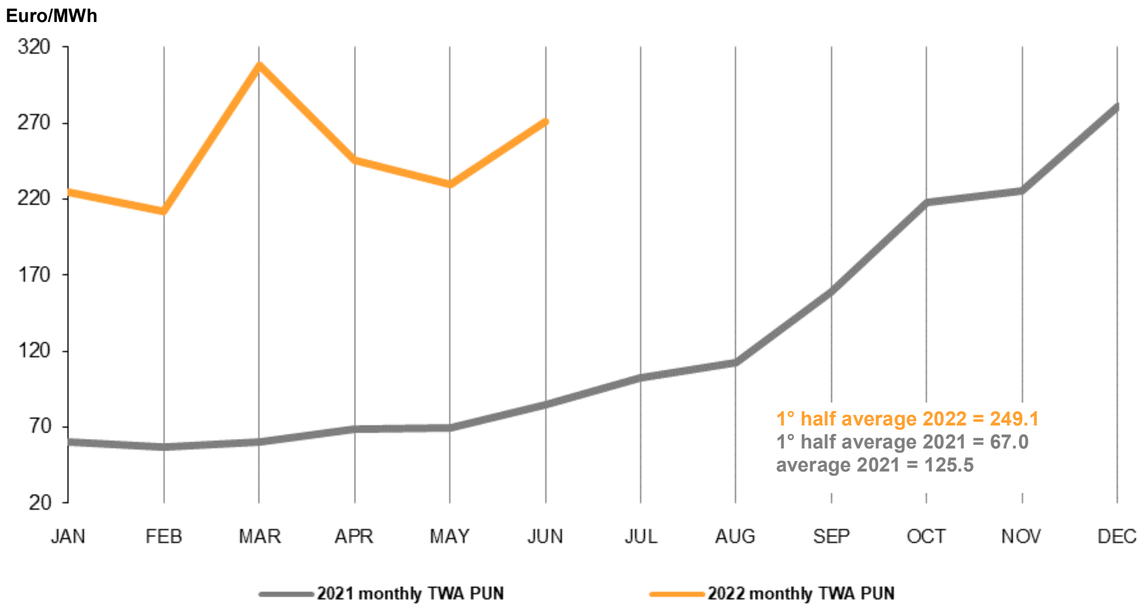
Source: processing of preliminary 2022 and 2021 TERNA data, gross of grid losses. Data June 2022 from internal processing

Gross electricity demand in Italy in the first half of the year 2022 increased by 4.3 TWh (+2.8%) compared to the same period last year, settling at 158.1 TWh (TWh = billion kWh). This increase can be attributed both to the end of most of the pandemic containment restrictions still in place in 2021 and to the higher temperatures recorded in May and June, which increased cooling-related withdrawals.
In terms of net national production, the contribution of sources as a whole increased by 4.6 TWh (+3.4%) compared to the first half of 2021, mainly due to the contribution of thermoelectric generation, which marked a strong increase of about 12.5 TWh (+15.1%), offsetting the lower contribution of hydroelectric generation, whose low reservoir level, due to the continuing drought conditions mainly in Northern Italy, contracted production by about 9.5 TWh (-39.7%) compared to the same period of the previous year.
In terms of generation from renewable sources, the overall contribution increased by 1.6 TWh, of which 0.9 TWh (+8.9%) was attributed to wind power and 0.7 TWh (+4.8%) to photovoltaic.

The balance was closed by net imports, which fell slightly by about 0.5 TWh (-2.1%) in the first half of the year.
In the first six months of the year, domestic generation covered around 87% of total electricity demand, in line with the same period in 2021, and thermoelectric generation accounted for 69% of the domestic generation mix, up 7% compared to the first six months of 2021.

Insofar as the price scenario at June 30, 2022 is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) settled at 249.1 euro/MWh, up 272.0% compared with the previous year (67.0 euro/MWh).
This significant price increase, compared to the first half of 2021, is set against a backdrop of a marked increase in generation costs, which was particularly evident in March when quotations were five times higher than in the same month of the previous year, following the Russian invasion of Ukrainian territory.
Reduced pipeline flows from Russia and poor renewable generation, which dropped 15% in the first six months of the year compared to the first half of 2021, drove up thermoelectric generation costs.
Looking at the monthly trend of the PUN, after peaking in March, quotations fell in April and May, only to rise again in June, impacted by the low rainfall that led to a severe drought situation at the beginning of the summer season. In the second quarter, the year-on-year deviations were +256.4% in April, +229.1% in May and +220.0% in June. The low

availability of French nuclear capacity and the tensions on the European gas system have led to an upward pressure on prices in neighbouring countries, resulting in reduced import flows.
As far as zonal prices are concerned, the bullish dynamic was established in all zones, with increases of about 268%. The most significant increases were observed on prices in northern areas, which are most affected by the drought, as most hydroelectric power plants are concentrated along the Italian Alps. The gap between Sicily and the South zone stands at a half-year average of 3.5 euro/MWh, down on the 4.6 euro/MWh recorded during the first half of 2021, with a limited effect on the PUN, due to the little weighting of the island on total demand.
In observing the group of hours F1, F2 and F3, we note, coherently with what has been described thus far, an increase across all brackets, of 262.9%, 266.6% and 285.3%, respectively.
The monthly performance as compared with the previous half-year is shown in the graph below:




As was the case in Italy, prices were up in other countries: in France, quotations increased by 291.7%, reaching an average of 229.1 euro/MWh. This result was affected by the limited availability of nuclear power plants, which was below the average of the last three years. The German market also experienced a substantial increase, rising by +238.1% to 185.8 euro/MWh; however, this growth was more moderate than that observed in Italy and France due to higher generation from renewable sources compared to the first six months of 2021.

## Demand for Natural Gas in Italy and Market Environment

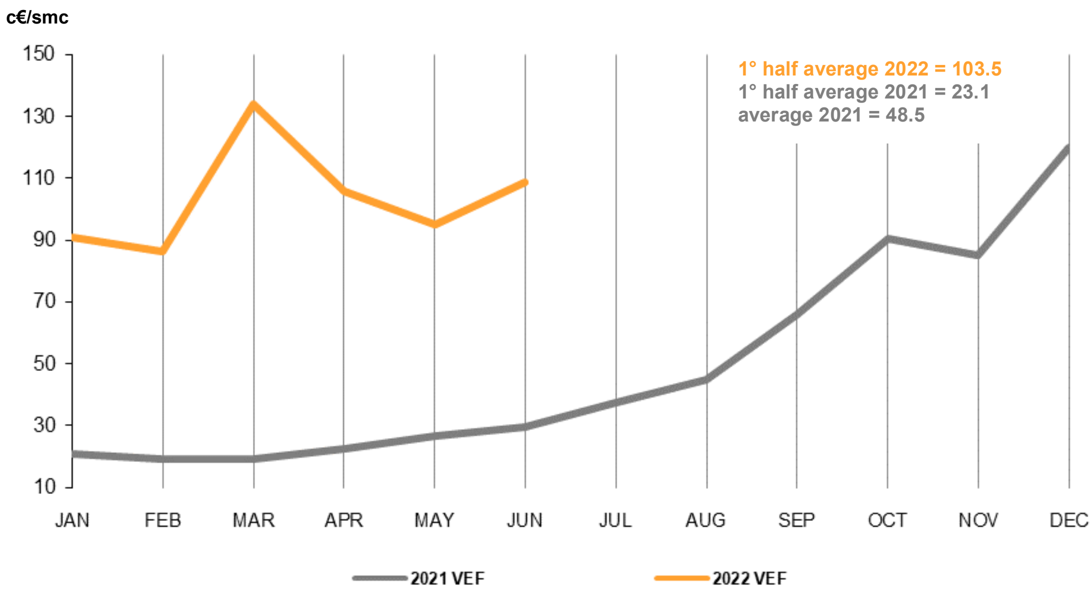
| (billions of cm) | **First half 2022** | First half 2021 | % change |
|---|---|---|---|
| Industrial use | 8.3 | 9.1 | *(8.4%)* |
| Services and residential customers | 17.1 | 17.8 | *(4.1%)* |
| Thermoelectric fuel use | 12.7 | 11.9 | *7.0%* |
| Consumptions and system losses | 0.9 | 1.0 | *(2.4%)* |
| **Total demand** | **39.1** | **39.8** | ***(1.7%)*** |

Source: preliminary data 2022 and 2021 Snam Rete Gas, Ministry of Economic Development and Edison estimates.

In the first half of 2022, the consumption of natural gas on the Italian territory amounted to approximately 39.1 billion cubic meters, a decrease of approximately 0.7 billion (-1.7%) compared to the same period of 2021.
As far as natural gas consumption in the individual market segments is concerned, there was a drop of 0.7 Gcm (-4.1%) for residential use, recorded mainly in the second quarter and attributable to milder weather during 2022, a drop in industrial use of 0.8 Gcm (-8.4%), due to the continuing unfavourable economic and energy conditions. The reduction in consumption in these segments was only partially offset by the higher use of gas in the thermoelectric area, whose consumption increased by about 0.8 Gcm (+7%).
As for supply sources, the following developments characterized the first half of 2022:

- lower domestic production (-0.1 billion cubic meters; -2% compared to 2021);
- lower gas imports (-0.7 billion cubic meters; -2% compared to 2021);
- net balance of storage (supply-injection) positive (+1.3 billion cubic meters vs 2021).

The spot gas price in Italy in the first half of 2022 (shown in the chart below, which refers to the price on the VEF), comes in at 103.5 €c/scm, up on the first half of 2021. Quotations have exhibited a bullish trend since the beginning of the year against a backdrop of extreme volatility in European gas markets, following geopolitical tensions and growing uncertainty over pipeline supply from Russia, which have intensified since the start of the war in Ukraine at the end of February and which will continue with a high degree of risk also in the coming months. European countries have intensified their efforts to reduce their dependence on Russian gas and, in particular, a Europe-wide regulation has been introduced that sets targets for filling storage facilities before the onset of winter. At European level, the mild spring and robust LNG cargo arrivals allowed for a smooth start to the storage injection season with prices falling in April and May from the record high in March. In June, quotations rose again after following the rekindled tensions from Russia over gas supplies.




The TTF (the European gas reference hub) showed a similar increase compared to that described for the VEF, coming in at 101.2 €c/scm, also up compared to the first six months of 2021. Northern Europe - particularly France and the United Kingdom - recorded a strong influx of LNG volumes, favoured by its greater attractiveness compared to the Asian market and the higher availability of regasification terminals.

The VEF-TTF spread recorded an average of 2.3 €c/scm, up 2.1 €c/scm on the figure for the same period of 2021. This increase was influenced by some economic factors and, in particular, by the fact that last year there was a reversal of the differential in some months in the context of the commissioning of the new TAP pipeline.

# Legislative and Regulatory Framework

Below are the key points of the main developments concerning the legislative and regulatory framework relative to the first half of 2022, for the various areas of the corporate business.

## Electricity

### Waste Management

**Contributions for agricultural parks** - Decree no. 149 of March 25, 2022 was published in Official Journal no. 149 of June 28, 2022, in which the Ministry of Agricultural Policies provided for the allocation of contributions in favor of agricultural companies for the construction of photovoltaic systems on production buildings.
The objective of the measure is to support investments for the construction of photovoltaic systems on buildings for productive use in the agricultural, livestock and agro-industrial sectors, excluding land consumption. The contributions will also cover the costs of upgrading and modernizing the facilities, including works to remove asbestos and Eternit. In addition, 40% of the funds are reserved for financing projects to be implemented in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily, as provided for in Decree Law 77/2021 (converted with amendments into Law 108/2021). The budget of the call, for the years 2022-2026, amounts to 1.5 billion euros from the funds of the PNRR (National Recovery and Resilience Plan). Subsequently, the Ministry will have to issue a notice setting out the timeframe for the submission of applications.

**Plan for the Ecological Transition** - In Official Journal no. 138 of June 15, 2022, Resolution no. 1 of March 8, 2022 was published, approving the new Plan for ecological transition (Pte), which establishes the new national strategy in this regard. Aligning with the objectives of the Green Deal and in connection with the PNRR, the Plan acts on the basis of the five main objectives set by the European Union: climate neutrality, zero pollution, restoration of biodiversity, adaptation to climate change, transition to circular economy and bio-economy. In this context, the progressive electrification of the national energy system plays a key role in achieving the decarbonization and emission reduction targets of 55% by 2030 and achieving "Net Zero" by 2050. According to the document approved by CITE (Interministerial Committee for Ecological Transition), by 2030, electricity generation from renewables will have to cover around 72% of the national energy mix and by 2050, almost 100%. Therefore, the development of transmission networks, the increase of storage on the national territory, as well as the spread of energy communities and the consequent simplification of authorization procedures for the connection of self-produced energy to the grid will be decisive.

**MITE** - With the Decree of April 27, 2022 "Implementation of Mission 2, Component 2, Investment 5.2 "Hydrogen" of the PNRR published in Official Journal no. 140 of June 17, 2022 with which MITE sets out the financial allocation and distribution of the resources available for the purposes envisaged in Mission 2 "Green Revolution and Ecological Transition", Component 2 "Renewable Energy, Hydrogen, Grid and Sustainable Mobility", Investment 5.2 "Hydrogen" of the PNRR, which amount to a total of 450 million euros. In particular, these resources are allocated as follows:

a) 250 million euros, to support the implementation of the important projects of common European interest referred to in article 107(3)(b) of the Treaty on the functioning of the EU, within the strategic intervention "Hydrogen technologies and systems" and specifically referring to the construction of plants for the production of electrolysers, from the "IPCEI Fund" established by article 1, paragraph 203, of Law no. 145 of December 30, 2018, as amended and supplemented;

b) 100 million euros, to support projects for the construction of additional electrolyser production facilities to those mentioned above, to jointly guarantee the production capacity of the investment target of 1 GW/year to 2026;

c) 100 million euros to support the implementation of investment programs for the development of the electrolyser production chain and/or related components, including any research and development and personnel training projects closely related and functional to the relevant programs.

An amount equal to at least 40% of the above-mentioned 450 million euros is earmarked to finance projects to be implemented in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily.

**National Strategy for the Circular Economy** - It was approved by MITE Ministerial Decree no. 259 of June 24, 2022 in implementation of the National Recovery and Resilience Plan. The National Strategy for the Circular Economy implements Mission 2, Component 1, Reform 1.1 of the PNRR, which had to be approved by June 30, 2022 in order to fulfil the commitments made to the European Commission. Among the objectives in the Strategy are:

- a new digital waste traceability system (RENTRI);
- tax incentives to support recycling activities and the use of secondary raw materials;
- revision of the environmental waste taxation system to make recycling more convenient than landfilling and incineration in the national territory;
- the right to reuse and repair;
- reform of the EPR (extended producer responsibility) system and of the Consortia in order to support the achievement of Community objectives through the creation of a specific supervisory body, under the chairmanship of MITE, with the aim of monitoring the functioning and effectiveness of the Consortia;
- development/update of the END OF WASTE regulations and CAM (minimum environmental criteria) in public procurement.

**Biogas plants - GSE incentives** - The extension provided by DL December 30, 2021, no. 228 (“Milleproroghe 2022”), extended the incentives (introduced by the 2019 Budget Law (Law 145/2018)) for small biogas plants to the whole of 2022. The fourth announcement of the Register for biogas plants of a capacity not exceeding 300 kW opened at 9.00 a.m. on July 9, 2022 and will close at 6.00 p.m. on September 7, 2022. The plants, in addition to the requirement of electrical power (≤300 kW), must “be part of the production cycle of an agricultural or livestock company, carried out by farmers, also in consortium form, and at least 80% of whose feed comes from wastewater and materials deriving from the agricultural companies that carry out the work, and the remaining 20% from their second-harvest crops (...)”. Access to the incentives, moreover, “is conditional on self-consumption of the energy on site”.

### Wholesale Market

**Capacity Mechanisms -** Following MITE Decree of October 28, 2021, the auction for the 2024 delivery year was held on February 21, 2022. A total of 41.541 GW was allocated, including 37.931 GW of domestic capacity (including 3.778 GW of new capacity) and 3.61 GW of foreign capacity. Edison was awarded 2,275 MW of existing capacity at a premium of 33,000 euro/MW/year and 7 MW of new unlicensed capacity at a premium of 33,467 euro/MW/year for 15 years[1].

The continuation of the mechanism for future years, particularly 2025, is not a foregone conclusion. The MiTE first highlighted this in 2021, in the deed of address of June 30, stressing that, downstream of the auctions for 2024 and 2025, a phase of in-depth analysis will follow to assess whether - based on the evolution of the system - it is still necessary to repeat further auctions. The feasibility of a possible auction of the Capacity Market for the 2025 delivery period will therefore probably be assessed next year, taking into account the results of the 2024 auction and following a new adequacy analysis by Terna. Uncertainties remain about the actual continuation of the mechanism post-2025 and how it will be implemented.

Regarding the appeals pending with the Regional Administrative Court and the Court of First Instance of the European Union against the Capacity Market, the Lombardy Regional Administrative Court postponed its decision

[1] Similar to the battery installed at the Bussi plant.

following the ruling of the Court of First Instance, which recently set the date for the pronouncement of the sentence for September 7, 2022. In the meantime, the Tirreno Power and Axpo companies have appealed to the Lombardy Regional Administrative Court against the various legislative and regulatory acts relating to the 2024 auction, as well as against the results of the auction itself.
Edison has a strong interest in the continued implementation of the Capacity Market for delivery years subsequent to 2023, which would make it possible to leverage its likely available capacity (CDP) relating to existing plants (roughly 2.8 GW awarded in the 2022 and 2023 auctions for this capacity category at a premium of 33,000 euro/MW/year) and any new capacity to be developed.

**Article 15-bis of Decree-Law no. 4 of January 27, 2022 (DL Sostegni-ter).** On June 23, ARERA (or the Authority) published Resolution 266/2022/R/eel implementing article 15-bis of Decree-Law no. 4 of January 27, 2022 (DL Sostegni-ter), concerning interventions on electricity produced by plants fueled by renewable sources, which introduces a two-way compensation mechanism on the price of electricity fed in from RES in the period February 1, 2022 - December 31, 2022. The resolution follows the consultation process initiated by DCO 133/2022 in April 2022. Among the main aspects, it should be noted that the resolution:

- makes it possible to consider hedging contracts, including contracts entered into with a portfolio logic (a very delicate point because it is actually not explicitly provided for in the decree), among the supply contracts that can be used to demonstrate the lack of valorization of the energy produced and fed in by the RES plants covered by the measure;
- considers the allocation of the volumes covered by supply contracts on the basis of the actual production of individual plants (and not *ex ante* as initially proposed at the consultation stage);
- excludes from the calculation of the sums to be refunded the electricity of large hydroelectric derivations ceded annually and free of charge to the regions (electricity ceded under a supply contract at a zero price is equated).

The important innovation introduced by the resolution, in line with Edison's request, is precisely the allocation *ex-post* of the coverage. The share of electricity actually underlying the supply contracts concluded prior to January 27, 2022 will be determined for the entire period from February 1, 2022 to December 31, 2022 as advance subject to adjustment, taking into account the offsetting effects related to the production profiles of the different technologies in the portfolio and the production levels in the different hourly periods covered by the contract. This means that this quota will be determined *ex-post* by comparing the total energy actually fed in by all plants under the same contracts over a multi-month horizon (February-December 2022) and the total contracted volumes for the same period. ARERA therefore provided for an adjustment of the economic items in May 2023 to take into account the final figures for the entire reference period.
Regarding the timing of implementation, the main deadlines are as follows:

- by July 10, 2022, the GSE communicated to the producers who manage plants that fall within the mechanism the masks for loading the necessary information and the technical rules for loading the same;
- by August 10, 2022, operators will have to send the declaration for each plant regarding the presence of supply contracts;
- in October 2022, there will be the first adjustment of the economic items for the months February-August 2022;
- in May 2023, there will be an adjustment of the economic adjustment items on the basis of the final figures.

### Retail Market

**Zeroing of general system charges and facilitations gas-intensive companies -** In order to limit the impact on the bill of the extraordinary rises in the prices of wholesale energy products, ARERA with Resolution 35/2022/R/eel has set general system charges to zero for the first quarter of 2022 for all medium/large companies with power equal to or greater than 16.5 kW. The measure of the Authority applies the provisions of the decree Sostegni-ter, approved

January 27, which identified as beneficiaries of the measure all users above this power threshold, in medium, high and very high voltage, or those of public lighting uses or electric vehicle charging in places accessible to the public; the same measure had already been planned for the 1st quarter of 2022 for domestic customers and small low voltage companies.
With the continuation of the emergency context, the Government adopted further measures to mitigate the impact of this situation on end customers, allocating additional resources from the State Budget (see Decree-Law 17/2022 ), which allowed the Authority to confirm the provisions already made for Q1 2022, namely the cancellation of the ASOS and ARIM tariff components for all users in the electricity sector and the RE/RET, GS/GST and UG3/UG3T tariff components for all users in the gas sector (the latter two by Resolution 144/2022/R/gas).
Moreover, in this context, the procedure is initiated for the regulation of facilitations for natural gas-intensive companies, as per Ministerial Decree no. 541 of December 21, 2021, so-called “Decree gas-intensive companies” transposed by Resolution 41/2022/R/gas, which ordered the recalculation of the fees covering general gas system charges applied to these gas-intensive companies. Following the measure, ARERA, with consultation proposed the operating methods for an initial application, on an urgent and necessarily simplified basis, of the facilitations for gas-intensive companies, which on the one hand allow these companies to benefit from the reduction in the RETIG and REIG tariff components as of April 1, 2022, and on the other hand limit, to the maximum extent possible, the need for subsequent adjustments that could lead to outstanding payments in the case of customers who have now switched to other suppliers.
The operational impacts on the entities in the chain, including sales companies such as Edison Energia, appear to be non-negligible.

**Further facilitations to mitigate the impacts of the emergency context -** With the publication of Resolution no. 241/2022/R/com, ARERA extends to June 30, 2022 the provisions on instalment payments for domestic end users of electricity and natural gas and the consequent advance mechanism for sellers, in implementation of the provisions of article 6 of Decree-Law no. 21 of March 21, 2022, (so-called “Cut prices” Decree Law). The mechanism provides that sellers, before carrying out the procedures for suspending the supply of electricity and natural gas, offer defaulting end customers the option of paying their bills in instalments as an alternative to a lump sum payment. This creates an operational impact on sellers and introduces a credit risk related to the probability that defaulting customers will continue to default on payments. The risk is however not negligible, regardless of the advance measures, which ARERA has established in favor of sellers who make instalment payments. In fact, sellers may request an advance on the instalment amounts from CSEA, but are then required to repay at least 70% of them to CSEA by December 31, 2022 and the remainder by December 31, 2023.
The same article 6 also stipulates that for the period from April 1 to December 31, 2022, the Isee value for access to social bonuses for electricity and gas will be raised to 12,000 euros.

**Gradual Protection Service for Micro-enterprises -** With Decree-Law no. 183 of December 31, 2020, the deadline for exceeding protected prices for protection services for micro-enterprises up to 15 kW of committed power, with a maximum of 10 employees and 2 million euros in turnover, is further extended to January 1, 2023. With Resolution 208/2022/R/eel of May, ARERA defined the regulation of the gradual protection service for micro companies and the modalities for assigning it, in order to guarantee continuity of supply to micro companies connected to low-voltage lines that will find themselves without a contract under free market conditions as of January 1, 2023.
The resolution was adopted following the consultation process launched last February, with respect to which it introduced a number of new features, including: the raising of the minimum threshold of customers already served to December 31, 2021 as a requirement for access to the procedures, and the exclusion of entities that do not have direct or intra-group ownership of the dispatching contract. The inclusion of a floor to offers is not planned. On May 30, Acquirente Unico made public the Tender Regulations in which it announced that the tender procedures will be held from September 12 to 16, 2022 with the corresponding announcement of the final outcome by October 7, 2022.

## Gas Operations

### Rates and Market

**Monitoring import contracts** - The recent DL 21/22 (so-called "Cut prices") established that, "*for monitoring purposes", "holders of contracts for the supply of gas volumes for the Italian market are required to submit, for the first time within fifteen days from the date of entry into force of this decree, to the Ministry of Ecological Transition and to the Regulatory Authority for Energy, Networks and Environment (ARERA) the same contracts and the new contracts that will be signed, as well as the amendments to the same contracts, also within the term of fifteen days"*.
The objective of screening by ARERA and MiTE is to evaluate, in light of the current crisis situation, the possible revision of the gas protection tariff, as established by art. 18-bis of the "Energy" Decree Law.
On this issue, ARERA has already reported to Parliament and the Government, in Report 252/2022, on the results of the initial assessments carried out in May. From the analyses, ARERA shows that most import contracts with a duration of more than one year are indexed to the performance of the main trading hubs of the commodity gas (TTF, PSV), albeit with reference to quotations of products of different time horizons from those normally used by operators in the stipulation of supply contracts to their customers (e.g. the Cmem used for the residential market and calculated by the Regulator, which takes the TTF-"quarter ahead" product as a reference), while some are still linked to oil quotations. Therefore, in order to align indexations, operators normally resort to risk "hedging", which allows them to "lock in" a fixed operating margin and significantly in advance of delivery.
According to ARERA, it is therefore necessary to take into account the incidence of hedging operations in the identification of any extra profits due to misalignments between the "spot" gas supply price and the market price.
Providing the foregoing, ARERA concludes by suggesting to the institutions that if the future monitoring should reveal misalignments between the prices of multi-year contracts and wholesale prices, operators should be required to pay (receive) any difference if positive (negative) between the Cmem component and the price of the contracts for the quantities conventionally attributable to the final customers receiving the measure. However, the possibility of disregarding hedging transactions would require a primary rule. It must be said that a measure inspired by this proposal, in a revised version that was more penalizing for market participants, was first included in the so-called DL "Bollette-ter" only to be scrapped shortly before its final approval in the Council of Ministers. In this sense, there is still a great deal of uncertainty about the future context.

**Gas storage auctions for the thermal year 2022-2023 -** In the months March-June 2022, also as a result of the evolution of the international geopolitical situation and the forward structure of gas prices (spread winter 23 - summer 22 significantly negative), significant legislative/regulatory changes were introduced aimed at encouraging the filling of storage facilities in the short term and referring both to the final phase of the winter 2021-2022 supply phase and the subsequent storage year 2022-2023. Resolution 97/2022/R/gas defined an increase in the fees for the offer of short-term supply capacity in order to discourage the supply from storage and requested storage operators to favor injection (Edison Stoccaggio already offers injection capacity even for the winter period).
Subsequently, some ministerial provisions were introduced with the aim of introducing some tools to mitigate existing criticalities, which - however - continue to exist in part.
Despite the uncertainties that surround the gas market and the high price volatility that is being recorded as a result of the geopolitical context, Edison, also resorting to the appropriate risk hedging instruments, is making its contribution to the security of the gas system, on the one hand by keeping import flows more or less unchanged from previous years, also by further diversifying its routes, and on the other hand by supplying storage capacity in line with, if not indeed greater than, that of last year.
In terms of gas infrastructure, Edison Stoccaggio offered to market users its available capacity, conferring, at June 30, 2022 about 650 MScm for the seasonal Peak Modulation service and an additional 60 MScm for the so-called Constant Peaks Modulation service.

**Gas transport tariffs** - The Authority, as part of the definition of the tariff rules for the sixth regulatory period 2024-2027 (6PRT), is required to implement the provisions contained in the TAR Code (Reg. EU 460/217), which lays down rules aimed at harmonizing tariff systems within the European Union, without prejudice to the autonomy prerogatives of the Authority itself. With Consultation Document 213/2022/R/gas, published in May 2022, the Authority started an initial reflection by making some detailed proposals for the determination of the 6PRT transport tariffs, including a possible discount at entry points at regasification terminals. The issue is of particular interest to market operators, including Edison, both because of the outlay associated with the use of the gas transport network, which Edison supports in particular for import contracts, and because of the impact of the possible evolution of supply sources in Italy, in the face of possible geopolitical changes. In compliance with the timeframe dictated by the TAR Code, the next step involves a subsequent public consultation before the final approval of the tariff criteria by ARERA (by March 2023).

**Regasification** - Taking into account the current market context characterized by price tensions and volatility, ARERA intervened with Resolution 190/2022/R/gas in order to allow regasification companies to offer multi-year capacity products that also include the 2022/2023 thermal year as part of the 2022 auctions (to be held by July 31). Moreover, in order to increase the security of natural gas supplies, including through greater use of regasification capacity, with Resolution 240/2022/R/gas, ARERA deemed it appropriate to revise certain criteria for calculating the reserve prices to be applied in the next annual and multi-year capacity allocation procedures in July, in order to make them more advantageous and stable, particularly with respect to the conditions offered by other European regasification terminals. In essence, the measure makes it more cost-effective to subscribe to multi-year capacity and fixes (by including them in the allocation fees) the transmission costs for LNG feed-in. In view of the capacity commitment at the Rovigo terminal, Edison is carefully monitoring the structure of the capacity products offered and the relative rules for allocating LT regasification capacity, in compliance with competitive dynamics and third-party access principles, as well as the possible commercial opportunities at the other terminals.

## Issues affecting multiple business segments

“**Ukraine” Decree-Law** on “Urgent provisions on the crisis in Ukraine” - Decree-Law no. 14 of February 25, 2022, published in the Official Journal and in force as of February 25, 2022, converted by Conversion Law no. 28 of April 5, 2022, published in the Official Journal on April 13, 2022.
The provision contains measures to be adopted on an emergency basis, aimed at increasing the availability of gas and the planned reduction in consumption as provided for in the National Emergency Plan.

**“Energia” Decree-Law** on “Urgent measures for the containment of electricity and natural gas costs, the development of renewable energy and the relaunch of industrial policies” - Decree-Law no. 17 of March 1, 2022, published in the Official Journal and in force since March 2, 2022, converted by Conversion Law no. 34 of April 27, 2022, published in the Official Journal on April 28, 2022.
Specifically, inter alia, the measure contains the following provisions:

- measures to combat rising energy prices, such as the cancellation of system charges for the 2nd quarter of 2022, the reduction of VAT and general charges in the gas sector, the strengthening of the social bonus for electricity and gas and a tax credit for energy-intensive businesses and businesses with high natural gas consumption;
- procedures for end-use customers for long-term procurement of domestically produced natural gas;
- contribution in the form of a tax credit of 20% of expenses incurred for the purchase of LNG for the freight sector;
- simplifications of authorization procedures for the installation of photovoltaic and thermal systems on buildings;
- incentives for photovoltaic systems with modules placed on the ground in an agricultural context (so-called agri-voltaic);
- extension of suitable areas for photovoltaic systems and simplification of authorization regimes for renewable plants in suitable areas;
- introduction of a service, offered by the GSE, for the withdrawal and purchase of electricity from renewable sources through long-term contracts;
- in the area of gas storage, rules aimed at increasing the security of natural gas supplies by setting a target for filling storage facilities of 90% for the thermal year 2022-2023.

In particular, in line with the provisions of the aforementioned decree-law, the Ministerial Decree of March 14, 2022 on gas storage for the thermal year 2022-2023 was adopted, to which the Ministerial Decree of April 1, 2022 was added. integrated the previous provisions.

“**Cut prices” Decree-Law** on “Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis” - Decree-Law no. 21 of March 21, 2022, published in the Official Journal and in force since March 22, 2022, converted by Conversion Law no. 51 of May 20, 2022, published in the Official Journal on May 20, 2022.
In particular, the measure contains provisions for the introduction of an extraordinary contribution to be paid by entities that produce and sell electricity and gas in Italy for subsequent sale and by entities that import electricity and gas from other EU countries. The contribution, which is due by June 30, 2022, is calculated as 10% with respect to a taxable base consisting of the increase in the balance between VAT receivable and payable transactions, during the period October 1, 2021 through March 31, 2022 compared to the period October 1, 2020 through March 31, 2021.
In addition, measures are provided for the support of businesses through the instalment of electricity and gas bills. Finally, during the parliamentary scrutiny phase, the measure was supplemented with provisions on golden power, with the inclusion of large hydroelectric concessions among the assets and relations of strategic importance for

national interest, the increase in electricity production from biogas plants and the transitional regulation between state EIA and regional EIA, as well as further measures for the development of renewable sources.

"**PNRR-bis" Decree-Law** on "Further urgent measures for the implementation of the National Recovery and Resilience Plan (PNRR)" - Decree-Law no. 36 of April 30, 2022, published in the Official Journal of April 30, 2022 and in force as of May 1, 2022, converted by Conversion Law no. 79 of June 29, 2022 published in the Official Journal of June 29, 2022.
Among the main provisions, the measure stipulates that the consumption of electricity from renewable sources for the production of green hydrogen be not subject to the payment of general system charges pertaining to the electricity system and that hydrogen produced in this way be not subject to excise duty, unless it is used directly in heat engines as fuel. There are also measures for increasing electricity production from biomass plants and simplifications for cold ironing.

"**Aiuti" Decree-Law** on "Urgent measures on national energy policies, business productivity and investment attraction, as well as on social policies and the Ukrainian crisis" - Decree-Law no. 50 of May 17, 2022, published in the Official Journal of the same day, converted into Law 91 of 15 July 2022.
In particular, the measure introduces some changes to the extraordinary contribution introduced by Decree-Law no. 21 of March 21, 2022, providing for an increase in the percentage of the contribution to 25% of the taxable base identified and a change in the reference period (period from October 1, 2021 to April 30, 2022 with respect to the period from October 1, 2020 with respect to April 30, 2021). The new rule provides for the payment of 40% of the contribution, as advance, by June 30, 2022 and the remainder by November 30, 2022.
In addition, measures are foreseen to increase regasification capacity through the construction of new regasification units and floating storage, as well as further measures on the retroactivity of social bonuses for electricity and gas, simplifications for power generation plants fueled by renewable sources, and the implementation of energy communities by the Ministry of Defense and the Port System Authorities.

"**Bollette-ter" Decree-Law** on "Urgent measures for the containment of electricity and natural gas costs for the third quarter of 2022 and to ensure the liquidity of natural gas storage companies" - Decree-Law no. 80 of June 30, 2022, published in the Official Journal of June 30, 2022, no. 151 and in force as of July 1, 2022.
The provision introduces measures to support the filling of storage facilities, providing that the GSE can provide a filling service of last resort as well as the extension of SACE guarantees to natural gas storage companies.
Finally, it provides for the introduction of measures in the area of social bonuses for electricity and gas, and provides for the refinancing for the third quarter of 2022 of measures to reduce general system charges for electricity and gas, and the confirmation of VAT on gas supplies at 5%.

**Storage Regulation** - On July 1, the storage regulation was published in the Official Journal of the European Union (OJEU). According to the regulation, Member States will have to fill their underground gas storage facilities to at least 80% by November 1, 2022, and 90% in the following years. In order to take into account the proportion between storage capacity and national consumption, a limit to the filling obligation has been granted if the stored capacity exceeds 35% of the annual gas consumption of a Member State (with reference to the average consumption of the last 5 years). Intermediate (monthly) filling targets have been introduced, to which a 5% deviation standard will be applied.
From 2023 onwards, filling trajectories will be proposed by the Member States and approved by the Commission. The targets adopted for Italy for 2022 are 58% by August 1, 66% by September 1, 73% by October 1 and 80% by November 1. Among the measures aimed at achieving the targets, the regulation allows Member States to: (a) oblige market players to store minimum volumes of gas, (b) set up auction mechanisms, (c) require TSO (or other designated entities) to purchase and manage gas reserves, (d) use coordination platforms and joint purchasing mechanisms, and (e) introduce incentives for market players with compensation. Member States without storage

facilities will have access to the gas storage reserves of other Member States, with measures to ensure a sharing of the financial burden of filling these facilities. The filling obligations will be valid until December 31, 2025.

# Economic & Financial Results at June 30, 2022

## Sales Revenues and EBITDA of the Group and by Business Segment

| (in millions of euros) | Chapter (*) | First half 2022 | First half 2021 | Change | % change |
|---|---|---|---|---|---|
| **Electric Power Operations** | | | | | |
| Sales revenues | 2 | 4,485 | 2,006 | 2,479 | *123.6%* |
| EBITDA | 2 | 368 | 337 | 31 | *9.2%* |
| **Gas Operations** | | | | | |
| Sales revenues | 2 | 10,331 | 2,388 | 7,943 | *332.6%* |
| EBITDA | 2 | 295 | 174 | 121 | *69.5%* |
| **Corporate Activities** (1) | | | | | |
| Sales revenues | 2 | 38 | 38 | - | *0.0%* |
| EBITDA | 2 | (41) | (39) | (2) | *(5.1%)* |
| **Eliminations** | | | | | |
| Sales revenues | 2 | (1,632) | (312) | (1,320) | *(423.1%)* |
| **Edison Group** | | | | | |
| **Sales revenues** | | **13,222** | **4,120** | 9,102 | *220.9%* |
| **EBITDA** | | **622** | **472** | 150 | *31.8%* |
| ***as a % of sales revenues*** | | ***4.7%*** | ***11.5%*** | **-** | **-** |

(1) Includes those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied with a specific business and certain holding companies and real estate companies.

(*) See the Notes to the Condensed Consolidated Semiannual Financial Statements.

Revenues at June 30, 2022 increased compared with the previous year to 13,222 million euros, attributable to both business segments. This increase, which mostly affected the Gas Operations, reflects primarily an increase in sales prices caused by a rise in the benchmark scenario.
EBITDA totaled 622 million euros, with an upward trend in both business segments.

See the sections of this Report that follow for a more detailed analysis of the performance of the individual business segments.

# Electric Power Operations

## Sources

| (GWh) (1) | First half 2022 | First half 2021 | % change |
|---|---|---|---|
| **Edison's production:** | **10,629** | **8,173** | ***30.1%*** |
| *- thermoelectric* | *8,875* | *5,803* | *52.9%* |
| *- hydroelectric* | *704* | *1,372* | *(48.7%)* |
| *- wind power and other renewables* | *1,050* | *998* | *5.2%* |
| **Other purchases (wholesalers, IPEX, etc.) (2)** | **8,034** | **9,393** | ***(14.5%)*** |
| **Total sources** | **18,663** | **17,566** | ***6.2%*** |
| **EESM activities Production** | **328** | **338** | ***(3.2%)*** |

(1) 1 GWh is equal to 1 million kWh, referred to physical volumes.

(2) Before line losses.

## Uses

| (GWh) (1) | First half 2022 | First half 2021 | % change |
|---|---|---|---|
| **End customers (2)** | **7,050** | **6,530** | *8.0%* |
| **Other sales (wholesalers, IPEX, etc.)** | **11,613** | **11,036** | *5.2%* |
| **Total uses** | **18,663** | **17,566** | ***6.2%*** |
| **EESM activities Sales** | **328** | **338** | ***(3.2%)*** |

(1) 1 GWh is equal to 1 million kWh.

(2) Before line losses.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales on the end market (business and retail) and wholesale market and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the above-mentioned portfolios and at maximising their profitability through their optimisation.

Within this model, Edison production amounted to 10,629 GWh, up 30.1% from the same period of 2021. The positive trend is dictated in particular by the performance of thermoelectric production, which shows an increase of 52.9%, mainly related to the shutdown in 2021 of two power plants, one for breakdown and the other for maintenance, and the need in 2022 to cover the losses of hydroelectric production which, on the contrary, show a decrease of 48.7% mainly attributable to lower hydraulicity. As for wind power and other renewables, there was a 5.2% increase attributable substantially to the change in the scope of consolidation related to the acquisition of Vibinum Srl and Aerochetto Srl in the third quarter of 2021 and the commissioning of Integrali Ricostruzioni in Abruzzo and Casone Romano.

Sales to end customers increased by 8% due to increased Business customer consumption and growth in the SME and Retail segments.

Other purchases are down 14.5% on the same period of the previous year, while other sales are up 5.2%; it should be noted that, however, these items include not only purchases and sales on the wholesale market but also purchases and sales on IPEX, connected with the balancing of portfolios.

There was a slight decrease in volumes related to the Energy & Environmental Services Market activities.

## Income Statement Data

| (in millions of euros) | **First half 2022** | First half 2021 | % change |
|---|---|---|---|
| Sales revenues | 4,485 | 2,006 | *123.6%* |
| EBITDA | 368 | 337 | *9.2%* |

Sales revenues in the first half of 2022 came in at 4,485 million euros, up 123.6% compared to the first half of 2021, mainly due to the rise in the price scenario.
The half-year's EBITDA is 368 million euros, up 31 million euros.
The thermoelectric sector shows an upward trend compared to last year, thanks to positive performance in particular of the MGP market and the contribution of the capacity market, which more than offset some one-off components recorded in 2021, such as the contribution of CIP6 incentives linked to the years 2003-2004 and the release of a provision for risks.
The renewables sector achieved a lower result than last year:

- hydroelectric power was heavily penalized by low hydraulicity with consequent lower production volumes, partially offset by the positive effect related to Edison's renunciation of the option provided for by Decree Law 145/2013 (so-called "Spalma-Incentivi") consisting of an extension of the incentive period for power plants with a reduction in the incentives themselves. In fact, Edison obtained from the GSE approval of the reimbursement of difference between the incentive originally due to the plants and the lower amounts received as of 2015 as a result of the remodulation of the incentives.
- Wind power saw a contraction in margins, largely attributable to lower incentives.
- Photovoltaic recorded a higher result than the previous year.
- The entire renewables sector has been penalized by the effects of DL Sostegni-ter (already described in the "Reference Legislative and Regulatory Framework").

On the commercial side, there was also a marked decline in results, particularly in the Retail segment, despite an increase in sales volumes. On the other hand, sales of value-added services (VAS) increased slightly compared to last year.

## Energy services

The economic data of Electric Power Operations include the results of the Energy & Environmental Services Market activities.
Through these activities, Edison interprets its role as an active player towards customers and territories in the path of ecological transition and decarbonization.
Edison is particularly aimed at large companies - industry and the tertiary sector - and public administration - schools, hospitals, prisons, etc. - providing them with a platform of diversified and unique services, technologies and skills: energy audits and consultancy, self-production systems, energy efficiency solutions, green gas, sustainable mobility solutions, urban regeneration services and solutions for smart cities (including district heating and public lighting), and solutions for the circular economy.
The Energy & Environmental Services Market activities showed a 39% increase in sales revenues in the first half of 2022 compared to the first half of 2021, reaching 398 million euros (286 million euros in the same period of 2021). EBITDA increased by 20.1% compared to the first half of 2021, recording 48 million euros (40 million euros in the first half of 2021) mainly attributable to the Industry segment and the entry of Citelum Italia Srl into the Group's perimeter as of May. The activities related to public administration show a slight decline in results, also due to the price scenario.

# Gas Operations

## Sources of Gas

| (Gas in millions of m³) | First half 2022 | First half 2021 | % change |
|---|---|---|---|
| Production (1) | 5 | 4 | *25.0%* |
| Production outside Italy (2) | 80 | 69 | *15.9%* |
| Imports (Pipeline + LNG) | 6,000 | 5,938 | *1.0%* |
| Other purchases | 4,968 | 3,065 | *62.1%* |
| Change in stored gas inventory (3) | (37) | 53 | *n.m.* |
| **Total sources** | **11,016** | **9,129** | ***20.7%*** |

(1) Production by Edison Stoccaggio. Net of self-consumption and at standard calorific power.
(2) Production related to the concession in Algeria.
(3) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.

## Uses of Gas

| (Gas in millions of m³) | First half 2022 | First half 2021 | % change |
|---|---|---|---|
| Residential use | 1,242 | 1,140 | *8.9%* |
| Industrial use | 2,798 | 2,938 | *(4.8%)* |
| Thermoelectric fuel use | 3,008 | 2,428 | *23.9%* |
| Sales of production outside Italy | 80 | 69 | *15.9%* |
| Other sales | 3,888 | 2,554 | *52.2%* |
| **Total uses** | **11,016** | **9,129** | ***20.7%*** |

Gas imports in the six-month period are slightly up compared to last year, while other purchases on the wholesale market are growing very significantly, which includes a quota of import gas delivered to the PSV; storages recorded an earlier release compared to last year.
With regard to uses of 11,016 million cubic meters, there was an increase in sales, particularly for thermoelectric uses, on the wholesale market and abroad. Sales in the industrial segment declined due to the reduction in contracted volumes and lower consumption as a result of the scenario, while volumes in the civil segment increased slightly, partly due to a limited increase in the customer base.

## Income Statement Data

| (in millions of euros) | First half 2022 | First half 2021 | % change |
|---|---|---|---|
| Sales revenues | 10,331 | 2,388 | *332.6%* |
| EBITDA | 295 | 174 | *69.5%* |

In the half-year, sales revenues grew to 10,331 million euros, or 332.6% more than in the first half of 2021 thanks to a favorable price scenario.
EBITDA, which includes the result from regulated activities, amounted to 295 million euros, an increase of 69.5% compared to the same period last year, attributable in part to non-recurring events, some of which will be reabsorbed by year-end, and in part to portfolio optimization actions and to new import agreements. On the commercial side, the results were down on the previous year, in particular, due to the lower margins in the retail segment.

# Corporate Activities

## Income Statement Data

| (in millions of euros) | **First half 2022** | First half 2021 | % change |
|---|---|---|---|
| Sales revenues | 38 | 38 | *0.0%* |
| EBITDA | (41) | (39) | *(5.1%)* |

Corporate Activities include those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied to a specific business, and certain holding companies and real estate companies.
Revenues and EBITDA for the first half of 2022 are substantially in line with the first half of 2021.

## Other Components of the Group's Income Statement

| (in millions of euros) | First half 2022 | First half 2021 | % change |
|---|---|---|---|
| **EBITDA** | **622** | **472** | ***31.8%*** |
| Net change in fair value of derivatives (commodities and exchange rates) | (7) | (14) | *50.0%* |
| Depreciation, amortization and write-downs | (196) | (177) | *(10.7%)* |
| Other net income (expense) - non-energy activities | (12) | (125) | *90.4%* |
| **EBIT** | **407** | **156** | ***n.m.*** |
| Net financial income (expense) | 5 | (18) | *n.m.* |
| Income (expense) from equity investments | 14 | 12 | *16.7%* |
| Income taxes | (198) | 172 | *n.m.* |
| **Profit (Loss) from Continuing Operations** | **228** | **322** | ***(29.2%)*** |
| **Profit (Loss) from Discontinued Operations** | **4** | **(3)** | ***n.m.*** |
| Minority interest in profit (loss) | 31 | - | *n.m.* |
| **Group interest in profit (loss)** | **201** | **319** | ***(37.0%)*** |

EBIT of 407 million euros incorporates depreciation, amortization and write-downs totalling 196 million euros, the negative net change in the fair value of derivatives hedging commodity and foreign exchange transactions amounting to 7 million euros other net expenses relating to non-energy activities of 12 million euros.
The Profit (Loss) from Continuing Operations was a gain of 228 million euros (322 million euros in the first half of 2021), after net financial income of 5 million euros, net income from equity investments of 14 million euros and income taxes of 198 million euros, significantly worsening mainly due to the inclusion of the extraordinary contribution "extra-profits" (effects D.L. 21/2022 "Cut Prices" and D.L. 50/2022 "Aiuti") for 74 million euros and to the lack of the non-recurring positive effect of 2021 linked to the option to realign the tax values of some industrial assets and goodwill for 230 million euros.

# Total Financial Indebtedness and Cash Flows

The table below provides a breakdown of the changes that occurred in financial debt:

| (in millions of euros) | **First half 2022** | First half 2021 |
|---|---|---|
| **A. TOTAL FINANCIAL (INDEBTEDNESS) AT BEGINNING OF PERIOD (*)** | **(104)** | **(520)** |
| EBITDA | 622 | 472 |
| Elimination of non-cash items included in EBITDA | 172 | 21 |
| Net financial income (expense) paid | 13 | (11) |
| Net income taxes paid (-) | (182) | (61) |
| Dividends collected | 7 | 6 |
| Other items from operating activities | (20) | (29) |
| **B. CASH FLOW FROM OPERATING ACTIVITIES** | **612** | **398** |
| Change in the operating working capital | 134 | (51) |
| Change in non-operating working capital | (165) | (157) |
| Relevant operations in the renewables sector and sale of non-core activities | - | 135 |
| Other net investments (-) | (340) | (213) |
| **C. CASH FLOW AFTER NET INVESTMENTS AND CHANGES IN WORKING CAPITAL** | **241** | **112** |
| Dividends paid (-) | (286) | - |
| Other | (1) | (15) |
| **D. NET CASH FLOW FOR THE PERIOD** | **(46)** | **97** |
| **E. CLOSING TOTAL FINANCIAL (INDEBTEDNESS) (*)** | **(150)** | **(423)** |

(*) The item incorporates the ESMA Guidelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted as of May 5, 2021.

The main cash flows for the period derive from the EBITDA, commented on above, from the payment of dividends to shareholders, from the payment of taxes and from net investments.

Net investments amounted to -340 million euros, of which -202 million euros in fixed assets mainly related to:

- thermoelectric generation, mainly for the construction of the Marghera Levante (-36 million euros) and Presenzano (-29 million euros) thermoelectric power plants;
- generation from renewable sources for -37 million euros;
- energy and environmental services of -50 million euros, mainly linked to services for the Public Administration (-16 million euros) and the industry sector (-19 million euros);
- the capitalization of approximately -25 million euros of incremental costs incurred in obtaining new contracts in the commercial sector.

The following companies were acquired: Citelum Italia Srl and its subsidiaries (-89 million euros), Energia Italia Srl (-19 million euros), Sistrol SA (-7 million euros), Gaxa Spa (-23 million euros).

# Outlook

In light of the current market context which remains characterised by high volatility, and taking into account the current regulatory framework, the Company expects to close the year with an EBITDA in a range between 950 million euros and 1,050 million euros compared to the 989 million euros recorded in 2021.

# Risks and Uncertainties

## Risk Management at the Edison Group

Edison has developed an integrated business risk management model based on the international principles of Enterprise Risk Management (ERM), the Committee of Sponsoring Organizations (COSO) Frameworks specifically, the main purpose of which is the adoption of a systematic approach in mapping the company's most significant risks, addressing in advance their potential negative effects and taking appropriate actions to mitigate them. In particular, during 2021, this model was updated to bring it into line with the new COSO methodological framework called "ERM Thinking": therefore, the update relating to the first half of 2022, in line with what was done starting from 2021, was carried out according to the new approach, considering not only the risk events that can compromise the short-medium term objectives according to a bottom-up identification, but also those impacting the industrial and strategic targets in the long term, as well as ESG and sustainability issues in a broad sense.

The risk mapping and risk scoring methodology that Edison has adopted assigns a relevance index to each risk based on an assessment of its impact, probability of occurrence and level of control, and a Corporate Risk Model, developed in accordance with best industry and international practices, places within an integrated framework the different types of risks that characterize the business in which the Group operates:

- risks related to the external environment, which have to do with conditions in the market and the competitive environment in which the Group operates and changes in the political, legislative and regulatory context;
- operational risks, which are tied to internal processes, structures and business management systems, specifically regarding electricity production and commodity and service distribution activities;
- strategic risks, which are related to the definition and implementation of the company's strategic guidelines.

More specifically, with the coordination of the Risk Office, the managers of the various company departments map and assess risks within their scope of activity through a risk self-assessment process and provide an initial indication of the mitigating actions associated with those risks. The results of this process are then consolidated at the central level into a mapping system in which risks are prioritized based on the scores assigned to them and aggregated, so as to facilitate the coordination of mitigation plans within the framework of an integrated risk management approach.

The results produced by ERM are communicated to the Control and Risk Committee and the Board of Directors on predetermined dates and are used by the Internal Audit Department as a source of information to prepare special risk-based audit plans.

An analysis of the overall results of the process for the half year just ended is provided in the "Risk Factors" section that follows, while the "Financial Risks" section lists the main factors related to the commodity price, exchange rate, credit, liquidity and interest rate risks, for which specific safeguards have been adopted over the years to manage and minimize their impact on the Group's economic and financial equilibrium. For additional details about these risks see the information provided for IFRS 7 purposes in chapter 4 of the Condensed Consolidated Semiannual Financial Statements entitled "Market Risk Management", paragraph 3.1 "Credit risk management" and paragraph 6.4 "Financial risk management".

Furthermore, in 2018 the Group adopted a tax risk management and reporting system, which is integrated within the Group's overall control system (the Tax Control Framework or TCF). The TCF adopted consists of a Tax Policy and General Rules applicable to all Group companies, as well as matrices, coordinated with the provisions of Law No. 262/2005, to monitor activities with potential tax impacts in the main business processes.

# Risk Factors

## Risks Related to the External Environment

### Legislative and Regulatory Risk

A potential and significant source of uncertainty for Edison is the constant evolution occurring in the reference legislative and regulatory framework, which affects market activity, tariff recognitions, required levels of service quality and technical and operational compliance requirements.
In this regard, Edison is engaged in an ongoing activity to monitor and carry out a constructive dialogue with national and local public institutions, so as to develop opportunities for discussing and promptly assessing the impact of regulatory changes, with the aim of minimizing the resulting economic impact.

In this context, among the main changes in the evolving legislative framework, the most significant uncertainty factors include:

- the "Sostegni-Ter" Decree-Law of March 28, 2022 issued with the aim of introducing urgent measures to support businesses and economic operators and to limit the economic effects of the increase in energy market prices. In particular, article 15 bis introduced a compensation mechanism aimed at limiting the extra revenues of certain RES plants, in particular those receiving a fixed incentive or that came into operation before 2010;
- the introduction of a solidarity levy on the extra profits of energy companies (article 37, D.L. 21/2022, converted, with amendments by the Law of 20 May 2022 n.51, and further amended by D.L. 50/2022, converted into Law no.91 of 15 July 2022) with a levy increased from an initial 10% to 25% of the increase in the balance between active and passive VAT transactions realised from October 1, 2021 to April 30, 2022 compared to the same months of the previous season. At the moment, the levy from extra profits earned by companies importing gas into Italy at a much lower price than the sale price, as previously assumed, is averted;
- the cancellation of general system charges in bills by the Regulatory Authority for Energy, Networks and Environment (ARERA) also for the third quarter of 2022, in order to reduce the effects of price increases in the electricity sector;
- the introduction of the possibility of requesting the payment in instalments of up to 24 months of the bills for the months of May and June by end customers (excluding wholesalers) in accordance with Decree-Law no. 21 of March 21, 2022, converted into Law no. 51 of May 20, 2022, containing urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis;
- the renewal of large-scale diversion hydroelectric concessions, whose regulation was revised by Decree-Law no. 135 of December 14, 2018, converted by Conversion Law no. 12 of February 11, 2019. The draft law on competition 2021, approved by the Council of Ministers on November 4, 2021, and subject to the usual examination process presumably by Q3 2022, supplemented current regulations by establishing that procedures for assigning concessions must be carried out according to competitive, fair and transparent parameters, on the basis of an adequate economic assessment of the concession fees and a suitable technical valuation of the interventions to improve the safety of existing infrastructure and interventions to recover storage capacity, with the establishment of consistent compensation (to be paid by the incoming concessionaire), which takes into account the investments made by the outgoing concessionaire. In this context, it is established that the assignment of concessions by the Regions must take place by December 31, 2023, thus bringing forward the terms previously set forth (July 31, 2024): once this deadline has passed, the Ministry of Sustainable Infrastructure and Mobility will promote the exercise of substitute powers. However, a number of regional laws have been challenged by the Council of Ministers, which has challenged certain profiles of unconstitutionality; these include the laws of Piedmont and Basilicata;
- the methods of discontinuing the protected electricity and gas market, with particular regard to implementation measures for the provisions of Decree-Law no. 162/2019, converted by Conversion Law no. 8 of February 28, 2020 and of Decree-Law no. 183/2020, "Milleproroghe Decree", converted by conversion law no. 21 of February

26, 2021, and Decree-Law no. 152 of November 6, 2021, converted by conversion law no. 233 of December 29, 2021. With these measures, from January 1, 2023 the price protection for micro-enterprise electricity customers and gas customers will be superseded, while the maximum protection service will remain in place for domestic electricity customers, pending the performance of competitive procedures for the assignment of the gradual protection service, which must be completed by January 10, 2024. In addition, the legislative decree was adopted for the implementation of European Directive 2018/944, which introduces a specific tariff mechanism for vulnerable consumers defined according to certain parameters, including age, economic hardship and health. In particular, the same Decree-Law no. 152/2021, with the amendments introduced by the conversion law, provides that for vulnerable customers, as of January 1, 2023 the maximum protection service will continue to apply pending the adoption of the tariff dedicated to them;

- the Capacity Market auction for the delivery period 2025 and beyond, the feasibility of which will be assessed downstream of the results of the 2024 auction held in February 2022, together with the possibility, should it prove necessary to activate it, of gearing the instrument even more towards supporting the energy transition, by enhancing the contribution to adequacy of renewables, storage and demand;
- the appeals submitted by several operators to the Regional Administrative Court and the Court of First Instance of the European Union against the current design of the Capacity Market, which could result, in extrema ratio, in a cancellation of the auctions already carried out and a revision of the regulations, with a possible new notification to the Commission to verify compatibility with European regulations on State Aid (the sentence of the Court of First Instance is set for September 7, 2022);
- the method for allocating long-term capacity at the Rovigo Terminal also after-2034 (the year in which the contract between Edison and Adriatic LNG expires) and, in particular, Resolution 355/2021/R/gas by means of which ARERA approved the proposal to amend the Regasification Code prepared by Adriatic LNG containing provisions regarding access to the regasification service for the portion of capacity that is not subject to exemption for multi-year periods up to 25 years (i.e. 2047), as well as the appeal to the Regional Administrative Court against ARERA regarding the open season procedure of Adriatic LNG.

## Market and Competitive Environment

The energy markets in which the Group operates recorded significant fluctuations in terms of demand in the first half of 2022, with competitive pressure remaining high and a significant increase in prices following the Russia-Ukraine conflict. Please refer to the section “The Italian energy market” for more in-depth information.

In the Italian electricity market, the first half of 2022 saw a recovery in electricity consumption in the various sectors compared to 2021, a year partly impacted by the restrictive measures defined by the Italian government to counter the spread of the COVID-19 pandemic. The growing demand for electricity was met by an increase in thermoelectric generation, which accounts for a significant share of the Group's production mix, and in wind and photovoltaic generation. Hydroelectric production, on the other hand, declined significantly due to unfavourable weather conditions, such as low rainfall and high temperatures, as did imports due to critical issues with the French nuclear generation park.

With regard to said hydroelectric production, the portion produced by large-scale derivation concessions, of which the Group is the concession holder, will remain exposed in future years to the above-mentioned risk of the adverse outcome of tenders for the renewal of concessions that have already expired or are about to expire.

Moreover, technological changes in the electric power sector could make some technologies/services more competitive than those that are part of the Company’s business. In order to mitigate this risk, Edison monitors and assesses the development of new technologies on an ongoing basis, which are discussed in greater detail in the “Innovation, Research and Development” section. On this front, progress in the area of energy efficiency and the reduction of $CO_2$ emissions factors with the construction, currently at an advanced stage, of two new-generation thermoelectric power plants puts the Group at a competitive advantage.

In the natural gas market, in the first half of 2022, compared to the same period of the previous year, overall demand decreased slightly: lower consumption in the residential and industrial sectors as a result of higher-than-average temperatures and the impacts of high commodity prices were partly offset by an increase in consumption in the thermoelectric sector, favoured by the aforementioned reduction in hydraulicity, and in exports abroad, which were more impacted by supply problems from Russia than from Italy, whose supply was ensured by an increasing supply from the south.

In addition, the significant increase in commodity price volatility experienced during the first half of 2022 as a result of the geopolitical environment related to the Russia-Ukraine conflict contributed to a significant increase in credit risk exposure. For the Business segment, the main mitigation instrument is credit insurance, as well as the assignment of non-recourse receivables and possibly the request for guarantees from our customers.

In this context, an important tool to mitigate the effects of changes in the energy scenario and market conditions is provided by market risk management policies.

## Country Risk

The Edison Group's presence in the international markets involving both the production and marketing of electric power, exposes the company to a whole series of risks stemming mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. Currently, the area of greatest importance for the Group is Greece, where Edison, through Elpedison Sa, produces and markets electric power in a joint venture with its Greek partner Hellenic Petroleum.

- The centre-right government (New Democracy, which won the elections in July 2019) holds an absolute majority in parliament. However, there is an increasing likelihood of early elections compared to those scheduled for July 2023, given the current context of high energy prices resulting in a possible deterioration of consensus for the ruling party. The government is, however, expected to continue with the planned privatisations, including in the energy sector, with the energy supply diversification plan and with support for the development of large infrastructure projects, particularly in the renewable energy sector, although delays are possible. During the first half of 2022, there was a significant increase in energy and food prices, also as a result of the geopolitical context arising from the Russia-Ukraine conflict, with a significant impact on inflation and economic activity. The government therefore introduced subsidies to mitigate these impacts and withdrew the support measures planned during the most critical period of the COVID-19 pandemic. However, international analysts estimate a GDP recovery higher than the European average, at 3.5% and 2.7% in 2022 and 2023 respectively, thanks to the recovery of the tourism sector and EU funds. The country is in fact a major recipient of EU funds with total grants and loans equal to around 30 billion euros until 2026 period: these funds under the Greek Recovery and Resilience Plan are expected to contribute to significant but gradual improvements in the business environment, maintaining a particular focus on the green transition while supporting the economic recovery. The easing of measures to contain the COVID-19 pandemic, defined during 2020 and 2021, and the relaunch of the tourism sector should help to support the economy during the year. In April, Standard&Poor's raised the sovereign rating to BB+ with stable outlook. With regard to the energy sector, the capacity remuneration mechanism ended in April 2019; the new system has not yet been defined and is expected in 2023. To reduce dependence on Russian gas, the phase-out date for coal-fired thermoelectric generation was postponed to 2028 from the previous deadline (2023).

The Company is committed to constant monitoring of the country's political and economic environment, to which the Group is exposed at June 30, 2022, as indicated below:

| (in millions of euros) | 06/30/2022 | 12/31/2021 |
|---|---|---|
| Guarantees provided | 115 | 115 |
| Equity investments (1) | 102 | 91 |
| **Total** | **217** | **206** |

(1) Refers to the investments Elpedison Bv and IGI Poseidon.

Additionally, with reference to the long-term gas procurement contracts, the Company is exposed to the geo-political context of the countries from which it obtains its supplies and, therefore, constantly monitors the situations therein.

## Operational risks

### Processes, Structures and Business Management Systems

Edison's core businesses include building and operating technologically complex facilities for the production of electric power, managing gas storage centers, developing gas infrastructures, marketing energy efficiency services and solutions and distributing electric power and gas in retail and wholesale markets. These activities, which could entail the involvement of third parties, expose the Company to risks deriving from the potential inefficiency of internal processes and organizational support structures or exogenous events, such as malfunctions or unavailability of equipment and machinery. These risks could potentially have repercussions on the Company's profitability, the efficiency of its business activities and/or its own reputation.

With reference to the COVID-19 pandemic, the Vaccination Plan of the Extraordinary Commissioner, General Francesco Paolo Figliuolo, and the containment measures defined by the Government effectively contributed to a significant reduction in the spread of the infection throughout the country, allowing a significant recovery in the various sectors. In order to allow business activities to be carried out, while at the same time limiting the possibility of infection at the Company's premises, the crisis management activities started in 2020 continued, such as the use of smart working arrangements; in the first months of 2022, the Company implemented plans to exit the crisis phase, envisaging the application of a new discipline for smart working from the beginning of April in line with the end of the state of emergency at national level.

The policy to manage these operational risks calls for the adoption of specific security and quality standards, and the implementation of upgrades to comply with international and national laws and the requirements of local entities with regulatory authority over such issues and of activities to improve the quality of processes in the various areas of business, with special focus on customer services. In addition, the management of potential crisis events is governed by specific internal guidelines designed to provide a quick and effective response to potential crisis situations that could cause injuries to people and damage the environment and the Company's facilities and reputation.

Additional information about the management of environmental and occupational safety risks is provided in the section of this report entitled "Health, Safety and the Environment".

### *Information Technology*

The Group's diverse activities and business processes are supported by complex information systems. Risk issues exist with regard to the adequacy of these systems and the availability, integrity and confidentiality of data and information.

With respect to the first point, in the first half of 2022 several important projects continued and/or were completed and new ones were also launched; in particular:

- for the Energy & Environmental Services Market Division:
    - the applications established within the PA turnaround projects (e.g. review of the Tagetik system, extension of the calculation engine, Capex, Opex and HR forecasts) are being implemented;
    - the CMMS (Computerized Maintenance Management System) ZMAINTENANCE maintenance management system was released for the new PA sites, and the decommissioning of the NPLAN CMMS present on the old Trento perimeter is being analysed, with the absorption of the functionalities on ZMAINTENANCE itself;
    - CRM: following the renaming activities of EESM, the new LEAD management integrated with the Landing Page was released and the PV offering management system is being developed;
- for the Gas & Power Market Division:
    - the CCX (Customer Centricity Experience) of the digital channels was implemented, in particular with the revision of the user experience and the user interface of the mobile app, implementing post-sales selfcare functions (offer change, payment in instalments, etc.);
    - the study of new billing, CRM and credit systems with cloud porting has been completed; the implementing project is in progress;
    - the field service system for managing maintenance activities of technicians/installers was implemented and the VAS practice dispatcher portal for managing pre-sales and sales activities of complex assets with installation was also released;
    - the new Offering and CRM system dedicated to B2B customer management is being implemented/tested, with the automation of numerous activities that were historically handled manually;
    - services managed in Application To Application with major national distributors (E-Distribuzione, 2i Rete Gas, Italgas) were optimized and extended;
- for the midstream gas area, the systems for the structured management of LNG supply contracts are being adapted; the Maia project is being completed with the adjustments introduced by the new business model with the Gas&Power Market division;
- for the Power Asset Division, the roll-out of the system for the management of plant processes (maintenance, HSE, integrated environmental authorization, etc.) on the Thermal Power Plants is in progress.

With regard to the risk of unavailability caused by a system fault, Edison adopted high reliability hardware and software configurations for those applications that support critical activities. These configurations were regularly tested during normal operations. To protect against disasters, a disaster recovery solution is in operation which is tested periodically. A similar test is also performed for the Rivoli data centre. Lastly, the transfer to the cloud of several applications was initiated to boost service flexibility and improve its time-to-market, without any reduction in security levels. A study has been completed to define appropriate disaster recovery solutions for applications that are moved to the cloud.
Finally, the review of the Business Impact Analysis (BIA) with the G&P Market, Gas Midstream and Power Asset businesses began.

The risk relating to the integrity and confidentiality of company data and information and their availability in the event of cyber-attacks that are increasingly more frequent and sophisticated, is mitigated with the adoption of strict security standards and solutions; the service of the Security Operation center, operational since January 2016, which aims to identify current cyber attacks, was subsequently optimized through a process of “refinement” of analyses to improve their effectiveness. Finally, the Rex Wannacry project aimed at increasing the resilience of the company's information system in the face of new generation attacks is under development: after the first 4 phases (automatic inventory of all devices connected to the network, asset procedures, vulnerability, triage, incident & crisis management, threat intelligence service and CERT (Computer Emergency Response Team)), a project is under way regarding the management of ransomware attacks (UPP = Ultimate Protection Plan), with data back-ups and a focus on active directory protection. The training and information program to spread the Cyber Security culture is also ongoing, with monthly phishing simulations to assess employees' awareness.

## Strategic Risks

The development of the core businesses of the Edison Group must be supported with investments, acquisitions and selected divestments, implemented as part of a strategy to streamline the overall portfolio and constantly respond to the competitive environment, in order to pursue sustainable success by creating value for all stakeholders and contributing towards guiding the country in the energy transition process. The Group's ability to strengthen its core businesses and reputation in the markets where it operates is predicated on the effective deployment of these initiatives.

More specifically, insofar as direct investments are concerned, they typically entail a risk related to potential overruns in operational and investment costs, as well as possible delays in the start of commercial service, due in part to uncertainties in the permit issuing process or unforeseeable external events such as the COVID-19 pandemic or the Russia-Ukraine conflict, with a resulting impact on the profitability of these initiatives.

As for the strategy of growth through acquisitions, its success depends on the availability in the market of opportunities that could help the growth of the Group's core businesses at an acceptable cost and on the company's ability to identify those opportunities on a timely basis and effectively integrate the acquired assets into the Group's activities.

In order to mitigate these risks, the Company adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes, project risk assessment activities and project management and project control activities.

## Financial Risks

### Commodity Price Risk

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles, which affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the above-mentioned commodity prices are quoted in a foreign currency, the Group is also exposed to the resulting foreign exchange rate risk.

The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits, in terms of economic capital, and the use of financial derivatives that are commonly used in the market for the purpose of containing the risk exposure within preset limits.

### Foreign Exchange Risk

The activities carried out by the Group in currencies different from the euro and its strategies of expansion in the international markets expose the Company to fluctuations in foreign exchange rates. The guidelines concerning the governance and strategies to mitigate the foreign exchange risk generated by business activities are set forth in specific policies, which describe the foreign exchange risk management objectives depending on the different nature of the risk in question.

The company adopts a centralized type of management model, through which the Parent Company is able to constantly safeguard the Group's economic and financial equilibrium by constantly monitoring exposures and implementing appropriate hedging and foreign exchange procurement strategies designed for risk mitigation purposes.

### Credit Risk

With regard to the risk of potential losses caused by the failure of any of the counterparties the Company interacts with to honor the commitments they have undertaken, the Group has implemented for some time procedures and tools to evaluate and select counterparties based on their credit rating, constantly monitor its exposure the various counterparties and implement appropriate mitigating actions, primarily aimed at recovering or transferring receivables.

### Interest Rate Risk

Because it is exposed to fluctuations in interest rates primarily with regard to the measurement of debt service costs, the Edison Group assesses on a regular basis its exposure to the risk of changes in interest rates, which it manages mainly by defining the characteristics of the facilities during the negotiation phase.

### Liquidity Risk

The liquidity risk has to do with the possibility that the company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The policy to manage this risk, integrated at the EDF Group level, is designed to ensure that the Edison Group has access to sufficient credit facilities to meet short-term financial maturities, while at the same time consolidating its funding sources.

## Provisions for risks and charges

In addition to the risk management and mitigation activities described above, when faced with present obligations deriving from past events, which can be of a legal or contractual nature or result from statements or conduct of the company such as to engender in third parties a valid expectation that the company is responsible or assumes responsibility for fulfilling an obligation, the Edison Group recognized over the years adequate accruals to special provisions for risks and charges listed among the liabilities in the financial statements (see also the accompanying Notes to the Condensed Consolidated Semiannual Financial Statements). Specifically, the Edison Group is a party to several legal and arbitration proceedings of different types, acting through Edison Spa, in its capacity as universal successor, as incorporating company of Montedison Spa. For a description, please refer to Chapter 8 “Non-Energy Activities” of the 2021 Consolidated Financial Statements and the updates reported in the Condensed Consolidated Semiannual Financial Statements.

# Other results from Operations

## Innovation, Research and Development

The Research, Development and Technological Innovation (RD&TI) Department carries out activities of scouting, testing of new technologies, analysis of technology readiness level (TRL); the field of interest includes “disruptive” and operational support to Business Units. The RD&TI Department maintains and strengthens a network of scientific relations with external centers of excellence (EDF R&D, Polytechnic University of Milan, Polytechnic University of Turin, University of Pavia, Research institutions) also through the realization of joint projects.

The activities of the RD&TI Department are mainly carried out at the laboratories located at the Officine in Milan and Officine in Turin, which have also become meeting and visiting places for other Edison Divisions interested in technological and scientific updates in the energy field.

The Milan and Turin Officine are also places where many students from the Polytechnic University of Milan and Polytechnic University of Turin prepare their dissertations, thus strengthening the link between Edison and the academic world and contributing to the vitality of the environment. The main fields of study and research of the RD&TI Department are as follows:

### Electric mobility

This theme concerns the study and testing of innovative smart charging technologies for electric vehicles, with the aim of constantly supporting the company's Business Units in identifying the best technological solutions to be integrated into the product portfolio for the various market segments. In particular, studies and test campaigns were carried out to validate the operational characteristics of bi-directional charging systems in the three application use scenarios: the vehicle-to-grid (V2G) scenario was simulated at the Turin Officine with the help of an electricity grid emulator, while the vehicle-to-home (V2H) and vehicle-to-building (V2B) scenarios were simulated using the Domus laboratory loads as a representative test environment at the Milan Officine.

### *Storage*
This regards the study and experimentation of storage technologies for stationary applications on various scales, from mobility to stationary storage. It is precisely in this latter area that interest has recently extended to experimental activities in the laboratory, alongside studies related to the reuse of batteries in a 2nd life and recycling processes, as well as within hybrid storage systems.

### *Hydrogen and decarbonization*
This topic concerns the production of hydrogen with low carbon dioxide emissions, and more generally solutions and applications aimed at the decarbonization of electrical production and industrial processes. The aim of RD&TI activities is to increase its expertise and identify the most suitable technological solutions for BUs. The main focus to date is on the evaluation of hydrogen generation, transport, storage and use technologies, including through laboratory tests of the most innovative systems for its production by electrolysis.

### *IoT, Smart Home, Robotics*
The Internet of Things (IoT) offers opportunities for a combined physical and digital presence with our customers, not limited to the provision of solutions directly linked to energy (such as the best use of renewable energy generated on site), but open to everything that contributes to caring for home, family and professional environments. Increasing attention is dedicated to advanced technologies for interactions with customers, including cutting edge topics like service robotics. Robotics and IoT technologies are also increasingly being applied to improve the efficiency and safety of internal company processes, such as the monitoring or inspection of plants and buildings.

### Innovative photovoltaic
This area monitors developments in the area of innovative photovoltaic generation technologies. The activities range from the characterization of unconventional prototype photovoltaic devices in the laboratory and in real operating conditions, to the study of the state of development of technologies to define potential impacts on the future scenario and on the current installation potential for residential.

### *Smart cities and smart territories*
The activities carried out in this area contribute to evaluations of energy, and not only, of buildings and territories and the simulation of scenarios, with the aim of providing tools to support the definition of new development paths for cities and territories.

# Health, Safety and the Environment

The main results achieved in the first half of 2022 and projects under development are reported below:

## Safety Performance Trend
The practice was confirmed of presenting, based on a comprehensive and integrated approach, the effects of prevention programmes to promote a culture of occupational health and safety, combining the data for Edison's personnel and for employees of suppliers, assigning to the management throughout the organization improvement objectives compared with the average results for the previous three years.
The reference indicators in the domestic context are:

- the frequency rate, calculated by multiplying the number of injuries divided by the number of hours worked, by one million;
- the seriousness rate, calculated by multiplying the number of days lost due to injuries divided by the number of hours worked, by one thousand.

On the basis of this approach, the first half of 2022 closed with the overall accident frequency index which stands in aggregate terms between company personnel and personnel of external companies on a value of 2.1, slightly up on the figure for 2.0 in the same period of 2021 (1.7 at year-end).
The total seriousness rate at the end of 2022 was 0.06, substantially in line with the same period in 2021, confirming the limited severity of our accidents.
During the first half of 2022, there were no fatal accidents.

## Activities Concerning Health, Safety and the Environment

The main activities and processes carried out in the first half of 2022 are reviewed below.
The period was conditioned by the continuity of the emergency relating to the COVID-19 pandemic, in particular for the first 3 months of the half-year, which were characterized by a particularly acute infectious wave. As for the previous year, the unique period during which we have been operating was managed by the HSE Select Committee, consisting of the HSE representatives of every Division, which coordinated all necessary activities to ensure respect for the prevention and protection measures identified and prescribed by the competent authorities in order to counter the COVID-19 pandemic.
The requirements established by applicable regulations on health, safety and the environment were met, and the expected internal audit plan was initiated with the aim of completing it by the end of the year. The first half of the year was also marked by the preparation of all those activities preparatory to the process of surveillance, renewal or new certification of health, safety, environment and quality management systems, which will be completed in the second half of the year by the external accredited bodies.
There were no incidents in first half of the year with an impact on environmental matrices (soil, subsoil, surface water and biodiversity).
Continuity was given to the activities envisaged in the 2021-2023 roadmap related to the health, safety, environment and sustainable energy policy issued in 2021 and, in particular, to the innovation initiatives focused on the digitalization of the work permit, training and support through virtual and augmented reality tools, and the pilot project to measure mental fatigue of wind power operators.

## Management of the COVID-19 Pandemic Crisis

The half-year was characterized by two distinct phases. The first, until the end of February, with an acute pandemic wave, during which 40% of the total number of positive cases occurred since the beginning of the emergency was recorded. In this period, the emergency situation was managed in continuity with as was prepared during 2020 and 2021 and in line with the epidemiological scenario and its evolution. In particular, all the indications expressed by the competent health authorities were followed, as well as the legislative measures issued from time to time, confirming and renewing all the company measures identified and expressed in the guidelines updated periodically.
The prevention measures adopted by the Company made it possible to ensure the on-site management of operating activities linked to the functioning of electricity generation plants and gas storage facilities to national users, while essential activities to guarantee the operational functioning of healthcare facilities were also guaranteed with no discontinuity throughout the pandemic management period. Activities geared towards managing customer service were also ensured with no disruptions through smart working activities carried out directly and through our partners that manage the call centers.
The second phase started with the date decreed by the government authorities for the end of the emergency (March 31, 2022). During this period, defined as a road map for overcoming the measures to combat the spread of the COVID-19 epidemic, all the indications expressed by the competent health authorities, as well as the legislative

measures issued from time to time, were followed, confirming or easing the company measures updated and communicated periodically to the entire company population.

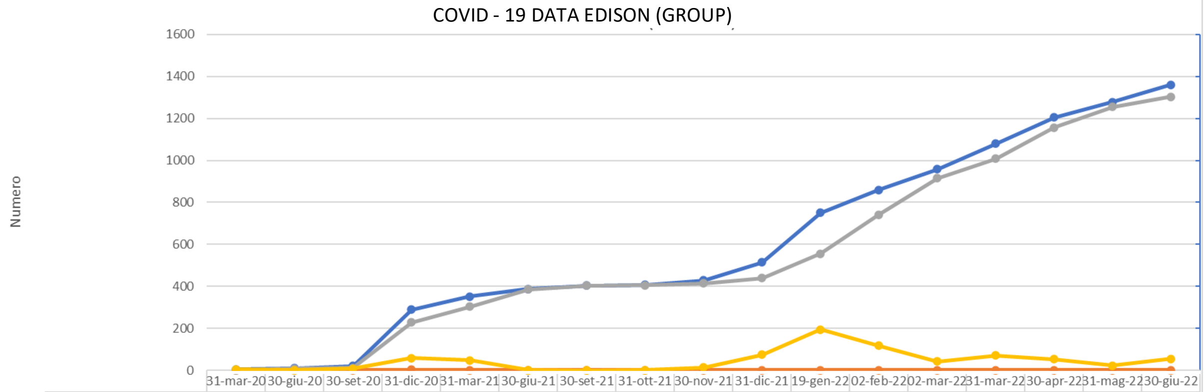
As of April 1, the new regulations for the use of Smart Work in the Edison Group came into force, consistent with the general epidemiological situation and inspired by the same fundamental principles in all the realities of the Edison Group, as defined in the trade union agreements signed and in company regulations.

In June, the viral circulation in Italy started to progress again, but this was not followed by pressure on healthcare facilities both in terms of hospitalizations and intensive care unit occupancy, thanks to the high vaccination coverage of the population. This phenomenon also affected Edison, where the severity of infection recorded for company personnel was very low and no deaths from COVID-19 were recorded.

On June 30, a new shared protocol updating measures to combat and contain the spread of the virus in the workplace was signed at national level between the social partners, the Ministries of Labor, Health and Economic Development, and Inail. The protocol simplifies its predecessor and was adopted to protect workers and companies at a stage of the epidemic when, on the one hand, the legislator showed a gradual easing of precautionary measures, aimed at favoring a return to the ordinary following the end of the state of emergency and, on the other hand, unfortunately saw a resumption of contagions.

On the basis of the protocol, the company is updating its guidelines, which will also be communicated to all employees following discussions with workers' representatives.

Below is the company's performance in the pandemic scenario from the beginning of the emergency to June 30, 2022.




| | 31-mar-20 | 30-giu-20 | 30-set-20 | 31-dic-20 | 31-mar-21 | 30-giu-21 | 30-set-21 | 31-ott-21 | 30-nov-21 | 31-dic-21 | 19-gen-22 | 02-feb-22 | 02-mar-22 | 31-mar-22 | 30-apr-22 | 31-mag-22 | 30-giu-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. positive cases | 5 | 10 | 21 | 289 | 351 | 388 | 404 | 407 | 429 | 514 | 751 | 860 | 959 | 1079 | 1205 | 1279 | 1360 |
| No. deaths | 0 | 0 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| No. recovered | 0 | 9 | 11 | 228 | 303 | 386 | 403 | 405 | 414 | 439 | 556 | 741 | 916 | 1008 | 1157 | 1256 | 1304 |
| No. open positive cases | 5 | 1 | 9 | 59 | 47 | 1 | 0 | 1 | 14 | 74 | 194 | 118 | 42 | 70 | 52 | 22 | 55 |

Time

Note: up to December 2020 the data included E&P employees.

# Human Resources and Industrial Relations

## Human Resources

The workforce at 30 June 2022 closed with 5,760 against the 4,918 of 31 December 2021 with an overall growth in the half year of 842 employees, generating a specific increase in personnel of +17.1%, mainly attributable to the acquisitions of the companies Citelum and Sistrol in the Energy & Environmental Services Market activities.

In terms of scope differences, please note:

- Acquisition of Citelum (Italy + Spain): (+664 employees)
- Acquisition of Sistrol (Spain): (+68 employees)
- Acquisition of Gaxa Spa: (+18 employees)
- Acquisition of Sorrento Power & Gas Srl: (+2 employees)
- Acquisition of Energia Italia Srl: (+3 employees)

## Industrial relations

Main events of general significance for the Edison group that occurred in the first half of 2022.

### Gas Operations & Balancing area availability

On May 11, 2022, an agreement was signed with the RSU of the Milan office, which provides for the introduction of the institute of on-call duty in the Gas Operations & Balancing area.

### Merger by incorporation renewables area

The merger by incorporation of Edison Renewables Spa into Edison Rinnovabili Spa will become effective on August 1, 2022. Pursuant to this transaction, all of the employees of Edison Renewables Spa, amounting to 105 employees, including 2 managers, 25 middle managers, 64 clerical staff and 14 workers, will be seamlessly transferred, pursuant to article 2112 of the Italian Civil Code, to Edison Rinnovabili Spa, with the preservation of all economic and regulatory treatments applied, including the maintenance of the CNL (National Labor Agreement) for employees in the electricity sector. On June 21, 2022, the joint examination provided for in article 47 of Law 428/1990 took place and the relevant minutes were signed.

### New discipline on Smart Working

With effect from April 1, 2022, the new regulations on Smart Work resulting from the agreement signed with the national trade unions on November 16, 2021 came into force.

### Opening of CCNL renewal negotiations

Negotiations started in March 2022 for the renewal of the National Collective Labor Agreement for electricity Workers and the National Collective Labor Agreement for Energy and Oil Workers, both of which expired on December 31, 2021.

### EESM activities: post-health emergency Smart Working agreement

On March 21, 2022, an agreement was signed between the Edison group companies that apply the Metalworking National Collective Labor Agreement and the National and Territorial Trade Union Secretariats, which governs Smart Working as a structural work method and defines rules and application methods

### Fenice Spa Supplemental Agreement

With an agreement of March 21, Fenice Spa, the National and Territorial Secretariats and the RSU extended the Supplementary Agreement expired on December 31, 2021 for 2022 and 2023. At the same time, the Parties regulated the conversion of the balance of the PdR into welfare goods and services and the methods of using the 200 euros of corporate welfare provided for by the Metalworking National Collective Labor Agreement of 2/5/2021.

### Change of company name of Fenice Spa to Edison Next Spa

In order to accelerate energy and environmental services, which are one of the pillars of the Edison Group's strategy, on May 11, Fenice Spa changed its name to Edison Next Spa, setting itself the objective of supporting companies and the Public Administration in the ecological transition and decarbonization. In particular, Edison Next will follow companies on a path of transformation that combines sustainability and competitiveness and will address Public Administration for the development of territories by proposing energy services for buildings (schools, hospitals, sports centres, prisons) and urban regeneration solutions.

### Rendina Ambiente Srl supplementary Agreement

On May 18, 2022, the supplementary Agreement for the period 2022-2024 was signed for Rendina Ambiente Srl's Melfi waste-to-energy plant employees. The agreement, which is part of a broader strategy to re-launch the company through a new dialogue with the territory and the recovery of the plant's full productivity, with the objective that in the near future it could become a “Green Hub” with positive repercussions on the territory both in terms of employment and cost optimization, came into force definitively on May 24, following the positive outcome of the referendum called by the signatory trade unions.

## Organization and Employee Services

The main organizational changes that occurred in the reference period are reviewed below:

- in order to strengthen the logic of business partnership of the Finance Division towards the Business Divisions, a revision of the organizational model was launched with the specific aim of making the process of assessing and controlling Group commitments and investments more efficient, by assigning to the Heads of the Planning, Performance & Investments Department dedicated to the Divisions/Business Units the responsibility for ensuring the economic and financial assessment of commitments and investments, and to the Commitment and Investment Assessment Department the responsibility for guiding and coordinating the assessment process at the Edison Group level;
- during the first half of the year, in support of the EESM activities's progressive strategic evolution, detailed structures and responsibilities of the Business Departments and Industry Business Unit were redefined;
- to follow up on the development and application of the Group's Cyber Security models and policies also on the plant technologies (OT) of the Energy & Environmental Services Market activities, the ECD - EESM Cyber Security Development Project was established;
- in April, the organizational structure was redefined and new responsibilities were assigned within the Engineering Division, identifying, in particular, an integrated and dedicated Energy & Environmental Service Market Division;
- in May, the agreement for the acquisition of the majority of shares in Gaxa Spa by Edison Energia was finalized. The company, from an organizational point of view, operates within the Gas & Power Market Division;
- in May, Edison Next completed the acquisition of Citelum Italian and Spanish operations. In Spain, Edison Next also acquired in April control of Sistrol, a digital company active in energy services for the tertiary sector. In organizational terms, the companies operate within the Energy & Environmental Services Market activities.

With regard to the welfare services offered to employees, the company continued its commitment to managing the “Edison per Te” program, which aims to offer a series of products and services to help employees reconcile their personal and professional needs, with the goal of improving their quality of life and well-being.
In these first months of the reporting year, in addition to the provision of historical and now consolidated services at Group level:

- the commitment with the Intercultura non-profit organization, with which Edison per Te has been collaborating for years, for the allocation of scholarships for educational trips abroad reserved for the children of Edison group employees continued. 20 students were awarded this year;

- a collaboration was launched with the Fondazione Collegio delle Università Milanesi to provide scholarships for Expo Dubai 2020, reserved for the children of Edison group employees aged between 18 and 25. 41 students were awarded prizes.

# Training and Development

## Prizes and Awards

In 2022, for the eighth year in a row Edison received the Top Employers Italia award, the certification of quality and excellence guaranteed by the Top Employer Institute, an independent international organization which analyses more than 2,500 companies worldwide on an annual basis. The certification, which is the result of research conducted independently and based on objective data, recognized the excellence of Edison in terms of the employment conditions offered to employees, training and development policies, the on-boarding process, in employer branding and Corporate Social Responsibility.
Edison has also received the Universum Talent 2022 - Italy's Most Attractive Employers prize for the Utilities category, awarded thanks to the opinion expressed by nearly 36,500 young people from 39 Italian universities who consider Edison one of the most attractive companies. Also with Universum, in 2022 Edison received second prize amongst companies with a strong STEM (Science, Technology, Engineering and Mathematics) awareness according to the opinion of almost 12,000 professionals, who have a university degree and at least 1 year and up to a maximum of 5 years of work experience. In addition, in the Italy's Best Employers 2022 survey performed by Statista for Corriere.it, which involved more than 12 thousand employees, Edison was recognized in the energy and utilities sector as the ideal company to work for.
Finally, in 2022 Edison obtained the recognition of Potential Park as one of the best companies in the Italian panorama for the Career Website and Mobile Application areas.

## Human Capital Training and Development

In the first half of the year 2022, Corporate Training activities continued on integrated, in-person and distance learning solutions.
During the first half of the year, managerial training was mainly carried out in person or in blended mode and a series of initiatives of the Group's managerial training offer were provided, which aim to strengthen managerial skills consistent with our leadership model such as vision, sustainable entrepreneurship, authenticity, collaboration and people development. The sessions involved both senior managers and middle managers, also with the aim of encouraging networking and discussion on management issues.
The Leading People, Leading Business, an initiative dedicated to recently appointed executives, ended with a high level of satisfaction.
The Ambrosetti Permanent Update network initiative was re-launched, which now involves around thirty Group managers, and offers participants the opportunity to take part in inter-company events that delve into management and economic issues as well as to expand networking with managers from other companies. Finally, both young talents and senior managers were involved in the international training initiatives promoted through the support and service of the EDF group Corporate University.
With regard to talent management issues, over the past six months, more than sixty young resources have been involved in the potential assessment process and individual development plans have been drawn up in line with the aptitudes and motivations that have emerged, offering high-potential young people an accelerated growth path using the lever of internal mobility as a fundamental development tool.
The first pool of nominations for Subject Matter Expert, an award that recognizes people with professional leadership recognized inside and outside the company and who possess skills relevant to the organization, is being validated. The new career path complements the traditional management career.

In 2022, training continued on the digital platform “Cookies”: webinars of a couple of hours each, aimed at supporting the daily work routine both in the professional area and with regard to one's personal well-being in everyday work. In the first part of the year, Cookies on Negotiation, Fear of the Future and Emotional Intelligence in the New Normal were delivered.
Cookies have been uploaded to the “MYLA” e-learning platform and made available to all colleagues.
For the mandatory compliance, HSE and Cyber Security e-learning courses, Edison used the open platform of Digital Training MyLA - My Learning Area, an environment integrated with the Edison intranet, which allows access to all employees from the company Intranet.
As part of the corporate Onboarding process, the EXPO continued in the first half of 2022, in hybrid mode, dedicated to new colleagues joining the Edison group. The event presenting the professions and activities of each business division involved more than 200 colleagues for more than 6 months and ended in May and June with the realization of 12 visits to Edison plants and sites throughout the country.

## Digital skills and the Edison Digital Academy

The Edison Digital Academy (EDA), launched in 2020, is the Trade Academy developed in collaboration with Talent Garden, which aims to provide lifelong learning on the digital transformation front. During its first year of activity, the program involved about 150 colleagues; with the second edition (Digital Academy Next Gen), started in February 2022, the aim is to triple the number of participants over a 2-year period, devoting particular attention to the precise definition of training courses based on specific participant needs. A broad range of topics are covered in the courses, extensively dealing with the various digital training needs in the company: from more technological issues such as data science, IoT and robotics, to aspects more related to the market like the evolution of business models, without overlooking the impacts of digital culture on the corporate culture and the organization, such as new ways of working and new leadership models. Finally, an internal community dedicated to Academy participants was created to facilitate contamination and the sharing of experiences, as well as the concrete application of the skills learned to company projects.
Alongside the Digital Academy, digital fundamentals continued: as part of the Digital Empowerment project, training continued by Digital Sherpas, a community made up of seventy colleagues belonging to all company divisions and distributed throughout the country, to colleagues on the use evolved of Microsoft365 tools.
In March, a Cyber Café was broadcast, a webinar aimed at informing people about the risks associated with phishing; two training briefs have been published on the introduction to Cyber Security and the use of wireless networks.

## Professional skills, the Edison Market Academy and the Energy Trade School

To oversee the professional skills of the commercial population, Edison has equipped itself with a professional Academy, the Edison Market Academy, the internal body responsible for training professionals who operate in the sale of electricity and gas.
In the first half of 2022, the training of commercial personnel amounted to almost 1300 hours, in particular dedicated to activities on heat pumps and photovoltaic and on new commercial products.
In 2022, the three-year start-up course of professional technical training for thermo-hydraulic installer of the Scuola dei Mestieri dell’Energia continued in partnership with the AFORISMA Business School and with all the installers in the Apulian territory already partner of the Group, which will close in autumn 2024. The trade school strives to strengthen the number of professionals working in the energy supply chain, starting with sales roles. Young people will have the opportunity to begin their professional careers with installers already working for Edison.

## Edison's focus on young people

Edison took part in the first edition of Deploy Your Talent, realized by Sodalitas, for First Grade Secondary Schools. The project, aimed at raising awareness and disseminating the importance of studying technical and scientific

disciplines among the new generations, involved nine second-year classes from various institutes in the province of Milan. The aim was to show what happens in a company and to show some activities that highlight how important digital and scientific skills are in today's world.
Among the initiatives it has recently joined is the “Sistema Scuola/Impresa (School/Enterprise System)” project with Elis and Valore D on STEM. The aim is to accompany schools in a transformation plan, aimed at giving teachers and students the opportunity to become agents of change through an intergenerational exchange with Role Models. Some of Edison's STEM professionals will then go to schools and through their testimonies will be able to inspire, motivate and orient young people to the skills and professions of the future, breaking down the gender stereotype.
There was also a continuation of the commitment to orientation activities for the younger generations for High Schools, Technical and Professional Institutes thanks to Edison's Digital School, a digital platform created to offer orientation paths in the energy sector for students in secondary schools. The course has been certified by Confindustria as a Quality Vocational (BAQ) project. The platform certifies up to forty-five hours of PCTO - Pathway for Transversal Skills and Orientation -, divided into two different sections:
• the 30-hour module dedicated to training on Electricity Production, in which each student will have the opportunity to learn more about the world of hydroelectricity, wind, photovoltaic and thermoelectricity through innovative teaching tools such as podcasts, experiments, video exploration of power plants and energy professionals;
• the 15-hour module dedicated to Project Work in which the class turns into a start-up to develop, through seven guided steps, a creative idea.
In 2022, more than 50 schools participated, with 93 classes and over 1,500 students from Lazio, Lombardy, Piedmont, Apulia, Sicily and Veneto.
In addition, the implementation was started of module II on Midstream Gas & Power and of a module dedicated to learning styles aimed at helping young people understand what their learning style is in order to facilitate their success in study and professional life.

Edison's focus on recent graduates is significant. An ad hoc selection process has been designed for them, aiming to introduce young people into the company who share Edison's values and who demonstrate the desire to contribute to the achievement of the challenging corporate objectives for 2050. The selection process involves aptitude and logic tests, a written test and at least two interviews: one cognitive and potential, the other technical and on the role. For them, there is also a training and development path called the Young Community (YC).
The YC continued its attitudinal, economic and energy training activities and in 2022 activated a new Skill Lab on early leadership, which is involving 20 young people in a journey to different locations in Milan to explore some characteristics of leadership.
In June, the second hybrid edition of the Edison Energy Camp was broadcast, the intensive training course on energy that Edison launches every year thanks to LUISS Business School and WEC Italia and which in 2022 involved 27 young people from the YC and 20 university students from different Italian universities (Luiss, Turin Polytechnic, Bari Polytechnic, Milan Polytechnic, Catholic University of the Sacred Heart). The program unravelled over two weeks, full of different contributions: in addition to the WEC (World Energy Council Italia Services), LUISS lectures were alternated with testimonies from corporate management and professionals from other companies or institutions, and this year ended with a closing event and graduation ceremony at the prestigious Luiss Business School premises.

In the first half of 2022, Edison took part in numerous Orientation, Employer Branding and Recruiting initiatives with the main Italian universities (Career Day, support moments for CV writing or training for selection interviews, testimonials on jobs, career paths and development opportunities through YC colleagues or storytellers).

In the first half of the year, Edison became a participating member of the ITS Green Foundation in Vimercate (MB) for the development of technical profiles for Energy Efficiency, Renewables and Electric Mobility.

# Other information

Pursuant to art. 2428 of the Italian Civil Code, the company provides the following disclosure:

- at June 30, 2022, it did not hold treasury shares or shares of its parent company in the portfolio, neither indirectly through nominees nor other third parties. No transactions involving treasury shares or shares of the parent company were executed during the period, either directly or indirectly through nominees or other third parties;
- the Group executed transactions with related parties during the half-year. A description of the most significant transactions is provided in paragraph 9.3 "Intercompany and Related-party Transactions" of the Condensed Consolidated Semiannual Financial Statements;
- no secondary registered offices have been established.

The Company chose to avail itself of the options provided under art. 70, paragraph 8, and art. 71, paragraph 1-*bis*, of the Issuers' Regulations. Consequently, it is not complying with the requirement to make available to the public an Information Memorandum in connection with significant transactions involving mergers, demergers, capital increases through conveyances of assets in kind, acquisitions and divestments.

**PAGE LEFT INTENTIONALLY BLANK**

# Condensed Consolidated Semiannual Financial Statements

**AT JUNE 30, 2022**

# Consolidated Income Statement

| (in millions of euros) | Chapter | 1st half 2022 | of which related parties | 1st half 2021 | of which related parties |
|---|---|---|---|---|---|
| Sales revenues | | 13,222 | 2,579 | 4,120 | 637 |
| Other revenues and income | | 46 | 8 | 101 | 9 |
| **Total net revenues** | | **13,268** | **2,587** | **4,221** | **646** |
| Commodity and logistic costs (-) | | (12,097) | (1,337) | (3,251) | (343) |
| Other costs and services used (-) | | (345) | (8) | (283) | (16) |
| Labor costs (-) | | (174) | | (168) | |
| Receivables (writedowns) / reversals | 3 | (9) | | (6) | |
| Other costs (-) | | (21) | | (41) | |
| **EBITDA** | 2 | **622** | | **472** | |
| Net change in fair value of derivatives (commodity and exchange rate risk) | 4 | (7) | (955) | (14) | 94 |
| Depreciation and amortization (-) | 5 | (191) | | (177) | |
| (Writedowns) and reversals | 5 | (5) | | - | |
| Other income (expense) non Energy activities | 8 | (12) | | (125) | |
| **EBIT** | | **407** | | **156** | |
| Net financial income (expense) on debt | 6 | (3) | (1) | (5) | (1) |
| Other net financial income (expense) | 2 | 17 | 55 | (6) | (1) |
| Net financial income (expense) on assigned trade receivables without recourse | 3 | (9) | | (7) | |
| Income from (Expense on) equity investments | 5 | 14 | 14 | 12 | 10 |
| **Profit (Loss) before taxes** | | **426** | | **150** | |
| Income taxes | 7 | (198) | | 172 | |
| **Profit (Loss) from continuing operations** | | **228** | | **322** | |
| Profit (Loss) from discontinued operations | 2;9 | 4 | | (3) | |
| **Profit (Loss)** | | **232** | | **319** | |
| Broken down as follows: | | | | | |
| Minority interest in profit (loss) | | 31 | | - | |
| **Group interest in profit (loss)** | | **201** | | **319** | |

# Other Components of the Comprehensive Income Statement

| (in millions of euros) | Chapter | 1st half 2022 | 1st half 2021 |
|---|---|---|---|
| **Profit (Loss)** | | **232** | **319** |
| **Other components of comprehensive income:** | | | |
| **A) Change in the Cash Flow Hedge reserve** | 6 | **(337)** | **42** |
| - Gains (Losses) arising during the period | | (470) | 57 |
| - Income taxes | | 133 | (15) |
| **B) Differences on the translation of assets in foreign currencies** | | **-** | **4** |
| - Gains (Losses) arising during the period not realized | | - | - |
| - Losses reversal to Income Statement | | - | 4 |
| - Income taxes | | - | - |
| **C) Pro rata interest in other components of comprehensive income of investee companies** | | - | - |
| **D) Actuarial gains (losses) (*)** | | **(1)** | **(1)** |
| - Actuarial gains (losses) | | (1) | (1) |
| - Income taxes | | - | - |
| **Total other components of comprehensive income net of taxes (A+B+C+D)** | | **(338)** | **45** |
| **Total comprehensive profit (loss)** | | **(106)** | **364** |
| Broken down as follows: | | | |
| Minority interest in comprehensive profit (loss) | | 31 | - |
| **Group interest in comprehensive profit (loss)** | | **(137)** | **364** |

(*) Items not reclassificable in Income Statement.

# Consolidated Balance Sheet

| (in millions of euros) | Chapter | 06.30.2022 | of which related parties | 12.31.2021 | of which related parties |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Property, plant and equipment | 5 | 3,772 | | 3,744 | |
| Intangible assets | 5 | 375 | | 339 | |
| Goodwill | 5 | 2,206 | | 2,184 | |
| Investments in companies valued by the equity method | 5 | 174 | 174 | 160 | 160 |
| Other non-current financial assets | 5 | 74 | 15 | 33 | 12 |
| Deferred-tax assets | 7 | 522 | | 329 | |
| Non-current tax receivables | 7 | 2 | | 2 | |
| Other non-current assets | 3 | 88 | | 71 | |
| Fair value | 4 | 1,781 | 488 | 863 | 191 |
| Assets for financial leasing | 5 | 2 | | 2 | |
| **Total non-current assets** | | **8,996** | | **7,727** | |
| Inventories | 3 | 305 | | 176 | |
| Trade receivables | 3 | 3,323 | 389 | 3,542 | 285 |
| Current tax receivables | 7 | 20 | 16 | 6 | 4 |
| Other current assets | 3 | 429 | 62 | 432 | 35 |
| Fair value | 4 | 7,957 | 2,479 | 3,843 | 1,099 |
| Current financial assets | 6 | 2 | | 3 | |
| Cash and cash equivalents | 6 | 1,183 | 1,143 | 910 | 850 |
| **Total current assets** | | **13,219** | | **8,912** | |
| **Assets held for sale** | 9 | **74** | | **69** | |
| **Total assets** | | **22,289** | | **16,708** | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | | 4,736 | | 4,736 | |
| Reserves and retained earnings (loss carryforward) | | 1,104 | | 980 | |
| Reserve for other components of comprehensive income | | (533) | | (195) | |
| Group interest in profit (loss) | | 201 | | 413 | |
| **Total shareholders' equity attributable to Parent Company shareholders** | 6 | **5,508** | | **5,934** | |
| Shareholders' equity attributable to minority shareholders | 6 | 452 | | 419 | |
| **Total shareholders' equity** | | **5,960** | | **6,353** | |
| Employee benefits | 5 | 39 | | 37 | |
| Provisions for decommissioning and remediation of industrial sites | 5 | 196 | | 188 | |
| Provisions for risks and charges | 5 | 453 | | 239 | |
| Provisions for risks and charges for non Energy activities | 8 | 387 | | 396 | |
| Deferred-tax liabilities | 7 | 48 | | 44 | |
| Non-current tax payables | 7 | - | | 17 | |
| Other non-current liabilities | 6 | 25 | | 15 | |
| Fair value | 4 | 2,379 | 1,062 | 891 | 314 |
| Non-current financial debt | 6 | 702 | | 614 | |
| **Total non-current liabilities** | | **4,229** | | **2,441** | |
| Trade payables | 3 | 2,904 | 188 | 2,872 | 133 |
| Current tax payables | 7 | 237 | 145 | 136 | 61 |
| Other current liabilities | 3 | 405 | 57 | 402 | 19 |
| Fair value | 4 | 7,917 | 3,467 | 4,092 | 1,500 |
| Current financial debt | 6 | 607 | 181 | 382 | 20 |
| **Total current liabilities** | | **12,070** | | **7,884** | |
| **Liabilities held for sale** | 9 | **30** | | **30** | |
| **Total liabilities and shareholders' equity** | | **22,289** | | **16,708** | |

# Cash Flow Statement

The table below analyzes the **cash flow** as it applies to short-term liquid assets (i.e., due within 3 months) in the first half of 2022 and in the first half of 2021. In order to provide a better understanding of the Group's cash generation and utilization dynamics and changes in financial debt, please see paragraph 6.3 Total financial indebtedness and cost of debt. The information provided below is supplemented by the data presented in a separate statement included in the Semiannual Report on Operations.

| | | | 1st half 2022 | | 1st half 2021 | |
|---|---|---|---|---|---|---|
| | (in millions of euros) | Chapter | | of which related parties | | of which related parties |
| | **Profit (Loss) before taxes** | | **426** | | **150** | |
| | Depreciation, amortization and writedowns | 5 | 196 | | 177 | |
| | Net additions to provisions for risks | | (41) | | 72 | |
| | Interest in the result of companies valued by the equity method (-) | 5 | (14) | (14) | (10) | (10) |
| | Dividends received from companies valued by the equity method | 5 | 7 | 7 | 6 | 6 |
| | (Gains) Losses on the sale of non-current assets | | 1 | | (18) | |
| | Change in employee benefits | | (1) | | (1) | |
| | Change in fair value recorded in EBIT | 4 | 7 | | 14 | |
| | Change in operating working capital | | 134 | (49) | (51) | 1 |
| | Change in non-operating working capital | | (165) | 11 | (157) | (9) |
| | Change in other operating assets and liabilities | | 208 | | 49 | |
| | Net financial (income) expense | | (5) | (54) | 18 | 2 |
| | Net financial income (expense) paid | | 13 | 54 | (11) | (2) |
| | Net income taxes paid | | (182) | (85) | (61) | (41) |
| | Operating cash flow from discontinued operations | | - | | - | |
| A. | **Operating cash flow** | | **584** | | **177** | |
| | Additions to intangibles and property, plant and equipment (-) | 5 | (202) | | (203) | |
| | Additions to non-current financial assets ( -) | 5 | - | | (280) | |
| | Net price paid on business combinations | 1 | (111) | | (6) | |
| | Proceeds from the sale of intangibles and property, plant and equipment | | - | | 432 | |
| | Proceeds from the sale of non-current financial assets | | - | | - | |
| | Cash used in investing activities from discontinued operations | | - | | - | |
| B. | **Cash used in investing activities** | | **(313)** | | **(57)** | |
| | Receipt of new medium-term and long-term loans | | 94 | | 70 | |
| | Redemption of medium-term and long-term loans (-) | | (27) | | (115) | |
| | Other net change in financial debt | | 218 | 161 | 143 | 28 |
| | Change in current financial assets | | 3 | - | 4 | 3 |
| | Net liabilities resulting from financing activities (*) | 6 | 288 | | 102 | |
| | Capital and reserves contributions (+) | | - | | - | |
| | Dividends and reserves paid to controlling companies or minority shareholders (-) | 6 | (286) | (253) | - | |
| | Cash used in financing activities from discontinued operations | | - | | - | |
| C. | **Cash used in financing activities** | | **2** | | **102** | |
| D. | **Net currency translation differences** | | **-** | | **-** | |
| E. | **Net cash flow for the period (A+B+C+D)** | | **273** | | **222** | |
| F. | **Cash and cash equivalents at the beginning of the year** | | **910** | **850** | **313** | **213** |
| G. | **Cash and cash equivalents at the end of the period (E+F)** | | **1,183** | **1,143** | **535** | **470** |
| H. | **Cash and cash equivalents at the end of the period discontinued operations** | | **-** | **-** | **-** | **-** |
| I. | **Cash and cash equivalents at the end of the period continuing operations (G-H)** | | **1,183** | **1,143** | **535** | **470** |

(*) For the reconciliation with the amounts of balance sheet please refer to paragraph 6.3 "Total financial indebtedness and cost of debt".

# Changes in Consolidated Shareholders’ Equity

| (in millions of euros) | Share capital | Reserves and retained earnings (loss carry-forward) | Reserve for other components of comprehensive income | | | | Group interest in profit (loss) | Total shareholders' equity attributable to Parent Company shareholders | Shareholders' equity attributable to minority shareholders | Total shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cash Flow Hedge reserve | Differences on the translation of assets in foreign currencies | Interest in other components of comprehensive income of investee companies | Actuarial gains (losses) | | | | |
| **Balance at December 31, 2020** | **5,377** | **(58)** | **30** | **(14)** | **-** | **(5)** | **19** | **5,349** | **131** | **5,480** |
| Appropriation of the previous year's profit (loss) | - | 19 | - | - | - | - | (19) | **-** | - | **-** |
| Dividends and reserves distributed | - | - | - | - | - | - | - | **-** | - | **-** |
| Change in the scope of consolidation | - | (161) | - | - | - | - | - | **(161)** | (115) | **(276)** |
| Reduction of the share capital to cover loss carry-forward (*) | (641) | 641 | - | - | - | - | - | **-** | - | **-** |
| Other changes | - | 6 | - | - | - | - | - | **6** | (1) | **5** |
| **Total comprehensive profit (loss)** | **-** | **-** | **42** | **4** | **-** | **(1)** | **319** | **364** | **-** | **364** |
| of which: | | | | | | | | | | |
| - Change in comprehensive income | - | - | 42 | 4 | - | (1) | - | **45** | - | **45** |
| - Profit (loss) from 01.01.2021 to 06.30.2021 | - | - | - | - | - | - | 319 | **319** | - | **319** |
| **Balance at June 30, 2021** | **4,736** | **447** | **72** | **(10)** | **-** | **(6)** | **319** | **5,558** | **15** | **5,573** |
| Dividends and reserves distributed | - | - | - | - | - | - | - | **-** | - | **-** |
| Change in the scope of consolidation | - | 526 | - | - | - | - | - | **526** | 387 | **913** |
| Other changes | - | 7 | - | - | - | - | - | **7** | - | **7** |
| **Total comprehensive profit (loss)** | **-** | **-** | **(255)** | **4** | **-** | **-** | **94** | **(157)** | **17** | **(140)** |
| of which: | | | | | | | | | | |
| - Change in comprehensive income | - | - | (255) | 4 | - | - | - | **(251)** | - | **(251)** |
| - Profit (loss) from 07.01.2021 to 12.31.2021 | - | - | - | - | - | - | 94 | **94** | 17 | **111** |
| **Balance at December 31, 2021** | **4,736** | **980** | **(183)** | **(6)** | **-** | **(6)** | **413** | **5,934** | **419** | **6,353** |
| Appropriation of the previous year's profit (loss) | - | 413 | - | - | - | - | (413) | **-** | - | **-** |
| Dividends and reserves distributed (**) | - | (286) | - | - | - | - | - | **(286)** | - | **(286)** |
| Change in the scope of consolidation | - | (4) | - | - | - | - | - | **(4)** | 3 | **(1)** |
| Other changes | - | 1 | - | - | - | - | - | **1** | (1) | **-** |
| **Total comprehensive profit (loss)** | **-** | **-** | **(337)** | **-** | **-** | **(1)** | **201** | **(137)** | **31** | **(106)** |
| of which: | | | | | | | | | | |
| - Change in comprehensive income | - | - | (337) | - | - | (1) | - | **(338)** | - | **(338)** |
| - Profit (loss) from 01.01.2022 to 06.30.2022 | - | - | - | - | - | - | 201 | **201** | 31 | **232** |
| **Balance at June 30, 2022** | **4,736** | **1,104** | **(520)** | **(6)** | **-** | **(7)** | **201** | **5,508** | **452** | **5,960** |

(*) The item takes into account the effects of the resolution to reduce the share capital, taken by Edison Spa Extraordinary Shareholders’ Meeting of March 31, 2021.

(**) Edison Spa Shareholders’ Meeting, held on March 31, 2022, passed a resolution for the distribution of a portion of 2021 profit, for an overall amount of 286 million euros, as dividend for saving and ordinary shares. Such amount was paid on April 27, 2022.

# 1. Introduction

The Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2022 were prepared in accordance with Article 154-ter of Legislative Decree No. 58 of February 24, 1998 as amended, and the interim financial disclosures provided are consistent with the provisions of IAS 34 – Interim Financial Reporting. The abovementioned report is consistent with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.).

The Board of Directors, meeting on July 26, 2022, authorized the publication of the Condensed Consolidated Semiannual Financial Statements, which were the subject of a limited audit by KPMG Spa in accordance with an assignment awarded by the Shareholders' Meeting of April 28, 2020 for a period of nine years (2020-2028), pursuant to Legislative Decree No. 39 of January 27, 2010.

Unless otherwise stated, all amounts in these accompanying notes are in millions of euros.

## 1.1 Newly applied standards

The accounting principles, the valuation criteria and the consolidation criteria applied for the preparation of these Condensed Consolidated Semiannual Financial Statements are consistent with those adopted for the 2021 Consolidated Financial Statements, which should be referenced for additional details.

During the period there were no changes of accounting standards with effects on Group's Financial Statements.

## 1.2 Presentation formats adopted by the Group

Based on the numerous IASB's projects on the topic **"Effective communication"** Edison has been adopting for some time a presentation method that makes the financial statements information more relevant and effective, considering information materiality and stakeholders' expectations. For this purpose, in continuity with previous years, the notes to the financial statements have been broken down into chapters of similar topics, instead of detailing them for single items of the financial statements.

## 1.3 Use of estimated values

Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2022 and the accompanying notes required the use of estimates and assumptions both in the measurement of certain assets and liabilities and the valuation of contingent liabilities. The future results that will arise upon the occurrence of the relevant events could differ from these estimates.

The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in the financial statements. Generally, the use of estimates is particularly significant for the following items: i) the assessment that the value of the company's property, plant and equipment and intangible assets, including the goodwill, may be subject to a permanent reduction (so called impairment test); ii) the valuation of certain provisions for risks and charges, such as the provisions for decommissioning and remediation of industrial sites and those for legal and tax disputes; iii) measurement of certain revenues.

For a more detailed description of the valuation processes with a more significant impact on the Group, unchanged compared to the previous year, please see paragraph 10.2 Valuation Criteria in 2021 Consolidated Financial Statements.

## 1.4 Significant assumptions in determining control in accordance with IFRS 12

With reference to the definition of control set forth in IFRS 10 please note that Edison fully consolidates the company Tre Monti, of which it holds 20%, since it is a company established by Edison to carry out the activities related to the decontamination of the Bussi site; based on the agreements signed, Edison contractually undertakes to provide Tre Monti with the financial resources needed to carry out the project for the decontamination of the Bussi site and obtain a decontamination certificate.

IFRS 10 specifies that in determining control attention should be paid to the purpose and objectives of the investee, the risks that are transmitted to the parties involved and the level of involvement that the party exercising control had in defining the structure of the investee.

## 1.5 Main changes in the scope of consolidation compared with December 31, 2021

The main changes in the period involved:

- the acquisition, executed on January 20, 2022, of 100% of the company **Energia Italia**, operating in the mini-hydro sector, which at the closing date owned 50% of Idroelettrica Dogana and 50% of Idroelettrica Restituzione. Later, on May 26, 2022, Energia Italia acquired a further stake of 20% of the company **Idroelettrica Dogana** which therefore is now owned at 70% and consolidated line-by-line, whereas the company **Idroelettrica Restituzione** continues to be evaluated by equity method; the considerations paid for such acquisitions amount to about 23 million euros;
- the acquisition, on April 7, 2022, of 55% of **Sistrol**, a digital company operating in Spain in the energy services for the tertiary sector and consolidated line-by-line, for a consideration of about 7 million euros;
- the acquisition, executed on May 4, 2022, of 70% of **Gaxa**, a company operating in the retail gas market in Sardinia, through the supply of natural gas, LPG and propane-air for civil uses and consolidated line-by-line, for a consideration at the closing of 6 million euros (earn-out subject to the occurring of some conditions precedent are provided by contract);
- the acquisition, on May 10, 2022, by Fenice Qualità per l'Ambiente (now Edison Next) of 100% of **Citelum Italia**, a company operating in the segment of lighting services for the Public Administration and already owned by EDF Group, for a consideration at the closing of about 83 million euros; the transaction is treated as Business Combination between companies under common control and therefore is excluded from the scope of IFRS 3 revised.

It should also be noted:

- the merger, occurred on January 1, 2022, of the companies **Idroelettrica Cervino** and **Idroelettrica Brusson** into **Energie Rinnovabili Arpitane**;
- the acquisitions, executed on February 18, 2022 and April 26, 2022, of 100% respectively of the companies **REN 153** and **REN 141**, operating in the photovoltaic sector and which have been valued as Group of assets acquisition pursuant to IFRS 3 revised.

During the first half of the year Edison signed an agreement to sell the stake in the North Reggane licence in Algeria, held by its subsidiary **Edison Reggane** to Repsol and Wintershall Dea Algeria Gmbh. However, the finalization of the sale transaction is not foreseeable at the moment, as it is subject to the approval of the competent authorities.

## 1.6 Information related to business combinations

The following table shows a summary of the balance sheet impacts deriving from the valuation of the business combination's transactions. With reference to the acquisitions of Energia Italia, Sistrol and Gaxa the values booked should be viewed provisional since, pursuant to IFRS 3 revised, the valuation becomes final within 12 months from the acquisition; in particular for Sistrol and Gaxa the options for the acquisition of minority interests have been valued.

As previously commented the acquisition of Citelum Italia, already owned by EDF Group, is treated as a Business Combination between companies under common control and therefore, being excluded from the scope of IFRS 3 revised, is not subject to the Purchase Price Allocation process.

| Fair value of acquired assets and liabilities (in millions of euros) | Energia Italia | Sistrol | Gaxa | Citelum Italia | Total business combinations |
|---|---|---|---|---|---|
| Goodwill | - | - | - | 4 | 4 |
| Total non-current assets | 26 | 1 | 5 | 75 | 107 |
| Total current assets | 5 | 5 | 24 | 114 | 148 |
| **Total assets** | **31** | **6** | **29** | **193** | **259** |
| Shareholders' equity attributable to Parent Company shareholders | | | | (4) | (4) |
| Shareholders' equity attributable to minority shareholders | 3 | - | - | - | 3 |
| Total non-current liabilities | 4 | 5 | 3 | 27 | 39 |
| Total current liabilities | 1 | 2 | 29 | 87 | 119 |
| **Total liabilities** | **8** | **7** | **32** | **110** | **157** |
| **Fair value of net acquired assets** | **23** | **(1)** | **(3)** | **83** | **102** |
| % attributable to Edison | 100% | 100% | 100% | 100% | |
| **Fair value attributable to Edison** | **23** | **(1)** | **(3)** | **83** | **102** |
| Goodwill | - | 8 | 9 | - | 17 |
| **Price of acquisition** | **23** | **7** | **6** | **83** | **119** |
| Cash and cash equivalents acquired | (4) | - | - | (21) | (25) |
| Financial debt reimbursed | - | - | 17 | - | 17 |
| **Net price paid on business combination** | **19** | **7** | **23** | **62** | **111** |

The contribution of the companies to Group's income statement from the acquisition date at June 30, 2022 is reported below:

| Income statement from acquisition date (in millions of euros) | Energia Italia | Sistrol | Gaxa | Citelum Italia | Total business combinations |
|---|---|---|---|---|---|
| Sales revenues (*) | - | 2 | 3 | 23 | 28 |
| **EBITDA** | **-** | **-** | **-** | **4** | **4** |
| Depreciation, amortization and writedowns | (2) | - | - | (1) | (3) |
| Net financial income (expense) (*) | - | - | - | - | - |
| **Profit (Loss) before taxes** | **(2)** | **-** | **-** | **3** | **1** |
| **Profit (Loss)** | **(2)** | **-** | **-** | **1** | **(1)** |

(*) Including transactions with other companies of Edison Group.

## 1.7 Extraordinary 'extra-profits' contribution (effects D.L. 21/2022 "Cut Prices" and D.L. 50/2022 "Aiuti")

Article 37 of Decree-Law March 21, 2022, no. 21, converted, with amendments, by Law no. 51 of May 20, 2022, and further amended by Decree-Law May 17, 2022, no. 50, converted into Law no. 91 of July 15, 2022, provided for the application of an extraordinary levy contribution, due as one-off, to be paid by producers, importers and retailers of electricity, gas and oil products.

The extraordinary contribution is calculated by applying a rate of 25% to the increase in the balance of VAT receivable and payable transactions for the period from October 1, 2021 to April 30, 2022 compared to the balance of the same transactions for the period from October 1, 2020 to April 30, 2021.

Based on the current legal provisions and the interpretative clarifications issued to date by the Revenue Agency, the amounts due by Group companies were determined, which amount to a total of approximately 74 million euros and are recorded under "Income Taxes".

For further information please refer to chapter 7. Taxation.

# 2. Performance

## 2.1 Highlights


(*) Effect on indebtedness as described in the paragraph 6.3 Total financial indebtedness and cost of debt. The value of the first half of 2021 does not include the effect of the relevant operations in the renewables sector (acquisition of 70% of E2i Energie Speciali, now Edison Rinnovabili) and the sale of non-core activities (sale of Edison Norge and Infrastrutture Distribuzione Gas (IDG)).

(**) TFI Total Financial Indebtedness; the ratio at June 30, 2022 was calculated using an EBITDA based on the last twelve months.

| Highlights 1st half 2022 (in millions of euros) | Electric Power Operations | Gas Operations (*) | Corporate | Eliminations | Edison Group |
|---|---|---|---|---|---|
| EBITDA | 368 | 295 | (41) | - | **622** |
| EBIT | 209 | 263 | (65) | - | **407** |
| Gross Investments (**) | 183 | 17 | 3 | - | **203** |

(*) Including E&P business activities in Algeria.
(**) Relating to increases of property, plant and equipment and of intangible assets during the period

## 2.2 Segment Information

The segments, as identified by the Group in accordance with IFRS 8, correspond to the Electric Power Operations, the Gas Operations and Corporate. This segment information disclosure is based on the same structure used for the reports that are periodically analyzed by Management and the Board of Directors to manage the Group's business activities and for management reporting, planning and control purposes.

**Electric Power Operations**: the Group operates throughout the entire electricity supply chain with a portfolio of power generation plants from thermoelectric, hydroelectric, wind and photovoltaic sources and performs activities related to plant management and development, enhancement, dispatching and sale of energy to both wholesalers and end customers (residential, PA, SMEs and business). Electric Power Operations also includes the assets and activities of energy and environmental services.

**Gas Operations:** Edison is present in the various phases of the hydrocarbon supply chain with activities: i) midstream gas: development of transport infrastructure, procurement contracts and storage management; ii) downstream gas: sale to wholesalers and end consumers (industrial and residential); iii) upstream, which include residual assets for exploration, development and production of hydrocarbons in Algeria, in the process of being sold.

**Corporate:** include centralized and cross-functional activities by the Parent Company and the activities of certain holding and real estate companies. This includes the management of non Energy activities discussed in chapter 8. Non Energy activities.

| (in millions of euros) | Electric Power Operations | Gas Operations | Corporate | Adjustments | Edison Group |
|---|---|---|---|---|---|
| **Income statement 1st half 2022** | | | | | |
| **Sales Revenues** | **4,485** | **10,331** | **38** | **(1,632)** | **13,222** |
| - Third parties | 4,474 | 8,745 | 3 | - | 13,222 |
| - Intra-Group | 11 | 1,586 | 35 | (1,632) | - |
| Commodity and logistic costs | (3,696) | (10,000) | - | 1,599 | (12,097) |
| Other costs and services used | (302) | (33) | (45) | 35 | (345) |
| Labor costs | (121) | (18) | (35) | - | (174) |
| Other revenues and income/(costs), net | 2 | 15 | 1 | (2) | 16 |
| **EBITDA** | **368** | **295** | **(41)** | **-** | **622** |
| Net change in fair value of derivatives | 1 | (8) | - | - | (7) |
| Depreciation and amortization | (155) | (24) | (12) | - | (191) |
| (Writedowns) and reversals | (5) | - | - | - | (5) |
| Other income (expenses) non Energy activities | - | - | (12) | - | (12) |
| **EBIT** | **209** | **263** | **(65)** | **-** | **407** |
| **Balance Sheet at 06.30.2022** | | | | | |
| Current and non current assets | 7,687 | 13,340 | 4,505 | (3,317) | 22,215 |
| Assets held for sale | - | 12 | 62 | - | 74 |
| Total assets | 7,687 | 13,352 | 4,567 | (3,317) | 22,289 |
| Current and non current liabilities | 3,475 | 12,739 | 2,043 | (1,958) | 16,299 |
| Liabilities held for sale | - | 1 | 29 | - | 30 |
| Total liabilities | 3,475 | 12,740 | 2,072 | (1,958) | 16,329 |
| Total shareholders' equity | | | | | 5,960 |
| Total financial indebtedness | | | | | 150 |
| **Other information and ratios** | | | | | |
| Number of employees | 4,572 | 476 | 712 | - | 5,760 |
| Employees in activities held for sale | - | - | - | - | - |
| EBITDA/Sales revenues | 8.2% | 2.9% | n.m. | n.m. | 4.7% |
| EBIT/Sales revenues | 4.7% | 2.5% | n.m. | n.m. | 3.1% |
| TFI/EBITDA | | | | | 0.1 |
| **Income statement 1st half 2021** | | | | | |
| **Sales Revenues** | **2,006** | **2,388** | **38** | **(312)** | **4,120** |
| - Third parties | 1,999 | 2,116 | 5 | - | 4,120 |
| - Intra-Group | 7 | 272 | 33 | (312) | - |
| Commodity and logistic costs | (1,343) | (2,185) | - | 277 | (3,251) |
| Other costs and services used | (241) | (37) | (42) | 37 | (283) |
| Labor costs | (110) | (22) | (36) | - | (168) |
| Other revenues and income/(costs), net | 25 | 30 | 1 | (2) | 54 |
| **EBITDA** | **337** | **174** | **(39)** | **-** | **472** |
| Net change in fair value of derivatives | 4 | (18) | - | - | (14) |
| Depreciation and amortization | (146) | (21) | (10) | - | (177) |
| (Writedowns) and reversals | - | - | - | - | - |
| Other income (expenses) non Energy activities | - | - | (125) | - | (125) |
| **EBIT** | **195** | **135** | **(174)** | **-** | **156** |
| **Balance Sheet at 12.31.2021** | | | | | |
| Current and non current assets | 6,759 | 8,802 | 3,762 | (2,684) | 16,639 |
| Assets held for sale | - | 11 | 58 | - | 69 |
| Total assets | 6,759 | 8,813 | 3,820 | (2,684) | 16,708 |
| Current and non current liabilities | 2,530 | 7,582 | 1,527 | (1,314) | 10,325 |
| Liabilities held for sale | - | 1 | 29 | - | 30 |
| Total liabilities | 2,530 | 7,583 | 1,556 | (1,314) | 10,355 |
| Total shareholders' equity | | | | | 6,353 |
| Total financial indebtedness | | | | | 104 |
| **Other information and ratios** | | | | | |
| Number of employees | 3,766 | 456 | 696 | - | 4,918 |
| Employees in activities held for sale | - | - | - | - | - |
| EBITDA/Sales revenues | 16.8% | 7.3% | n.m. | n.m. | 11.5% |
| EBIT/Sales revenues | 9.7% | 5.7% | n.m. | n.m. | 3.8% |
| TFI/EBITDA | | | | | 0.1 |

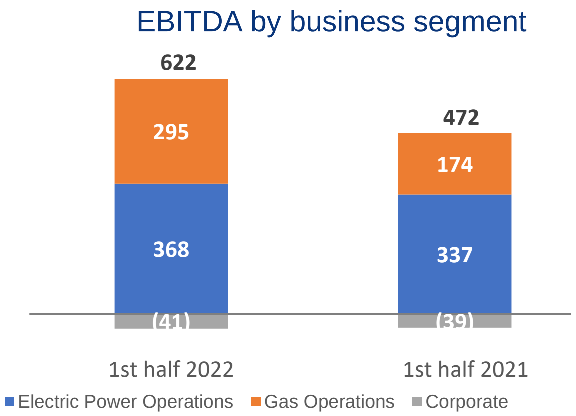
The Group does not view geographic area segment information as meaningful.

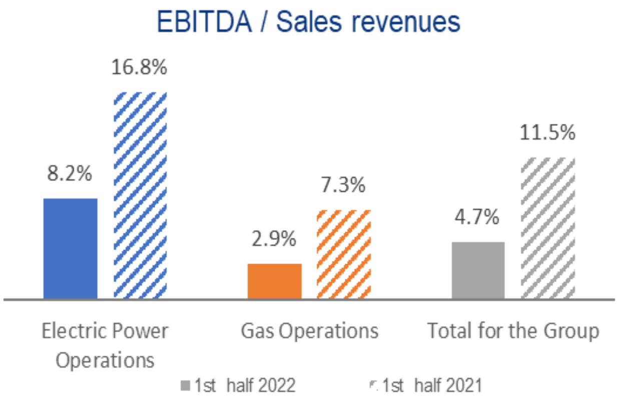
## Major customers as defined by IFRS 8

Sales revenues of the Group are usually not concentrated; there is only one major customer (a related-party) with total sales revenues amounting to about 2,529 million euros in the first half of 2022, mainly referred to Electric Power Operations (corresponding to about 39% of sales revenues of the segment and about 19% of Group's sales revenues).

## 2.3 EBITDA

| **EBITDA** (in millions of euros) | **1st half 2022** | 1st half 2021 | Change | Change % |
|---|---|---|---|---|
| Electric Power Operations | 368 | 337 | 31 | 9.2% |
| Gas Operations | 295 | 174 | 121 | 69.5% |
| Corporate | (41) | (39) | (2) | (5.1%) |
| **Total for the Group** | **622** | **472** | **150** | **31.8%** |




Within a context of a sharp increase in energy commodity prices compared to the first half of 2021, Group EBITDA was a positive 622 million euros, a significant increase compared to the same period of 2021 (472 million euros).

Electric Power Operations reported in particular a positive trend in the thermoelectric sector compared to the previous year, thanks to a positive generation and the capacity market contribution, which more than offset the lack of some one-off components recorded in the first half of 2021, such as CIP6 incentives for 2003-2004. The contribution of the generation from hydroelectric sources was instead negative, due to a low hydraulicity, as well as that of the wind sector, on which impacted lower incentives. The hydroelectric sector benefited of a positive one-off component linked to the so called 'Spalma-incentivi', whereas on all of three hydroelectric, wind and photovoltaic sectors weighed the negative effects of D.L. January 27, 2022, n.4 ("Sostegni-ter"). Also the commercial side recorded a sharp decline in results, in particular in the Retail segment, due to the price scenario.

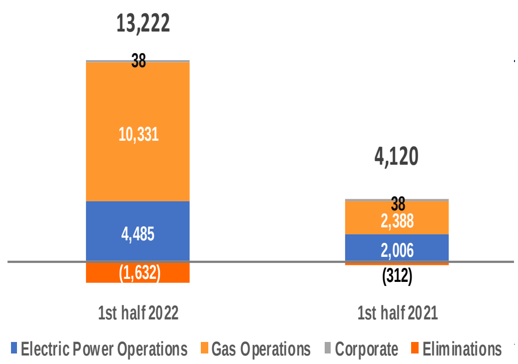
Electric Power Operations also benefited from the contribution of the Energy & Environmental Services Market activities, which totalled 48 million euros (40 million euros in the first half of 2021); this increase is attributable to both the contribution of the company Citelum Italia, consolidated from May, and a positive performance in the Industry segment.

The EBITDA of Gas Operations increased significantly compared to the same period of 2021, benefiting inter alia from the increased availability of procurement sources and portfolio optimization actions. It should also be noted that the first half of 2021 benefited from certain one-off components, including the positive result of IDG sale. On the commercial side, a reduction in results was recorded, particularly due to the lower margins of the retail segment. E&P activities, which in the first half of 2022 include the contribution of activities in Algeria, showed a result of 18 million euros (7 million euros in the first half of 2021, which also include the contribution of activities in Norway), an increase due to the price scenario.

The main components of EBITDA are analyzed below.

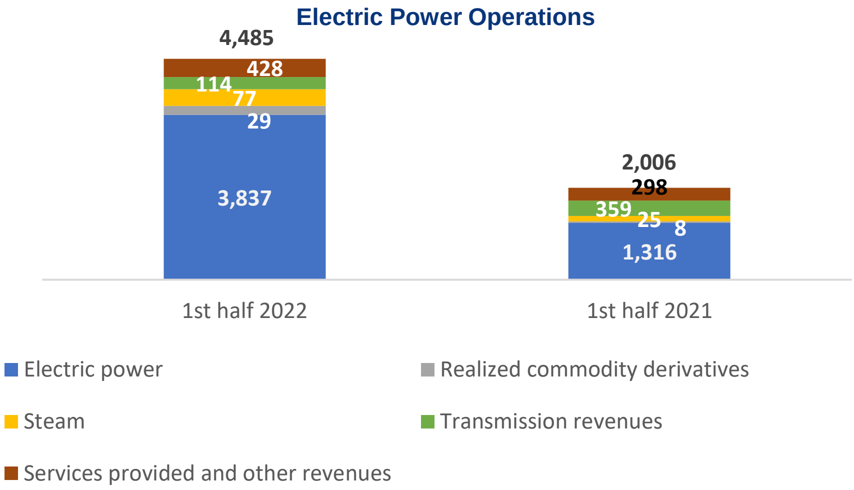
### 2.3.1 Sales revenues

| Sales revenues (in millions of euros) | 1st half 2022 | 1st half 2021 | Change | Change % |
|---|---|---|---|---|
| Electric power | 3,827 | 1,313 | 2,514 | 191.5% |
| Natural gas | 8,034 | 1,854 | 6,180 | 333.3% |
| Realized commodity derivatives | 612 | 108 | 504 | 466.7% |
| Steam | 77 | 25 | 52 | 208.0% |
| Transmission revenues | 180 | 473 | (293) | (61.9%) |
| Storage services | 46 | 39 | 7 | 17.9% |
| Revenues from services provided | 364 | 261 | 103 | 39.5% |
| Other revenues | 82 | 47 | 35 | 74.5% |
| **Total** | **13,222** | **4,120** | **9,102** | **220.9%** |

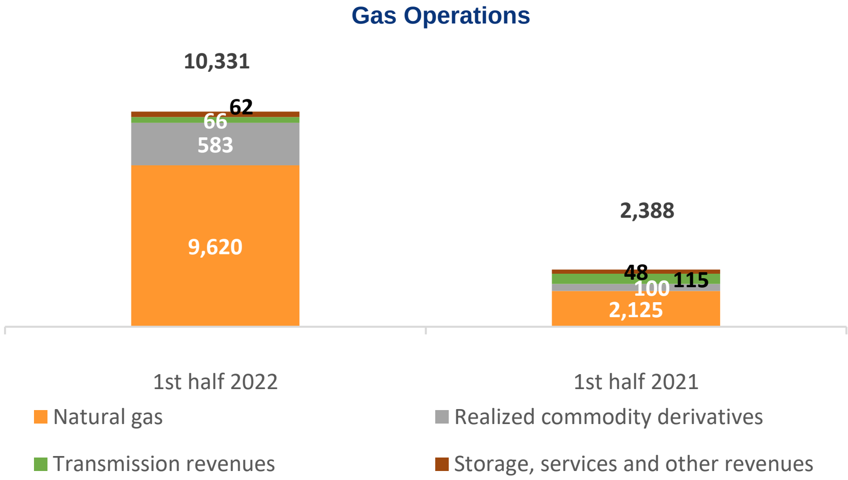



Revenues from the sale of electric power were up mainly due to the increase in energy prices in Italy.

Revenues from services provided include the energy services of Energy and Environmental Services Market activities (286 million euros in the first half of 2022, 238 million euros in the same period of 2021).



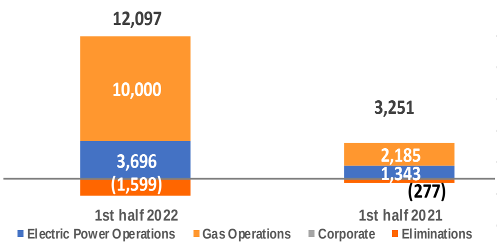

Group revenues from the sale of natural gas recorded a sharp increase, mainly as a result of the rise in energy commodity prices and, to a lesser extent, for the increase in volumes sold. Please note that gas sales of Gas Operations also include the sales to Electric Power Operations.




The realized results on commodity derivatives, that should be analyzed together with the corresponding item included in Commodity and logistic costs, concern the commodities and foreign exchange hedge executed to mitigate the risk of fluctuation in the cost of natural gas and that related to its sale, in line with the indexing formulas and the risk factors included.

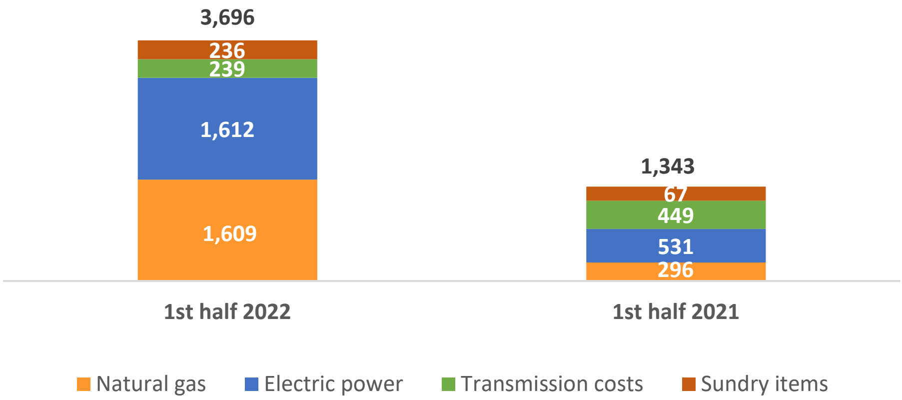
## 2.3.2 Commodity and logistic costs

| Commodity and logistic costs (in millions of euros) | 1st half 2022 | 1st half 2021 | Change | Change % |
|---|---|---|---|---|
| Natural gas | 8,889 | 1,687 | 7,202 | 426.9% |
| Realized commodity derivatives | 695 | 63 | 632 | n.s. |
| Electric power | 1,612 | 531 | 1,081 | 203.6% |
| Transmission costs | 619 | 850 | (231) | (27.2%) |
| Regasification fee | 50 | 53 | (3) | (5.7%) |
| Sundry items | 232 | 67 | 165 | 246.3% |
| **Total** | **12,097** | **3,251** | **8,846** | **272.1%** |

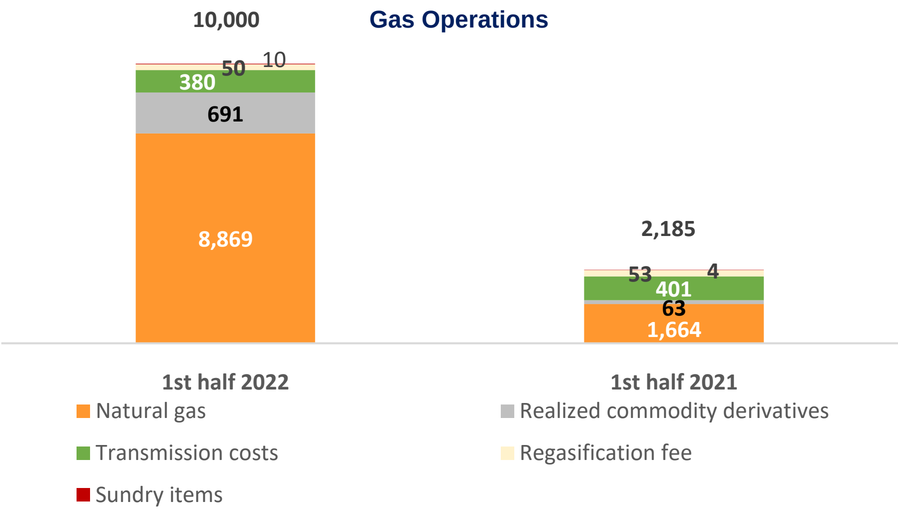



Commodity and logistic costs show a sharp increase and reflect the issues already commented on the previous section.

**Electric Power Operations**



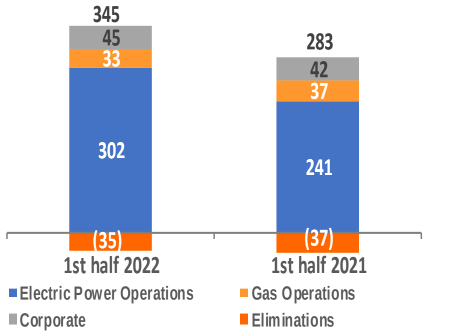

**Gas Operations**




The item Regasification fee, amounting to 50 million euros, includes charges recognized to Terminale GNL Adriatico for regasification activities.

### 2.3.3 Other costs and services used

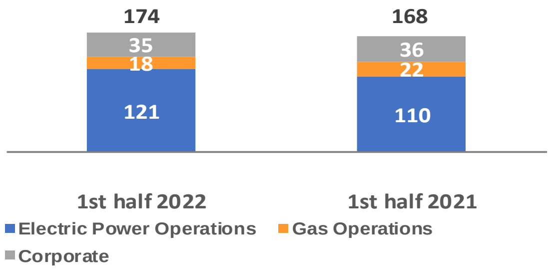
| Other costs and services used (in millions of euros) | 1st half 2022 | 1st half 2021 | Change | Change % |
|---|---|---|---|---|
| Maintenance | 118 | 108 | 10 | 9.3% |
| Professional services | 64 | 63 | 1 | 1.6% |
| Use of property not owned | 49 | 39 | 10 | 25.6% |
| Insurance costs | 14 | 13 | 1 | 7.7% |
| Advertising and communication costs | 10 | 6 | 4 | 66.7% |
| Sundry items | 90 | 54 | 36 | 66.7% |
| **Total** | **345** | **283** | **62** | **21.9%** |




During the first half of the year there was an increase in costs for the use of property not owned, mainly due to higher fees on hydroelectric concessions and royalties related to the operation of wind farms, in maintenance costs, also due to changes in the scope of consolidation, and in advertising costs. The increase in Sundry items is mainly attributable to higher sales volumes of value-added services (VAS).

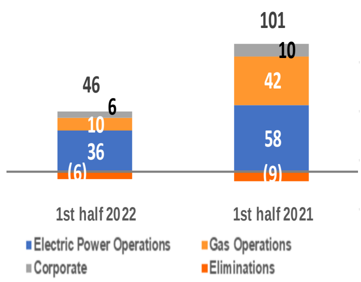
### 2.3.4 Labor costs

These costs recorded an increase of 6 million euros compared to the same period of the previous year, mainly linked to the changes in the scope of consolidation of Energy & Environmental Services Market activities.




### 2.3.5 Other revenues and income and Other costs

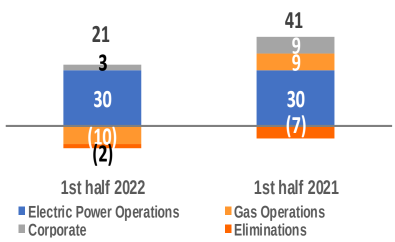
| Other revenues and income (in millions of euros) | 1st half 2022 | 1st half 2021 | Change | Change % |
|---|---|---|---|---|
| Net reversals in earnings of provisions for sundry risks | 12 | 29 | (17) | n.s. |
| Gains on disposals | - | 20 | (20) | n.s. |
| Insurance indemnities | 3 | 3 | - | 0.0% |
| Out of period and other income | 31 | 49 | (18) | (36.7%) |
| **Total** | **46** | **101** | (55) | (54.5%) |




The item Gains on disposals relating to the first half of 2021 included, among other, the income resulting from the sale of the company IDG.

It should be noted that the item Out of period and other income includes 6 million euros (6 million euros in the first half of 2021) from the operations managed in compliance with MASA joint venture agreement with EDF Trading.

| Other costs (in millions of euros) | 1st half 2022 | 1st half 2021 | Change | Change % |
|---|---|---|---|---|
| Indirect taxes and duties | 9 | 7 | 2 | 28.6% |
| Additions to provisions for risks | 3 | 13 | (10) | (76.9%) |
| Out of period and sundry items | 9 | 21 | (12) | (57.1%) |
| **Total** | **21** | **41** | (20) | (48.8%) |




The item Out of period and sundry items includes losses on disposals for 1 million euros.

## 2.4 From EBITDA to Profit (Loss) from continuing operations

In addition to the industrial performance discussed above, it is worth of noting, in particular, depreciation and amortization for 191 million euros (177 million euros in the first half of 2021) and writedowns of fixed assets for 5 million euros; for further information please refer to chapter 5. Fixed assets and Provisions.

Net expense on non Energy activities amounted to 12 million euros (125 million euros in the first half of 2021); for further detail please refer to chapter 8. Non Energy activities.

**EBIT amounted to 407 million euros (156 million euros in the first half of 2021)**.

Financial items recorded a total of 5 million euros in net income, a sharp improvement compared with the first half of 2021 (net expense of 18 million euros); the change is mainly attributable to exchange rates effects.
As regards Net financial income (expense) on debt and Net financial income (expense) on assigned trade receivables without recourse reference should be made to paragraphs 6.3 Total financial indebtedness and cost of debt and 3.2 Operating working capital, respectively. The following table is a breakdown of the item **Other net financial income (expense).**

| Other net financial income (expense) (in millions of euros) | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Financial expenses on provisions | (5) | (5) | - |
| Net foreign exchange translation gains (losses) (*) | 28 | - | 28 |
| Other | (6) | (1) | (5) |
| **Other net financial income (expense)** | **17** | **(6)** | **23** |

(*) Including net results of the transactions with EDF Sa to cover exchange rate risk.

The item Net foreign exchange translation gains (losses) in the first half of 2022 includes net gains realized on hedging operations on exchange risk outstanding with EDF Sa.
After including the effect of **income taxes** (net expense for 198 million euros, compared with net income for 172 million euros in the first half of 2021 which included the positive effect of fiscal realignment; please see chapter 7. Taxation) and net income from equity investments (14 million euros; reviewed in paragraph 5.2 Equity investments and Other non-current financial assets), the **Profit (Loss) from continuing operations is 228 million euros in profit, 322 million euros in the first half of 2021**.

## 2.5 Profit (Loss) from discontinued operations and Group interest in profit (loss)

Profit (Loss) from discontinued operations relating to the first half of 2022, a profit for 4 million euros, includes mainly an income determined by the revision of the estimated present value of the additional consideration set forth in the agreement with Energean (up to 100 million USD subject to the commissioning of Cassiopea gas field in Italy).
In the first half of 2021 the amount was negative for 3 million euros and included mainly charges on provisions for risks of a fiscal nature linked to any liabilities related to E&P activities sold, for which Edison remained liable on the basis of the agreements with Energean.

Minority interest in profit (loss) is 31 million euros in profit, in increase following the sale of 49% of Edison Renewables and its subsidiaries carried out in December 2021. After considering the items described above the **Group interest in profit (loss) is equal to 201 million euros in profit** (a profit for 319 million euros in the first half of 2021).

# 3. Net working capital

| Net working capital (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Trade receivables | 3,323 | 3,542 | (219) |
| Inventories | 305 | 176 | 129 |
| Trade payables | (2,904) | (2,872) | (32) |
| **Operating working capital (A)** | **724** | **846** | **(122)** |
| Other non-current assets | 88 | 71 | 17 |
| Other current assets | 429 | 432 | (3) |
| Other current liabilities | (405) | (402) | (3) |
| **Other assets (liabilities) (B) (*)** | **112** | **101** | **11** |
| **Net working capital (A+B)** | **836** | **947** | **(111)** |

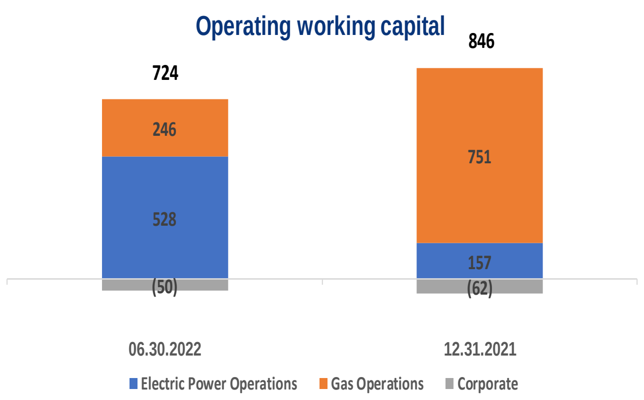
(*) It should be noted that Other non-current liabilities are not included in this item since they are instead included in "Total financial indebtedness" (reference should be made to paragraph 6.3 Total financial indebtedness and cost of debt).

The balances of the Operating working capital overall are substantially in line compared to December 31, 2021. The first half of 2022 was characterized by the persistence of the rise in the commodity price scenario that had already impacted the last quarter of last year.

## 3.1 Credit risk management

The credit risk represents Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.
To control this risk, the Edison Group strengthened the procedures and programs designed to evaluate customer credit standing and optimized the collection strategies for the various customer segments.
The significant increase of volatility in commodity prices occurred during the first half of 2022, also as a result of the geopolitical context related to the Russia-Ukraine conflict, contributed to increase the exposure to credit risk; the actions implemented by the Group, better commented in section 3.2.1, enabled it to mitigate such risk.
When it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives) the Group deals only with entities with a high credit rating. At June 30, 2022, there were no significant exposures to risks related to a possible deterioration of the overall financial environment and no significant levels of concentration held by non-institutional individual counterparties.

## 3.2 Operating working capital




Compared to December 2021, the Electric Power Operations shows a significant increase, mainly on trade receivables, related to the rise in the price of electricity. This effect, however, is offset by the Gas Operations which benefits from the collection in the first months of the year of some credit notes related to long-term contracts.

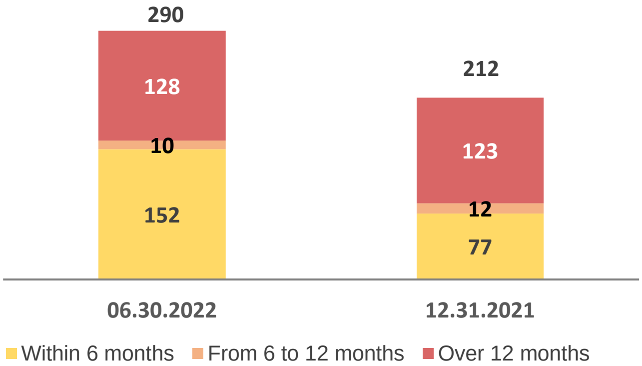
### 3.2.1 Trade receivables

| Trade receivables (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Electric Power Operations | 1,593 | 1,088 | 505 |
| Gas Operations | 1,769 | 2,484 | (715) |
| Corporate and eliminations | (39) | (30) | (9) |
| **Trade receivables** | **3,323** | **3,542** | **(219)** |
| **of which allowance for doubtful accounts** | **(171)** | **(163)** | **(8)** |
| Guarantees owned | 37 | 11 | 26 |

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, and Power Exchange transactions.

Edison Group regularly carries out transactions to assign trade receivables without recourse on a revolving monthly basis and by the transfer of credit risk on a non-recourse basis. Note that in the first half of 2022 the receivables assigned with such transactions totalled 4,985 million euros (2,200 million euros in the first half of 2021). These receivables were not exposed to the risk of recourse at June 30, 2022. The costs related to managing these activities are recorded under financial items and amount to 9 million euros (7 million euros in the first half of 2021).

**Past due receivables**




Edison Group continues to pursue a credit management approach differentiated over three market segments (Retail, Business and Public Administration), which is aimed, through structural actions, at preventing the formation of new trade receivables and quickly collect both current and non-performing receivables. The overdue within 6 months includes a temporary postponement of payment by some customers for approximately 50 million euros, already returned in the first days of July.

The table that follows shows the changes in “Allowance for doubtful accounts”:

| (in millions of euros) | 12.31.2021 | Additions | Utilizations | Scope of consolidation/ Other | 06.30.2022 |
|---|---|---|---|---|---|
| **Allowance for doubtful accounts (*)** | **(163)** | **(12)** | **13** | **(9)** | **(171)** |

(*) Including default interests.

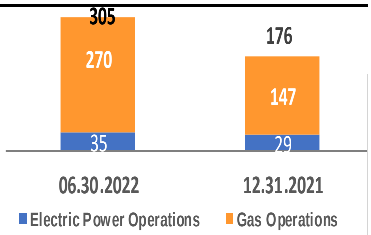
Additions to the allowance reflect the result of an assessment, performed consistent with the Group’s policy, of the different status of receivables, taking into account each customer segment, the corresponding past-due receivables and the aging; utilizations were mainly recognised for receivables deemed uncollectible during the period.

EBITDA for the period shows net charges related to writedowns and reversals on receivables for 9 million euros (6 million euros in the first half of 2021).

The amount of the allowance for doubtful accounts is determined based on the different underlying credit statuses or, particularly for receivables owed by Retail customers, taking into account the relative age of the non-performing receivables and the methodology envisaged in the IFRS 9 accounting standard (expected credit losses model). It should also be noted that during the first half of 2022 has been renewed an insurance contract on the receivables related to a part of the Business customers, which determined a reduction in credit risk of the interested customers.

### 3.2.2 Inventories

| Inventories (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Stored natural gas | 271 | 145 | 126 |
| Engineering consumables | 28 | 20 | 8 |
| Other | 6 | 11 | (5) |
| **Inventories** | **305** | **176** | **129** |




The inventories include for about 92 million euros stored natural gas the use of which is restricted either as a strategic reserve or to secure performance under the balancing system. The increase in stored natural gas is due to the rise in prices and volumes of stocks.

### 3.2.3 Trade payables

| Trade payables (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Electric Power Operations | 1,100 | 960 | 140 |
| Gas Operations | 1,796 | 1,880 | (84) |
| Corporate and eliminations | 8 | 32 | (24) |
| **Trade payables** | **2,904** | **2,872** | **32** |

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance.

## 3.3 Other assets and liabilities

| Other assets and liabilities (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| VAT credit | 48 | 78 | (30) |
| Other tax receivables | 11 | 40 | (29) |
| Deposits | 17 | 19 | (2) |
| Advances to suppliers | 46 | 45 | 1 |
| Receivables for take or pay advances | 65 | 65 | - |
| Other | 330 | 256 | 74 |
| **Total Other assets (A)** | **517** | **503** | **14** |
| Amount owed to employees | 44 | 50 | (6) |
| Payables owed to social security institutions | 25 | 29 | (4) |
| Other | 336 | 323 | 13 |
| **Total Other liabilities (B)** | **405** | **402** | **3** |
| **Other assets and liabilities (A-B)** | **112** | **101** | **11** |

The reduction in Other tax receivables reflects the collection during the half year of the receivables registered towards the tax authorities as of December 31, 2021 and relating to the favorable outcome of two disputes for registration tax (approximately 30 million euros).
With reference to Receivables for take or pay advances, it should be noted that at June 30, 2022 an amount of 65 million euros relating to uncollected volumes, the recoverability of which is expected to be recovered in 2022, remains recognized.
The increase in the item Other of Other assets compared to December 31, 2021 reflects, among other things, the increase of approximately 31 million euros in receivables linked to the exercise of the sale of the tax credit by customers in the commercial area to which tangible goods were sold, such as boilers, air conditioners and photovoltaic systems.

### Commitments

At June 30, 2022, guarantees of about 371 million euros (391 million euros at December 31, 2021) were recognized to the Revenue Agency, provided mainly by Edison Spa and referred to VAT credit refunds related to the periods from 2017 to 2020.

# 4. Market risk management

This chapter provides an overview of the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities, the foreign exchange risk linked to commodities and other risks related to foreign exchange rate.
In accordance with IFRS 7 Financial Instruments - Disclosure, consistently with Semiannual Report on Operations, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.
In addition, effects of derivatives transactions on Income Statement and Balance Sheet at June 30, 2022 are provided too.

## 4.1 Market risk and risk management

### 4.1.1 Commodity price risk and exchange rate risk related to commodity transactions

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles (electric power, natural gas, petroleum products and environmental securities), both directly, with pricing formula, and indirectly, through statistical correlations and economic relations, which have an impact on the revenues and expenses of its production, storage and marketing operations. Moreover, because some contracts are settled in currencies different from euro and/or include a translation into different currencies through price indexing formulas, the Group is also exposed to exchange rate risk.
The management and control of these risks are governed by the Energy Risk Policies, which involve the use of derivatives for hedging purposes in order to reduce or mitigate the related risk.
For further details concerning the governance model adopted by the Group and the operational procedures related to it, please refer to the 2021 Consolidated Financial Statements.
For hedging derivatives of the Industrial Portfolio, a simulation is carried out to measure the potential impact of market prices fluctuations on the fair value of outstanding derivatives. The simulation is carried out for a length of time equal to the residual lives of outstanding derivative contracts, the farthest maturity of which is currently 2026.
The following table shows the maximum expected negative variance in the fair value by the end of the year, with a 97.5% probability, compared with the fair value determined at June 30, assuming constant ineffective portions.

| **Value at Risk (VaR)** (*)<br>(in millions of euros) | **06.30.2022** | **06.30.2021** |
|---|---|---|
| Maximum negative variance in the fair value of derivatives | 7,087 | 467 |
| Maximum negative variance in the fair value including the change in the fair value of the contracts object of hedge; of which: | 1,640 (****) | 213 |
| - potential impact on Income Statement (**) | 251 | 36 |
| - potential impact on balance sheet in Cash Flow Hedge reserve (***) | 1,389 | 185 |

(*) Value at Risk: is a statistical measurement of the maximum potential negative variance in portfolio's fair value in response to unfavorable market moves, within a given time horizon and confidence interval.
(**) Referring to derivatives qualified as Economic Hedges and to the ineffective portion of derivatives qualified as Cash Flow Hedges and Fair Value Hedges.
(***) Referring to the effective portion of derivatives qualified as Cash Flow Hedges.
(****) It is a linear sum which does not take into account the diversification effect.

The increase in maximum variance in the fair value compared with the level measured at June 30, 2021 is mainly attributable to the extraordinary higher volatility in commodity prices and to the increase in derivatives volumes.

The hedging strategy deployed during the period enabled the Group to comply with its risk management objectives; the Industrial Portfolio's commodity price risk profile within the approved limit of Economic Capital in terms of absorption of economic capital is the following:

| Industrial portfolio<br>Economic Capital absorbed | 1st half 2022 | | 1st half 2021 | |
|---|---|---|---|---|
| | without derivatives | with derivatives | without derivatives | with derivatives |
| Average absorption of the approved limit of Economic Capital | 457% | 83% | 295% | 51% |
| Maximum absorption | 568% - Apr. '22 | 97% - Jan. '22 | 333% - May '21 | 58% - Apr. '21 |

### 4.1.2 Foreign exchange risk

The types of foreign exchange risk and the guidelines related to the governance and to the risk mitigation strategies are unchanged compared with December 31, 2021.

## 4.2 Hedge Accounting and Economic Hedge – Fair Value Hierarchy

Whenever possible, the Group applies hedge accounting, provided the transactions comply with the requirements of IFRS 9.

### 4.2.1. Classification

Forward transactions and derivatives outstanding are classified as follows:

1) **Derivatives that qualify as hedges in accordance with IFRS 9**. This category includes (i) transactions that hedge the risk of fluctuations in cash flow (Cash Flow Hedges - CFH) on interest rates, exchange rates and commodity and (ii) transactions that hedge the fair value of the hedged item (Fair Value Hedges - FVH) on commodity (price and exchange rate).
2) **Forward transactions and derivatives that do not qualify as hedges in accordance with IFRS 9** that comply with internal risk policies and procedures on management of exchange rate and energy commodity risks.

### 4.2.2. Fair Value hierarchy according to IFRS 13

The classification of financial instruments at fair value, provided by IFRS 13, based on the reliability of inputs used to measure it, is based on the following hierarchy:

- **Level 1**: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets. Instruments with which Edison Group operates directly in active markets (e.g., futures) are included in this category.
- **Level 2**: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable (e.g., forward contracts or swaps in futures markets).
- **Level 3**: Determination of fair value based on valuation models with inputs not based on observable market data (unobservable inputs). At June 30, 2022, one category is classified at this level which fair value is negative for about 1 million euros (one category at December 31, 2021 which fair value was negative for about 2 million euros).

The valuation of financial instruments can entail significant subjective judgment. However, Edison uses prices quoted in active markets, when available, as the best estimate of the fair value of all derivatives.

## 4.3 Effects of derivatives transactions on Income Statement and Balance Sheet at June 30, 2022

### 4.3.1. Effects of derivatives transactions on Income Statement at June 30, 2022

| (in millions of euros) | Realized<br>(A) | Change in Fair Value in the period<br>(B) | Amounts recognized in earnings at 06.30.2022<br>(A+B) | Realized<br>(A) | Change in Fair Value in the period<br>(B) | Amounts recognized in earnings at 06.30.2021<br>(A+B) |
|---|---|---|---|---|---|---|
| Result from price risk and exchange risk hedges for commodities of which: | | | | | | |
| **Total definables as hedges pursuant to IFRS 9 (CFH) (*)** | **(262)** | **(14)** | **(276)** | **(93)** | **(5)** | **(98)** |
| Price risk hedges for energy products | (268) | (14) | (282) | (85) | (5) | (90) |
| Exchange risk hedges for commodities | 6 | - | 6 | (8) | - | (8) |
| **Total definables as hedges pursuant to IFRS 9 (FVH)** | **206** | **17** | **223** | **137** | **(8)** | **129** |
| Price risk hedges for energy products | 194 | (1,225) | (1,031) | 144 | 7 | 151 |
| Exchange risk hedges for commodities | 12 | 57 | 69 | (7) | 37 | 30 |
| Fair value physical contracts | - | 1,185 | 1,185 | - | (52) | (52) |
| **Total not definables as hedges pursuant to IFRS 9** | **(26)** | **(10)** | **(36)** | **1** | **(1)** | **-** |
| Price risk hedges for energy products | (25) | (9) | (34) | 1 | (1) | - |
| Exchange risk hedges for commodities | (1) | (1) | (2) | - | - | - |
| **Total price risk and exchange risk hedges for commodities** | **(82)** | **(7)** | **(89)** | **45** | **(14)** | **31** |
| **TOTAL INCLUDED IN EBIT** | **(82)** | **(7)** | **(89)** | **45** | **(14)** | **31** |
| Result from interest rate hedges: | | | | | | |
| Definables as hedges pursuant to IFRS 9 (CFH) | (2) | - | (2) | (3) | - | (3) |
| Not definables as hedges pursuant to IFRS 9 | - | - | - | - | - | - |
| **Total interest rate hedges (A)** | **(2)** | **-** | **(2)** | **(3)** | **-** | **(3)** |
| Result from exchange rate hedges: | | | | | | |
| Definables as hedges pursuant to IFRS 9 (CFH) | 55 | 1 | 56 | (1) | - | (1) |
| Not definables as hedges pursuant to IFRS 9 | - | (1) | (1) | (1) | - | (1) |
| **Total exchange rate hedges (B)** | **55** | **-** | **55** | **(2)** | **-** | **(2)** |
| **TOTAL INCLUDED IN FINANCIAL ITEMS (A+B)** | **53** | **-** | **53** | **(5)** | **-** | **(5)** |

(*) Includes the ineffective portion.

Specifically with regard to the changes that occurred in the first half of 2022, the general increase in the prices of all of the commodities had a negative effect on the value of hedging financial derivatives.

The economic results of the operations managed in compliance with MASA joint venture agreement with EDF Trading – so-called profit sharing – aren’t included in the table above because are recorded in the item Other revenues and income (positive for about 6 million euros in the first half of 2022; about 6 million euros in the first half of 2021).

### Focus on Net change in fair value of derivatives (commodity and exchange rate risk)

The following table provides the effects on the Income Statement from the changes in the fair value of the derivatives (commodity and foreign exchange rate), negative for 7 million euros in the first half of 2022 and negative for 14 million euros in the first half of 2021 (please see line "Total included in EBIT" with interception with columns B in the table above).

| Net change in fair value of derivatives (commodity and exchange rate risk)<br>(in millions of euros) | Definable as hedges (CFH) (*) | Definable as hedges (FVH) | Not definable as hedges | Total net change in fair value |
|---|---|---|---|---|
| **2022** | | | | |
| Hedges of price risk on energy products | (14) | (1,225) | (9) | **(1,248)** |
| Hedges of foreign exchange risk on commodities | - | 57 | (1) | **56** |
| Change in fair value in physical contracts (FVH) | - | 1,185 | - | **1,185** |
| **1st half 2022** | **(14)** | **17** | **(10)** | **(7)** |
| **2021** | | | | |
| Hedges of price risk on energy products | (5) | 7 | (1) | **1** |
| Hedges of foreign exchange risk on commodities | - | 37 | - | **37** |
| Change in fair value in physical contracts (FVH) | - | (52) | - | **(52)** |
| **1st half 2021** | **(5)** | **(8)** | **(1)** | **(14)** |

(*) It refers to the ineffective portion.

We remind that the Group extensively applies hedge accounting, through both Cash Flow Hedge and Fair Value Hedge operations, and that principle IFRS 9, which entered into force starting from January 1, 2018, changed these amendments, also modifying the rules of the accounting hedge relationships approaching the logics of recognition to those of risk management, consequently reducing the volatility effects.

## 4.3.2. Effects of derivatives transactions in Balance Sheet at June 30, 2022

The following table shows Fair Value breakdown recorded in Balance Sheet and gives its classification according to IFRS 13.

| (in millions of euros) | 06.30.2022 | | | 12.31.2021 | | |
|---|---|---|---|---|---|---|
| Broken down as follows: | Receivables | Payables | Net | Receivables | Payables | Net |
| - Financial assets (liabilities) | - | (1) | (1) | - | (6) | (6) |
| - Non-current assets (liabilities) | 1,781 | (2,379) | (598) | 863 | (891) | (28) |
| - Current assets (liabilities) | 7,957 | (7,916) | 41 | 3,843 | (4,086) | (243) |
| **Fair Value recognized as assets or liabilities (a)** | **9,738** | **(10,296)** | **(558)** | **4,706** | **(4,983)** | **(277)** |
| of which of (a) related to: | | | | | | |
| - Interest Rate Risk Management | - | (1) | (1) | - | (6) | (6) |
| - Exchange Rate Risk Management | 163 | (3) | 160 | 45 | (12) | 33 |
| - Commodity Risk Management | 5,149 | (7,771) | (2,622) | 2,493 | (3,516) | (1,023) |
| - Fair value on physical contracts | 4,426 | (2,521) | 1,905 | 2,168 | (1,449) | 719 |
| Broken down on fair value hierarchy: | | | | | | |
| - Level 1 | 193 | (3) | 190 | 154 | (5) | 149 |
| - Level 2 | 9,544 | (10,291) | (747) | 4,552 | (4,976) | (424) |
| - Level 3 (*) | 1 | (2) | (1) | - | (2) | (2) |
| **IFRS 7 potential offsetting (b)** | **(3,426)** | **3,426** | | **(1,628)** | **1,628** | |
| Net Fair Value including potential offsetting (a+b) | **6,312** | **(6,870)** | **(558)** | **3,078** | **(3,355)** | **(277)** |

(*) The fair value classified at level 3 is entirely recognized in Cash Flow Hedge reserve.

It is worth of mentioning that, as a counterpart of assets and liabilities shown above, a negative Cash Flow Hedge reserve by 726 million euros, gross of deferred tax assets and liabilities, was recorded in the shareholders' equity. For more information, please refer to paragraph 6.1 Shareholders' equity.

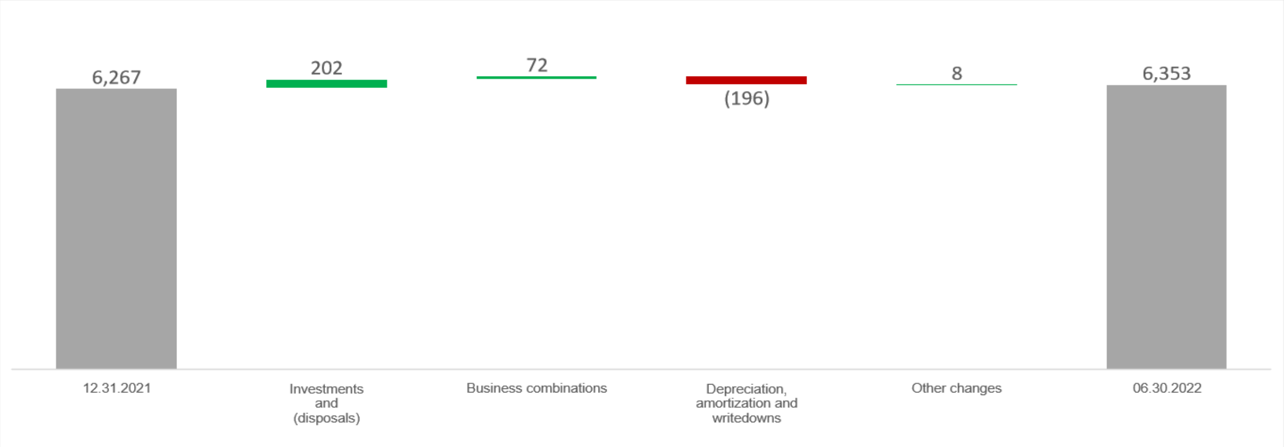
The increase, compared to December 2021, in Fair Value recorded in receivables and payables experienced in June 2022 is due to the general rise in the price of the treated commodities.

# 5. Fixed assets and Provisions

## 5.1 Tangible, intangible assets and goodwill

| **Tangible, intangible assets and goodwill** (in millions of euros) | Property, plant and equipment | Intangible assets | Goodwill | **Total** |
|---|---|---|---|---|
| **Balance at 12.31.2021 (A)** | **3,744** | **339** | **2,184** | **6,267** |
| Changes in 1st half 2022: | | | | |
| - investments | 148 | 55 | - | 203 |
| - business combinations | 26 | 25 | 21 | 72 |
| - disposals (-) | (1) | - | - | (1) |
| - depreciation and amortizations (-) | (152) | (39) | - | (191) |
| - writedowns (-) | (5) | - | - | (5) |
| - other changes | 12 | (5) | 1 | 8 |
| **Total changes (B)** | **28** | **36** | **22** | **86** |
| **Balance at 06.30.2022 (A+B)** | **3,772** | **375** | **2,206** | **6,353** |

TANGIBLE, INTANGIBLE ASSETS AND GOODWILL CHANGES (M€)




### Commitments on fixed assets

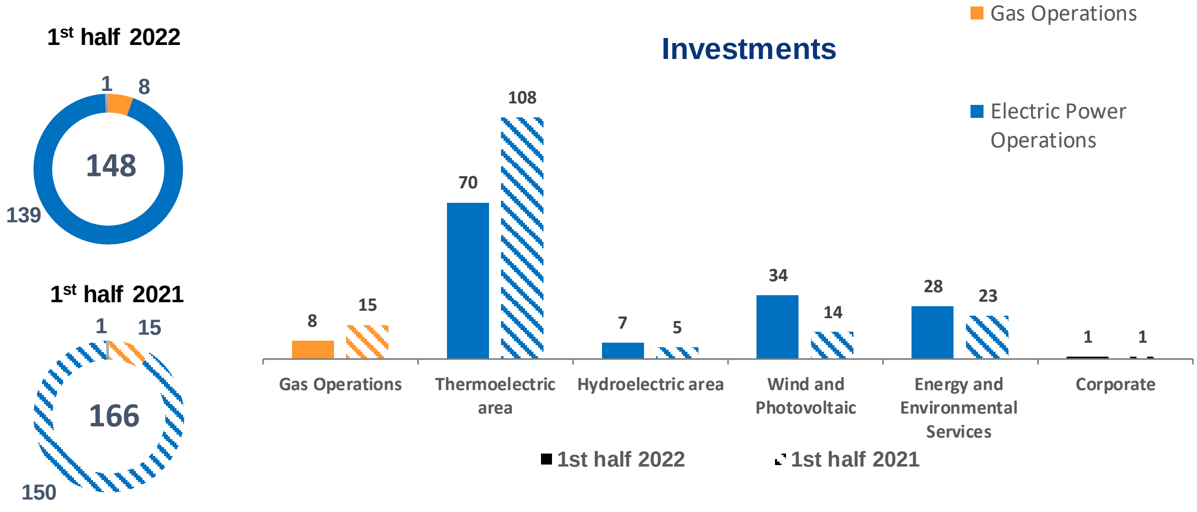
Total commitments amount to 270 million euros (303 million euros at December 31, 2021) and mainly include investments in progress in Italy, of which 98 million euros linked to the construction of a latest-generation combined-cycle thermoelectric power plant powered by natural gas in Presenzano in the province of Caserta and 70 million euros linked to the construction of a new latest-generation combined-cycle gas turbine at the Marghera Levante (VE) thermoelectric power plant.

### 5.1.1 Property, plant and equipment

| **Property, plant and equipment** (in millions of euros) | Land and buildings | Plant and machinery | Assets transferable at no cost | Assets under leases IFRS 16 (*) | Other assets | Construction in progress and advances | **Total** |
|---|---|---|---|---|---|---|---|
| **Balance at 12.31.2021 (A)** | **317** | **2,320** | **93** | **329** | **16** | **669** | **3,744** |
| Changes in 1st half 2022: | | | | | | | |
| - investments | 5 | 9 | - | - | - | 134 | 148 |
| - business combinations | 2 | 16 | - | 6 | 2 | - | 26 |
| - disposals (-) | - | (1) | - | - | - | - | (1) |
| - depreciation (-) | (7) | (116) | (7) | (20) | (2) | - | (152) |
| - writedowns (-) | - | (5) | - | - | - | - | (5) |
| - other changes | (1) | 27 | 3 | 5 | - | (22) | 12 |
| **Total changes (B)** | **(1)** | **(70)** | **(4)** | **(9)** | **-** | **112** | **28** |
| **Balance at 06.30.2022 (A+B)** | **316** | **2,250** | **89** | **320** | **16** | **781** | **3,772** |

(*) Recorded as required by IFRS 16; related financial debt is exposed in "Non-current financial debt" (235 million euros) and in "Current financial debt" (36 million euros)

#### Investments




Investments related to **Electric Power Operations** include:

- construction of new combined-cycle gas turbines of the thermoelectric plants of Marghera Levante and Presenzano;
- construction of new plants in the wind sector;
- investments of Energy & Environmental Services Market activities, mainly related to the construction of cogeneration, trigeneration and photovoltaic plants at customers' premises (Stellantis Group, CNHi and Michelin). In addition, upgrades on two biomethane plants are in progress.

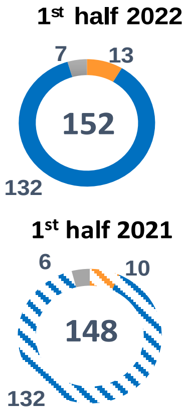
As regards the **Gas Operations**, investments mainly concern E&P activities abroad.

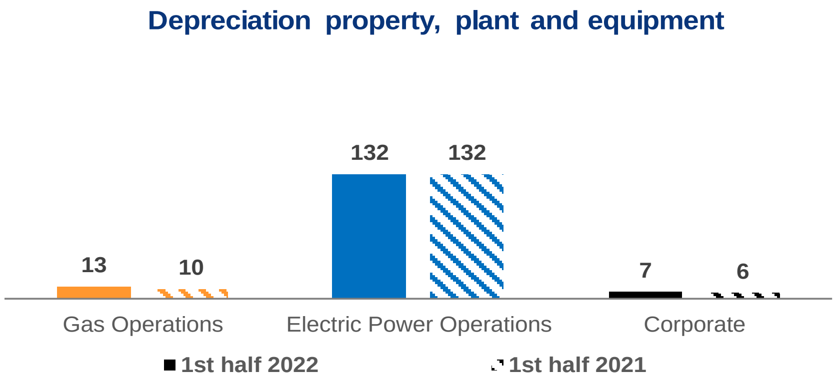
The item business combinations refers mainly to the acquisition of the companies Energia Italia and Citelum Italia, as previously described in paragraph 1.6.

The borrowing costs capitalized as part of property, plant and equipment, as allowed by IAS 23 revised, amounted to about 2 million euros.

The writedowns are related to the adjustment of some assets in the renewable sector.

### Depreciation




## 5.1.2 Intangible assets

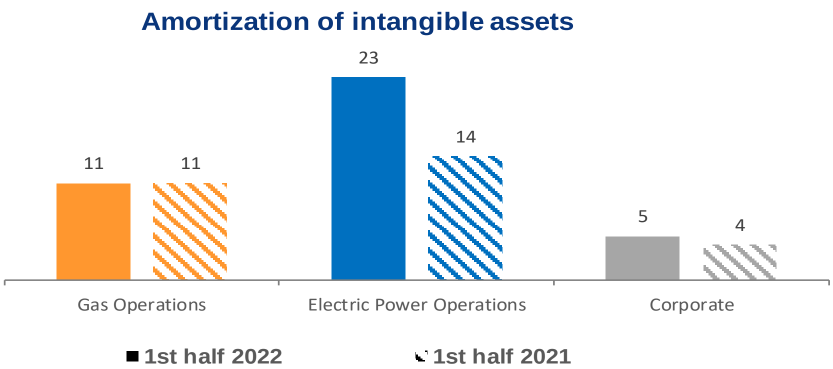
| Intangible assets (in millions of euros) | Hydrocarbon concessions | Concessions, licenses, patents and similar rights | Other intangible assets | Work in progres and advances | Total |
|---|---|---|---|---|---|
| **Balance at 12.31.2021 (A)** | **5** | **41** | **248** | **45** | **339** |
| Changes in 1st half 2022: | | | | | |
| - investments | - | 2 | 31 | 22 | 55 |
| - business combinations | - | 2 | 23 | - | 25 |
| - amortization (-) | (1) | (9) | (29) | - | (39) |
| - other changes (*) | - | 7 | 6 | (18) | (5) |
| **Total changes (B)** | **(1)** | **2** | **31** | **4** | **36** |
| **Balance at 06.30.2022 (A+B)** | **4** | **43** | **279** | **49** | **375** |

The main changes in the first half 2022 are referred to **investments** that mainly concern:

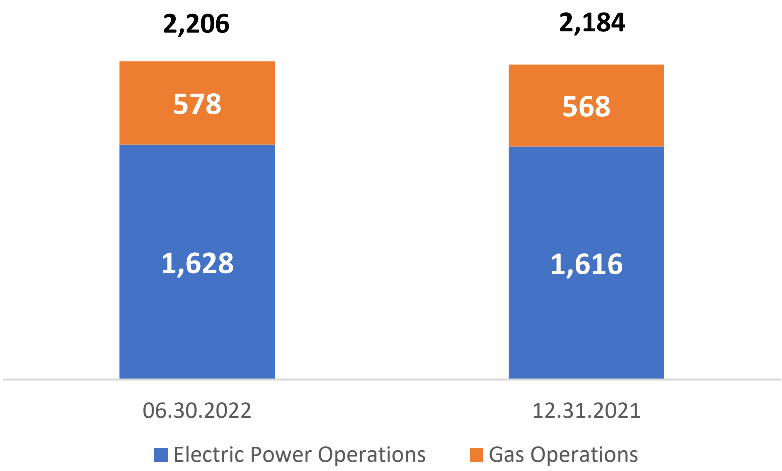
- the capitalization under the item Other intangible assets of incremental costs of obtaining new contracts in the commercial sector;
- the Energy & Environmental Services Market activities for commissions relating to the Public Administration.

Business combinations item is mainly referred to the acquisition of the companies Citelum Italia and Gaxa, as previously described in the paragraph 1.6.

### Amortization

### 5.1.3 Goodwill




The increase of goodwill is due to the acquisitions of the companies Citelum Italia, Sistrol and Gaxa.

The balance in this account is an intangible asset with an indefinite useful life. As such, it cannot be amortized in regular installments, but must be tested for impairment at least once a year.

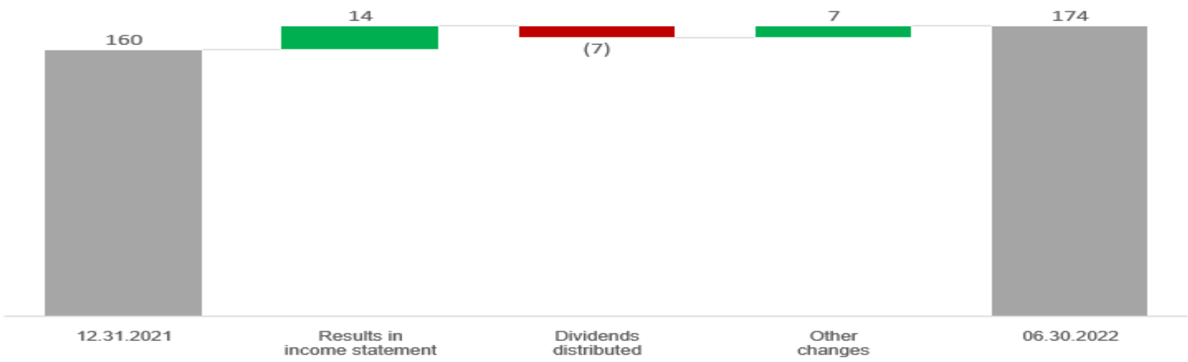
### 5.1.4 Impairment Test in Accordance with IAS 36

As required by IAS 36, in the first half of 2022 the Group performed analysis to identify potential impairment indicators which may change the Cash Generation Units (CGUs) and goodwill's recoverable value.
In that view and considering the current economic and political context, the economic and the short/medium term scenario variables, the economic performances of the first half and the probable evolution of the regulatory context were analyzed. The trigger events emerged were a slight worsening in the short-term scenario and changes to the legislative and regulatory system (D.L. "Cut Prices" and "Sostegni ter ").
Despite these impairment indicators, no write-down was made as all the CGUs involved showed a net present value higher than their book value.

## 5.2 Equity investments and Other non-current financial assets

### 5.2.1 Investments in companies valued by the equity method

The change during the period is reported below.




The **results in income statement** refer mainly to the companies Elpedison Sa, Ibiritermo, IGI Poseidon and Dolomiti Edison Energy. The **dividends distributed** refer mainly to the company Ibiritermo.
The **other changes** mainly refer to the change in the scope of consolidation and in particular to the 50% stake in Idroelettrica Restituzione, held by Energia Italia.

### 5.2.2 Other non-current financial assets and Assets for financial leasing

Other non-current financial assets amount to 74 million euros (33 million euros at December 31, 2021) increasing essentially for the acquisition of the company Citelum Italia, which assets are partially accounted for pursuant to IFRIC 12 (credit model). At June 30, 2022 they include also:

- for 10 million euros (unchanged compared to December 31, 2021) the financial receivable of Edison towards the company Depositi Italiani GNL (DIG) referring to a shareholders loan granted in 2020 expiring in 2036;
- for 9 million euros (10 million euros at December 31, 2021) the investment in the FPCI Electranova - Idinvest Smart City Venture Fund, which concentrates on unlisted companies experiencing rapid growth (from the initial phase to the advanced phase) in the Energies & Cities sector, primarily at EU level. This investment is measured at fair value and during the semester a negative change in fair value for about 1 million euros has been booked in the income statement;
- for 2 million euros restricted bank deposits (8 million euros at December 31, 2021).

The Assets for financial leasing amount to 2 million euros (2 million euros at December 31, 2021).

#### Commitments

Guarantees amounting to approximately 115 million euros (unchanged compared to December 31, 2021), provided by Edison to financial institutions in the interest of Elpedison, were recognized.

## 5.3 Provisions for risks and employee benefits

| (in millions of euros) | 12.31.2021 | Changes in the scope of consolidation | Additions | Utilizations | Financial expenses | Other changes | 06.30.2022 |
|---|---|---|---|---|---|---|---|
| Employee benefits | 37 | 2 | - | (1) | - | 1 | 39 |
| Provisions for decommissioning and remediation of industrial sites | 188 | - | - | - | 4 | 4 | 196 |
| Provisions for risks and charges | 239 | 1 | 3 | (32) | - | 242 | 453 |
| **Total** | **464** | **3** | **3** | **(33)** | **4** | **247** | **688** |

### 5.3.1 Employee benefits

The amount reflects the accrued severance indemnities and other benefits owed to employees at the end of the period. The actuarial (gains) and losses are recorded in equity. A valuation in accordance with the actuarial criteria of IAS 19 is performed only for the liability for Employee Severance Indemnities that is still held at the company.

### 5.3.2 Provisions for decommissioning and remediation of industrial sites

Include the valuation, discounted to the reporting date, of the decommissioning costs that the Group expects to incur for industrial sites. The change during the period reflects, in particular, the increase for the discounting effect, under the income statement item ‘Other net financial income (expense)’ and the posting of a new provision with the increase of the related fixed assets in the item ‘plant and machinery’.

### 5.3.3 Provisions for risks and charges

These refer to provisions of a purely industrial nature for the various areas in which the Group operates. In particular, at June 30, 2022 these include, for about 274 million euros the valuation of the need for $CO_2$ emission rights referred to the first half 2022, a provision of about 20 million euros referred to onerous contracts of the Energy & Environmental Services Market activities and a provision of about 7 million euros referred to an onerous contract of the commercial sector.
These reflect, *inter alia*, the valuation of **probable liabilities** linked to some disputes for which it was possible to reliably estimate the underlying expected obligation, even though the timing of any resulting monetary outlay cannot be objectively predicted.

With regard to the changes occurred in the period, please note in particular the following:

**Edison Spa - Disputed municipal property taxes (ICI and IMU) and assessed property values of hydroelectric and thermoelectric power plants**

With reference to the disputes underway with the Municipality of Piateda concerning the hydroelectric plants located within the municipality's territory:

- during January 2022, the amounts resulting due according to the final ruling of the Court of Cassation for part of the year 2006 and for 2007 were paid in agreement with the Municipality;
- during the first half of 2022 a ruling of the Court of Cassation, which was final for the years 2003 - 2005, confirmed the taxes, but annulled the penalties in full. The payment of the amount due and its timing is the subject of discussions with the Municipality.

Possible charges arising from litigations not yet defined, either in *an* or in *quantum*, are covered by a specific provision for risks.

## 5.4 Contingent assets and liabilities

### Contingent assets

Benefit not recognized in financial statements as it is not virtually certain.

At June 30, 2022 there are no Contingent assets.

### Contingent liabilities

Not recognized in financial statements as they depend on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably and are likely to result in a cash outlay of an amount that cannot reasonably be estimated.

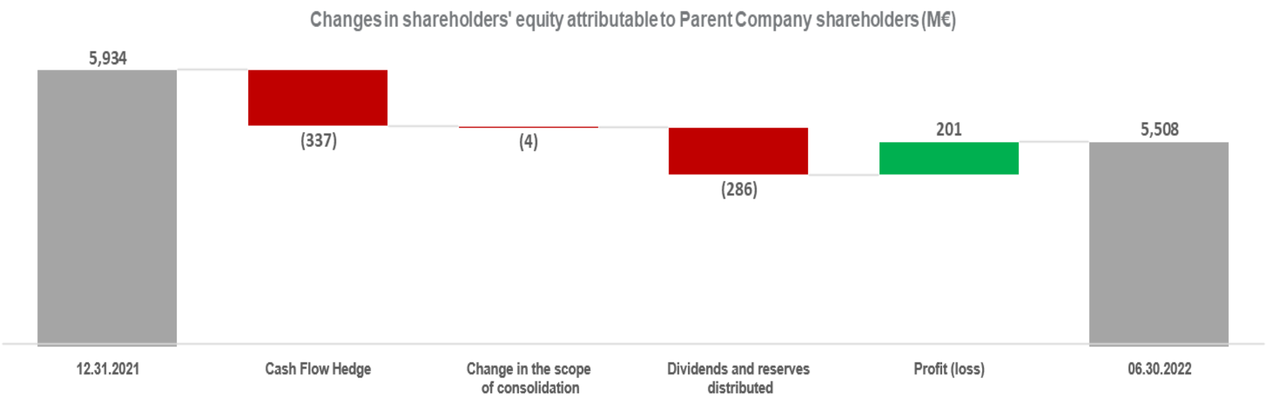
There are no significant updates compared to 2021 Consolidated Financial Statements.

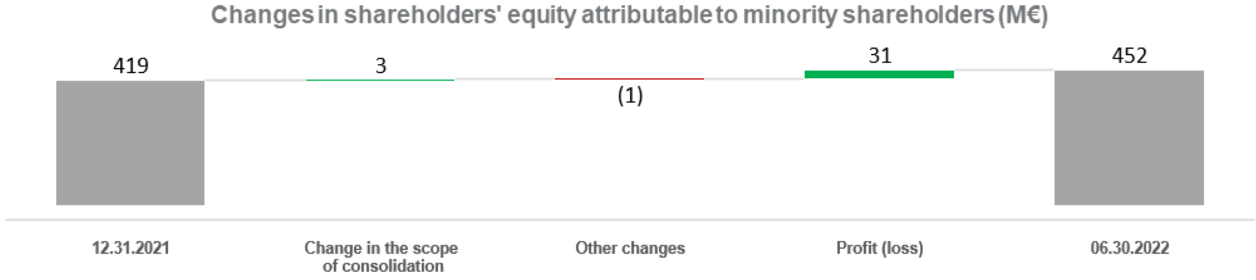
# 6. Shareholders’ equity, Financial debt and cost of debt

## 6.1 Shareholders’ equity

The main changes that occurred during the period in shareholders’ equity attributable to the shareholders of the Parent Company and in net equity attributable to minority shareholders are presented below. A breakdown of the shareholders’ equity attributable to Parent Company shareholders and to minority shareholders is provided in the schedule entitled “Changes in Consolidated Shareholders’ Equity”.

Edison Spa Shareholders' Meeting of March 31, 2022 resolved to distribute dividends to saving and ordinary shares on the result of 2021 for a total amount of 286 million euros. This amount, showed in the item "Dividends and reserves distributed" was paid on April 27, 2022.






The table below provides a breakdown of the change that occurred in the Cash Flow Hedge reserve due to the adoption of IFRS 9 for the accounting of derivatives. The change refers to the provisional recognition in equity of the effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities and interest rate risk. The amounts recognized directly in equity will be reflected in the income statement concurrently with the economic effects produced by the hedged items.

| Cash Flow Hedge Reserve (in millions of euros) | Gross reserve | Deferred taxes | Net reserve |
|---|---|---|---|
| Reserve at 12.31.2021 | (256) | 73 | (183) |
| Change in the period | (470) | 133 | (337) |
| **Reserve at 06.30.2022** | **(726)** | **206** | **(520)** |

The change that occurred during the period and the reserve at June 30, 2022 are related mainly to the net fair value of the derivatives outstanding to hedge the commodity and foreign exchange risk associated with the formulas used both in sales and procurement contracts entered into by Edison to manage its physical and contractual assets. The value, down from December 31, 2021, reflects the price increase recorded in the period with reference to all commodity markets in comparison to the prices fixed with the outstanding hedges. However, the effectiveness of the hedge, both in terms of the risk factors hedged and the volumes hedged, guarantees an equivalent positive change in the expected cash flows associated with the underlying physical contracts or assets (less the ineffective portion appropriately reflected in the income statement). Finally, it should be noted that the value of these financial derivatives, read together with the expected cash flows relating to the physical contracts or assets hedged, maintains expectations of positive margins.

## 6.2 Management of financial resources

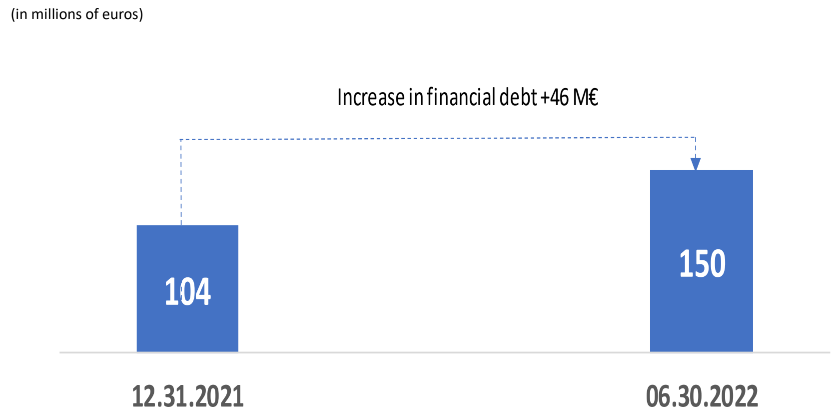
Edison defines its financial strategy with the primary objective of guaranteeing the availability of financial resources at the best market conditions and, with the appropriate balancing, to support ordinary business management and the development of investments to sustain future growth.
For this purpose, Edison also, but not exclusively, relies on the controlling company EDF Sa to obtain loans in any technical form, to guarantee flexibility in liquidity and/or coverage of structural needs. For Edison, terms and conditions are in line with the best market conditions.
Concerning treasury, Edison dedicates one of its current bank accounts to the cash-pooling with EDF Sa, which allows significant flexibility thanks to the availability of up to 199 million euros at competitive conditions.
Liquidity management is mainly centralized at the level of Edison Spa, which in general directly manages, or in some cases simply co-ordinates, the treasury operations of its subsidiaries through intercompany current accounts and intra-group loans.
To support certain investment activities, Edison resorts to the market whenever specifically attractive opportunities of financing arise and this is the case of some credit lines granted in 2020 by the European Investment Bank (EIB) for 450 million euros.

Please remind that at June 30, 2022 Edison’s credit rating is BBB with a negative credit watch for Standard & Poor’s and Baa3 with a negative outlook for Moody’s following the downgrades of the rating of the controlling company EDF.

## 6.3 Total financial indebtedness and cost of debt

Total financial indebtedness at June 30, 2022 amounts to 150 million euros (104 million euros at December 31, 2021).

### Change in financial debt




An analysis of change in financial debt is reported below:


The main cash flows for the period derive from the positive operating performance described above, the payment of dividends to shareholders (please refer to paragraph 6.1 Shareholders' equity), the payment of taxes (see section 7.3.2 Income taxes paid) and net investments for 340 million euros, which include:

- net capital expenditures (202 million euros), mainly for the construction of combined cycle gas turbines in the thermoelectric plants of Marghera Levante (36 million euros) and Presenzano (29 million euros), the environmental and energy services (50 million euros), the wind and photovoltaic sectors (30 million euros), as well as the commercial sector (31 million euros) mainly related to incremental costs incurred to obtain new contracts;

- business combinations with an overall impact on debt of about 138 million euros, relating to the acquisition of the companies Citelum Italia (89 million euros), Energia Italia (19 million euros), Gaxa (23 million euros) and Sistrol (7 million euros).

The following table gives the breakdown of Total financial indebtedness, as defined by ESMA Guidelines published on March 4, 2021 and which CONSOB requested to be adopted starting from May 5, 2021 (for further information please refer to 2021 Consolidated Financial Statements).

| Total financial indebtedness<br>(in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Non-current financial debt | 702 | 614 | 88 |
| - Due to banks | 452 | 372 | 80 |
| - Due to EDF Group companies | - | - | - |
| - Debt for leasing | 235 | 241 | (6) |
| - Due to other lenders | 15 | 1 | 14 |
| Other non-current liabilities | 25 | 15 | 10 |
| **Non-current financial indebtedness** | **727** | **629** | **98** |
| Current financial debt (excluding current portion of non-current financial debt) | 546 | 330 | 216 |
| - Due to banks | 235 | 135 | 100 |
| - Due to EDF Group companies | 169 | 8 | 161 |
| - Debt for valuation of Cash Flow Hedge derivatives | 1 | 6 | (5) |
| - Due to other lenders | 141 | 181 | (40) |
| Current portion of non-current financial debt | 62 | 58 | 4 |
| - Due to banks | 26 | 24 | 2 |
| - Debt for leasing | 36 | 34 | 2 |
| Current financial assets | (2) | (3) | 1 |
| Cash and cash equivalents | (1,183) | (910) | (273) |
| **Net current financial indebtedness** | **(577)** | **(525)** | **(52)** |
| **Net financial debt Assets held for sale** | **-** | **-** | **-** |
| **Total financial indebtedness** | **150** | **104** | **46** |
| of which: | | | |
| **Gross financial indebtedness** | **1,335** | **1,017** | **318** |
| of which Other non-current liabilities | 25 | 15 | 10 |
| **Liquidity** | **(1,185)** | **(913)** | **(272)** |

The increase in **non-current financial indebtedness**, compared to December 31, 2021, is mainly due to the first drawdown of the Green Framework Loan with the EIB for about 94 million euros. The allocations covered both renewable energy and energy efficiency projects. This increase was partially offset by reimbursements under the repayment plans and the early repayment of certain loans held by companies within the renewables perimeter (Edison Rinnovabili and Aerochetto), which were refinanced intra-group at more competitive conditions.

The increase in **current financial debt**, compared to December 31, 2021, is mainly due to the temporary increase in the deposit of the controlling company Transalpina di Energia (TdE) with Edison.

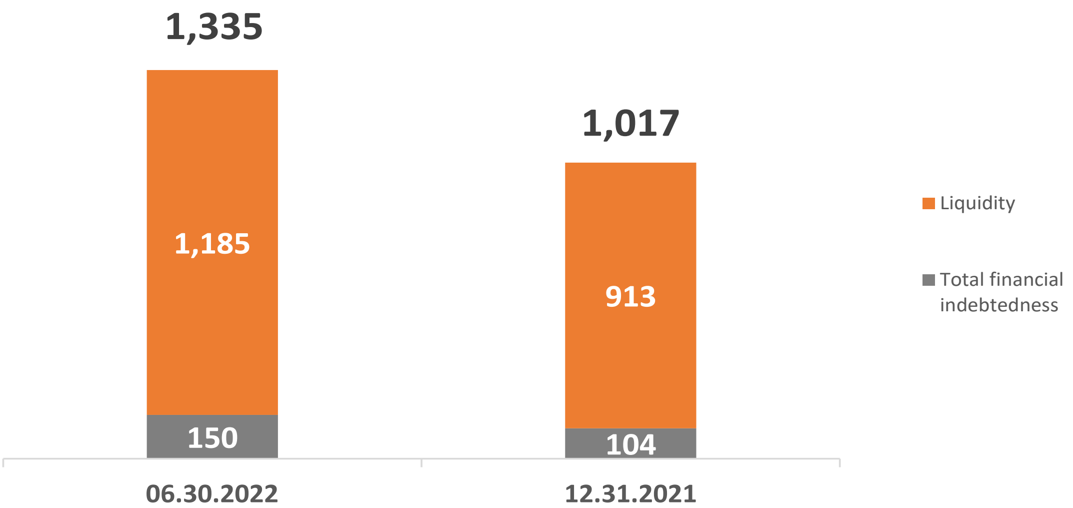
It is also recorded to a lesser extent an increase in debt owed to banks due to temporary overdrafts on ordinary current accounts due to normal operations management and the margin-setting activity for hedging obligations linked to industrial portfolio.

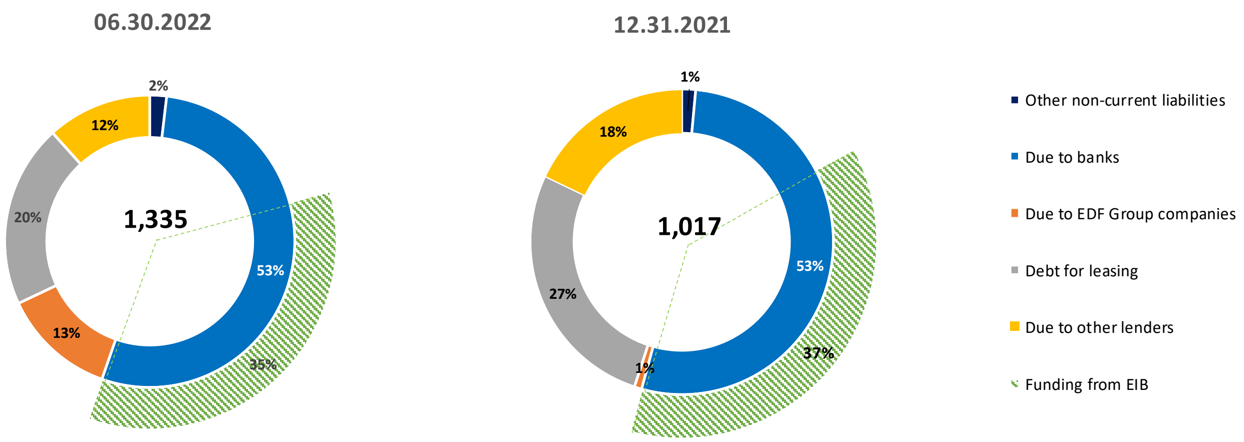
.

**Cash and cash equivalents** show an increase too, amounting to 1,183 million euros mainly represented by available funds held in the current account with EDF Sa for 1,143 million euros (850 million euros at December 31, 2021). It should be noted that treasury current account overdraft with EDF Sa, amounting to 199 million euros, was not used at June 30.

## Gross financial indebtedness and breakdown by financial source

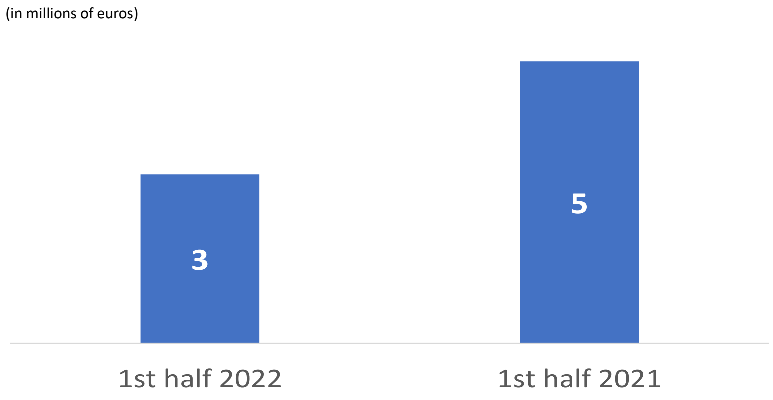
(in millions of euros)




The composition of gross financial indebtedness at June 30, 2022 is substantially unchanged and mainly reflects the temporary increase in the deposit of TdE with Edison.

### Net financial expense on debt




Net financial expense on debt decreased mainly as a result of the one-off costs incurred last year for the early repayment of the loans of some subsidiaries, subsequently refinanced by intra-Group loans at more competitive costs.
For the analysis of interest rate risks, please refer to paragraph 6.4 – section 6.4.1 below.

In accordance with IAS 7 "Cash Flow Statement", the changes in liabilities resulting from financing activities are reported below. The table shows the reconciliation of cash flows exposed in the "Cash Flow Statement" with the total changes recorded during the period from balance sheet items that contribute to financial debt.

| (in millions of euros) | | 12.31.2021 | Cash Flow (*) | Non-cash flows: Changes in scope of consolidation (**) | New IFRS 16 leases | Currency differences | Changes in fair value (***) | Other changes | 06.30.2022 |
|---|---|---|---|---|---|---|---|---|---|
| Financial debt (non-current and current) | | 996 | 285 | 27 | 3 | - | - | (2) | 1,309 |
| Fair value on interest rate derivatives | | 6 | - | - | - | - | (5) | - | 1 |
| Current financial assets | | (3) | 3 | - | - | - | - | (2) | (2) |
| **Net liabilities resulting from financing activities** | **(a)** | **999** | **288** | **27** | **3** | **-** | **(5)** | **(4)** | **1,308** |
| **Cash and cash equivalents (*)** | **(b)** | **(910)** | **(248)** | **(25)** | **-** | **-** | **-** | **-** | **(1,183)** |
| Net financial debt Assets held for sale | (c) | - | - | - | - | - | - | - | - |
| Subtotal net financial debt | (d)=(a+b+c) | 89 | 40 | 2 | 3 | - | (5) | (4) | 125 |
| Other non-current liabilities | (e) | 15 | - | 8 | - | - | - | 2 | 25 |
| **Total financial indebtedness** | **(f)=(d+e)** | **104** | **40** | **10** | **3** | **-** | **(5)** | **(2)** | **150** |

(*) Flows shown in the Cash Flow Statement.
(**) Referred to business combinations.
(***) Related to the hedges on interest rate (IRS) outstanding on some loans.

## 6.4 Financial risk management

### 6.4.1 Interest rate risk

The Edison Group's exposure to interest rate risk remained substantially stable. Please remember that fixed-rate debts are represented in good portion by IFRS 16 leases, by drawdowns for 264 million euros on EIB funds and by a portion of the debt of the subsidiaries of Edison Renewables. The remaining debt, mainly indexed at a variable rate (primarily the Euribor rate), is influenced by temporary factors such as overdrafts on current accounts and the deposit of TdE. Edison Group assesses its exposure to the risk of fluctuations in interest rates on a regular basis and manages it mainly by selecting the modality to use the loans. Please recall that the direct EIB loans offer the option between a variable and fixed rate every time the loan is utilized.

| Gross financial indebtedness<br>Mix fixed and variable rate:<br>(in millions of euros) | 06.30.2022<br>without derivatives | <br>with derivatives | <br>% with derivatives | 12.31.2021<br>without derivatives | <br>with derivatives | <br>% with derivatives |
|---|---|---|---|---|---|---|
| - fixed rate portion (*) | 475 | 530 | 40% | 374 | 444 | 44% |
| - variable rate portion | 835 | 780 | 60% | 628 | 558 | 56% |
| **Total gross financial indebtedness (*)** | **1,310** | **1,310** | **100%** | **1,002** | **1,002** | **100%** |

(*) Includes the effects of application of accounting standard IFRS 16 and excludes the other non-current liabilities

The table below provides a sensitivity analysis that shows the impact on the income statement of a hypothetical shift of the forward curve of plus or minus 50 basis points compared with the rates actually applied in 2022 and provides a comparison with the corresponding data for 2021.

| Sensitivity analysis<br>(in millions of euros) | **1st half 2022<br>Impact on financial expense** | | | 1st half 2021<br>Impact on financial expense | | |
|---|---|---|---|---|---|---|
| | **+50 bps** | **base** | **-50 bps** | +50 bps | base | -50 bps |
| **Edison Group** | **5** | **4** | **4** | 7 | 6 | 7 |

## 6.4.2 Liquidity risk

Liquidity risk is the risk that Edison Group may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities.
Edison aims to ensure that the Group always has sufficient funding sources to meet its obligations that are falling due and to support in time the established investment programs, with reasonable margins of financial flexibility.

The following table provides a prudential assessment of the total outstanding liabilities at the time the financial statements were prepared until their natural expiry. It includes:
- in addition to principal and accrued interest, all future interest payments estimated for the entire duration of the underlying debt obligation; where applicable, the effect of interest rate derivative contracts is also included;
- financing facilities are treated as if repayable on demand, in the case of revocable lines of credit, or on the first due date when repayment can be demanded, in other cases.

For a better representation, the prudential value thus obtained is compared with the existing cash and cash equivalents, without considering other assets (e.g. trade receivables).

| Cash flow projections (*)<br>(in millions of euros) | 06.30.2022<br>1 to 3 months | <br>More than 3 months and up to 1 year | <br>After 1 year | 12.31.2021<br>1 to 3 months | <br>More than 3 months and up to 1 year | <br>After 1 year |
|---|---|---|---|---|---|---|
| Financial debt (**) | 475 | 175 | 795 | 156 | 59 | 681 |
| Trade payables | 2,624 | 280 | - | 2,690 | 182 | - |
| **Total debt** | **3,099** | **455** | **795** | **2,846** | **241** | **681** |
| **Guarantees provided to third parties (***)** | **-** | **115** | **-** | **-** | **115** | **-** |
| **Cash and cash equivalents** | **1,183** | **-** | **-** | **910** | **-** | **-** |

(*) The amounts include the effects of application of accounting standard IFRS 16
(**) Excluding debt due to other lenders
(***) These guarantees have been issued to lenders of unconsolidated companies.

The future cash outflows are compared with available resources below.

The **financial debt due within one year**, amounting to 650 million euros (215 million euros at December 31, 2021) relates mainly to temporary overdrafts on current accounts due to normal operations management, margin-setting accounts dedicated to transactions on commodities of the Industrial Portfolio and, to a lesser extent, the principal and interest on long-term loans falling due.
**Financial debt due after one year** (795 million euros) increased compared with December 31, 2021 (681 million euros) mainly for the drawdown of the Green Framework Loan granted by the EIB.

At June 30, 2022, the Edison Group also had cash and cash equivalents of 1,183 million euros, of which 1,143 million euros on the treasury current account with EDF Sa.

In view of the high volatility of the macroeconomic scenarios and the energy market, and with the aim of further mitigating liquidity risk, Edison negotiated an increase in its revolving credit line with EDF Sa for an additional 250 million euros up to a maximum of 500 million euros.

At June 30, 2022, Edison had unused committed lines of credit totalling 706 million euros, represented:

- by the two-year revolving credit line signed with EDF Sa on April 29, 2021, and modified as reported above on June 28, 2022, on market terms (500 million euros);
- by the Green Framework Loan (206 million euros) granted by the EIB at the end of June 2020 to finance the creation of a portfolio of projects throughout Italy for energy efficiency and for the construction of renewable energy plants. The line of credit has a duration of 15 years and may be used over the next two years.

### 6.4.3 Risk of anticipated reimbursement of loans

The financial covenants apply to certain bank loans granted to some subsidiaries. Their non-compliance can entail an early repayment of the loan. There are the typical financial obligations characteristic of project finance, which are held by some companies of the renewables sector.

At June 30, 2022, the covenants were adequately respected for all Edison Group companies.

| Financial covenant | Covenant observed | Adequacy margin |
|---|---|---|
| TFI/EBITDA (*) | ✓ | ✓ |

(*) TFI Total Financial Indebtedness

For an explanation of the effects that a change in control of Edison could have on outstanding loans, please refer to the discussion in the 2021 Report on Corporate Governance and on the Company's Ownership Structure, in the paragraph Change of Control clauses.
The loan agreements do not contain clauses that could result in the early termination of the loan as an automatic effect if the credit rating assigned to Edison Spa by the rating agencies is downgraded or cancelled.
Note that the medium/long-term credit lines provided by EIB envisage restrictions on the use of funds and on the management of projects financed, typical of specific-purpose loans for industrial businesses.
At the time of the Condensed Consolidated Semiannual Financial Statements are prepared, there are no situations of default.

# 7. Taxation

## 7.1 Tax risk and tax management

Please remember that, starting from 2018, a tax risk governance and reporting system was adopted by Edison Group (so-called Tax Control Framework or TCF), which is integrated within the Group's overall control system. The TCF adopted consists of a Tax Policy and General Rules applicable to all Group companies, as well as matrices, coordinated with the provisions of Saving Law 262, to monitor activities with potential tax impacts on the main business processes and the Group's results.

## 7.2 Extraordinary 'extra-profits' contribution (effects D.L. 21/2022 "Cut Prices" and D.L. 50/2022 "Aiuti")

Article 37 of Decree-Law March 21, 2022, no. 21, converted, with amendments, by Law no. 51 of May 20, 2022, and further amended by Decree-Law May 17, 2022, no. 50, converted into Law no. 91 of July 15, 2022, provided for the application of an extraordinary levy contribution, due as one-off, to be paid by producers, importers and retailers of electricity, gas and oil products.

The extraordinary contribution is calculated by applying a rate of 25% to the increase in the balance of VAT receivable and payable transactions for the period from October 1, 2021 to April 30, 2022 compared to the balance of the same transactions for the period from October 1, 2020 to April 30, 2021.

Based on the current legal provisions and the interpretative clarifications issued to date by the Revenue Agency, the amounts due by Group companies were determined, which amount to a total of approximately 74 million euros and are recorded under "Income Taxes". It should be noted that Edison Spa, since it is also a VAT holding company for which it has long since opted for the exemption from compliance pursuant to article 36-bis of Presidential Decree 633/72 (VAT law), has not included in the taxable base any receivable transactions invoiced, by law, at the request of customers (for example sale of equity investments and financial income on intra-group contracts). As provided for in the Revenue Agency order of June 17, 2022, the advances corresponding to 40% of the contributions were almost entirely paid on June 30, 2022 and will be supplemented by the end of July following the further indications provided by the Revenue Agency in its circular of July 11, 2022. Payment of the balance is due by November 30, 2022. These amounts, recorded under "Current tax payables", may be subject to change as a result of regulatory changes or further different clarifications and interpretations by the Revenue Agency.

## 7.3 Taxes

### 7.3.1. Income taxes and tax rate

| **Income taxes**<br>(in millions of euros) | **1st half 2022** | 1st half 2021 | Change |
|---|---|---|---|
| Current taxes | (193) | (72) | (121) |
| Net deferred-tax assets / liabilities | 63 | 293 | (230) |
| Other | (68) | (49) | (19) |
| **Total** | **(198)** | **172** | **(370)** |
| **Tax rate** | **46.5%** | **n.a.** | **n.a.** |

Current taxes include IRES for 177 million euros (73 million euros in June 2021) and IRAP for 31 million euros (14 million euros in June 2021).

The Group's tax rate is mainly affected by:

- during the first half of 2022, the application of the extraordinary "extra-profits" contribution included in the item "Other" for 74 million euros as described above; in absence of such item the tax rate would have been about 29%;
- in the first half of 2021, the application of fiscal realignment which determined in income statement a net positive effect of 230 million euros: deferred-tax effect for 281 million euros net of substitute tax (included in item "Other")

for 51 million euros, applied at 3% to higher tax values; the tax rate was also impacted by the addition of some provisions without tax effects.

### 7.3.2. Income taxes paid

Net income taxes paid during the first half 2022 amounted to 182 million euros and include the following payments:

- 85 million euros as net amount of IRES to controlling company TdE in the Consolidated Income Tax Return;
- 11 million euros for IRAP;
- 41 million euros for IRES (from the companies of the Group excluded from the Consolidated Income Tax Return);
- 28 million euros for advance of extraordinary "extra-profits" contribution;
- 17 million euros for the second tranche of the substitute tax at 3% on higher tax values realigned to statutory values in 2021 (Law 126 of 2020).

## 7.4 Tax assets and liabilities

### 7.4.1. Current and non-current tax receivables and payables

At June 30, 2022, net payables of 215 million euros were recognized (145 million euros at December 31, 2021); details are provided in the following table.

| Current and non-current tax receivables and payables<br>(in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Non-current tax receivables | 2 | 2 | - |
| Current tax receivables | 4 | 2 | 2 |
| Receivables owed by the controlling company in connection with the filing of the consolidated income tax return | 16 | 4 | 12 |
| **Total tax receivables (A)** | **22** | **8** | **14** |
| Non-current tax payables | - | 17 | (17) |
| Current tax payables | 92 | 75 | 17 |
| Liabilities owed to the controlling company in connection with the filing of the consolidated income tax return | 145 | 61 | 84 |
| **Total tax payables (B)** | **237** | **153** | **84** |
| **Current and non-current tax receivables (payables) (A-B)** | **(215)** | **(145)** | **(70)** |

Current tax payables also include for 17 million euros the third tranche of substitute tax due for realignment of tax values applied in 2021 and the balance of extraordinary "extra-profits" contribution.
Receivables and liabilities towards the controlling company in connection with the filing of the consolidated income tax return refer to the so called National Consolidated Tax return IRES, as reported below.

#### Consolidated Corporate Income Tax (IRES) Return filed by Transalpina di Energia Spa (TdE)

For the main companies of the Group, in 2021, the three-years relevant for Group taxation for IRES purposes pursuant to articles 117 and following of the TUIR – so called National Consolidated Tax return - which is headed by the controlling company TdE expired and this option is now renewed for the three-year period 2022-2024, also taking into account the automatic renewal provision that applies, unless formal termination or loss of control. The member companies interested in the renewal are also renewing the relevant contract within the legal deadlines.
All the companies participating in the consolidation determine the IRES due in coordination with the controlling company TdE, which is also required to pay to the tax authorities advances and balances of taxes.

### 7.4.2. Deferred-tax assets and deferred-tax liabilities

At June 30, 2022, net assets of 474 million euros were recognized (net assets of 285 million euros at December 31, 2021); details are provided below.

| Deferred-tax asset (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Taxed provision for risks | 179 | 113 | 66 |
| Application of accounting standard on financial instruments: | | | |
| - on Shareholders' equity | 210 | 76 | 134 |
| Valuation differences of fixed assets | 129 | 136 | (7) |
| Others | 4 | 4 | - |
| **Deferred-tax assets** | **522** | **329** | **193** |

Deferred-tax assets were valued based on the likelihood that they would be realized and their possible tax benefits recovered within the limited time horizon consistent with the business plans of the various companies.

Deferred-tax assets for valuation differences of fixed assets increased for one million euros as result of business combination transactions that took place in the first half of 2022 (please refer to the paragraph 1.6 Information related to business combinations).

The following table shows a breakdown of deferred-tax liabilities by type of underlying temporary difference

| Deferred-tax liabilities (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Valuation differences of fixed assets | 41 | 39 | 2 |
| Application of accounting standard on financial instruments: | | | |
| - on Shareholders' equity | 5 | 3 | 2 |
| Others | 2 | 2 | - |
| **Deferred-tax liabilities** | **48** | **44** | **4** |

Deferred-tax liabilities for valuation differences of fixed assets increased for 5 million euros as result of business combination transactions that took place in the first half of 2022 (please refer to the paragraph 1.6 Information related to business combinations).

# 8. Non Energy activities

The Edison Group is involved in various legal and arbitral disputes ranging in different types, through Edison Spa, as universal successor of Montedison Spa, merged in it. As a result, there are charges and risk provisions in the financial statements recognized in relation to disputes arising from events over the time, connected, *inter alia*, to the management of chemical production plants already held by Montedison Group – that were object, from the 1990s to 2010, of a wide-range divestment policy that led to Edison Group's activities being redirected into the energy sector - and which therefore are not relevant to the current business management of Edison Spa and its subsidiaries.
For this reason, it was decided to isolate and represent in a dedicated chapter the contribution of these activities to the consolidated income statement and balance sheet, as well as the related contingent liabilities.

In following the legal and tax disputes related to these activities and in the assessment of likely impacts, the Company's management must use estimates and assumptions that are more relevant, in particular as regards provisions related to environmental litigation for the chemical facilities of Montedison Group. In this regard, note that the present quantification of the provisions was determined as residual amount of the original accrual referred to the specific dispute, considering the juridical complexity, the type of proceeding and also the uncertainty about the evolution of every proceeding in terms of duration and thus of the outcomes. The quantification and the review of these provisions are part of a recurring process of assessment based on what stated above; likewise, and in general, the periodical assessment also includes the quantification and updating of the other provisions for risk related to legal and arbitral disputes.

The resulting effects are recognized in the Corporate segment and in particular, in the income statement, the related income and expenses, including the associated legal costs, are recorded in the item 'Other income (expense) non Energy activities' included in EBIT.

**Net expenses for the period amounted to 12 million euros (net expenses of 125 million euros in the same period of the previous year).**

**The risk provisions totalled 387 million euros (396 million euros at December 31, 2021).**

| (in millions of euros) | 12.31.2021 | Additions | Utilizations | Financial expenses | Other changes | 06.30.2022 |
|---|---|---|---|---|---|---|
| A) Risks for disputes, litigations and contracts | 115 | - | (14) | 1 | - | 102 |
| B) Charges for contractual guarantees on sale of equity investments | 152 | - | - | - | - | 152 |
| C) Environmental risks | 126 | 9 | (7) | - | 5 | 133 |
| D) Disputed tax items | 3 | - | (3) | - | - | - |
| **Provisions for risks and charges for non Energy activities** | **396** | **9** | **(24)** | **1** | **5** | **387** |

Concerning the changes occurred in the period, it is worth of mentioning:

## A) Probable liabilities for which a provision for disputes, litigation and contracts risks was recognized in the Balance Sheet:

**Collapse of the Stava Dam**

With reference to this civil dispute, please remember that the Court of Cassation voided the decision in the second instance and referred the case back to the Milan Court of Appeals indicating the items for the quantification of the damages for which compensation is to be provided. The case is currently held in decision.

### B) Probable liabilities for which a provision for risks for contractual guarantees on sale of equity investments was recognized in the Balance Sheet:

**Ausimont – Solvay Arbitration**

With reference to the arbitration proceedings, initiated in 2012 by Solvay Sa and Solvay Specialty Polymers Italy Spa against Edison, please remember that the Arbitration Tribunal postponed to a further stage of the proceedings - in the absence of an agreement between the parties - the quantification of the damage suffered by Solvay Specialty Polymers Italy in the period after December 2016 and the legal costs incurred by the parties.

On April 1, 2022 Solvay filed the Statement of Claim, which will be followed by the Statement of Defense by Edison within the first half of September.

The award was appealed by Edison before the competent Swiss courts, but the appeal was rejected. At the same time the proceedings for the execution of the award are pending before the Court of Appeal of Milan.

### D) Probable liabilities for which a provision for tax disputes was recognized in the Balance Sheet:

Last March 31, 2022 the Supreme Court of Cassation issued two decisions, almost favorable for Edison, in relation to the old litigations ex Calcestruzzi 1991-1992, postponing before the Tax Regional Court to decide once again about taxes and penalties requested on shares' usufruct, but definitively cancelling the other items contested by the tax authorities. The residual risk provision has therefore been released.

With reference to **contingent liabilities**, which are dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably and the corresponding cash outlays cannot be reasonably estimated, for which risk provisions are not recognized, it should be noted the following changes occurred during the first half of the year.

### Contingent liabilities associated with legal disputes

**Augusta's roadstead - administrative procedure**

In 2020, the Minister for the Ecological Transition and the Region of Sicily signed a programme agreement for the definition of safety and remediation measures for the areas included in the "Priolo" Site of National Interest, including the Augusta's roadstead, the portion of the marine area facing the Priolo Gargallo industrial site.

As is well known, Priolo is still home to an important petrochemical plant, operated by Montecatini and then Montedison until 1989 and then passed to the ENI Group in 1990 following the events surrounding the Enimont company.

Edison was involved in the proceedings as universal successor of Montedison.

**Bussi – Tirino River – proceedings of remediation**

On July 22, 2022, the Province of Pescara served Edison with an order pursuant to art. 244 of Legislative Decree No. 152/2006 in which Edison has been identified as "liable for the contamination of Tirino River deposits in the stretch from upstream to downstream of landfill areas 2A and 2B and adjoining areas".

For further information, please refer to the 2021 Consolidated Financial Statements.

# 9. Other notes

## 9.1 Disclosure pursuant to IFRS 5

At June 30, 2022 some amounts linked to the sale of the E&P business are recognized under Assets held for sale and Liabilities held for sale.
In particular, **Assets held for sale** refer to non-current non-financial assets for 74 million euros (69 million euros at December 31, 2021) and include:

- for 62 million euros (58 million euros at December 31, 2021), the estimated present value of the additional consideration set forth in the agreement with Energean (up to 100 million USD, subject to the commissioning of Cassiopea gas field in Italy); this consideration will be determined on the basis of gas prices (PSV) observed at the time of the commissioning of the field, expected in 2024; the increase in the period is booked under the item 'Profit (loss) from discontinued operations';
- for 12 million euros (11 million euros at December 31, 2021) the deferred consideration provided for by the contract for the sale of Edison Norge to Sval Energy and that will be received at the Dvalin field production start-up.

**Liabilities held for sale** refer to non-current non-financial liabilities for 30 million euros (30 million euros at December 31, 2021), including provisions for tax and environmental risks related to the sale to Energean.

For further information about sale operations executed with Energean and Sval Energi and the effects of application of accounting standard IFRS 5 reference should be made to 2020 and 2021 Consolidated Financial Statements.

## 9.2 Other commitments

In the following table are indicated the other commitments outstanding to be considered in addition, to the ones disclosed as a complement of information and homogeneousness of topic, in the previous chapters.

| (in millions of euros) | 06.30.2022 | 12.31.2021 | Change |
|---|---|---|---|
| Guarantees provided | 1,893 | 1,397 | 496 |
| Other commitments and risks | 154 | 133 | 21 |
| **Total for the Group** | **2,047** | **1,530** | **517** |

**Guarantees provided** (1,893 million euros) were determined based on the undiscounted amount of contingent commitments on the end of reporting period. They consist mainly of guarantees provided by the Group's parent company or by banks with the parent company's counter-guarantee to secure the performance of contractual obligations by subsidiaries and affiliated companies. They also include, guarantees issued to third parties concerning activities on the Power Exchange, in particular to the GME, plus sureties issued to the individual operators with which the Group carries out electricity and gas purchases and sales. Moreover, they include guarantees concerning the activities related to the Energy & Environmental Services Market.
It should be noted that Edison is the beneficiary, as the buyer, of a gas sale agreement with Azerbaijan Gas Supply Company (AGSC) for the long-term supply of gas for a contractual volume of 1 billion cubic meters per year until 2044. As part of this agreement AGSC benefits from a rating trigger clause which allows to call for a cash or bank guarantee should Edison fall below a certain credit quality rating. On February 21, 2022 Moody's downgraded Edison Spa's long term unsecured debt rating from Baa2 to Baa3/negative outlook. Per the contractual terms this entitles AGSC to ask Edison for a credit support equivalent to 6 months of forward delivery. In this context, the controlling company EDF Sa provided a guarantee toward AGSC, in the interest of its subsidiary Edison for an amount of 392 million dollars (366 million euros).

Please also note that with regard to **other commitments and risks** (154 million euros), they include 120 million euros, against a 7-year long-term contract signed with a shipowner for the hire of an LNG vessel. The vessel is under construction and will be delivered by the first quarter of 2023 at the latest.

## Unrecognized commitments and risks

It should be noted that within Gas Operations contracts are outstanding for the importation of hydrocarbons for a total maximum nominal supply of 12.4 billion cubic meters a year. These contracts typically have an extended duration (at June 30, 2022 up to 22 years) therefore their margins are susceptible to change over time as conditions change in the economic and external competitive context and in the commodities scenarios used as a reference in the purchase cost/sale price indexing formulas. The presence of procurement price renegotiation clauses as well as revisions of flexibility conditions thus represent important elements to partially mitigate the risk noted above to which the parties may make recourse during contractual windows that open periodically.

The table below provides a breakdown of the timing for the supply of natural gas, based on minimum contractual deliveries:

| | | within 1 year | from 2 to 5 years | over 5 years | **Total** |
|---|---|---|---|---|---|
| Natural gas | Billions of $m^3$ | 12.4 | 47.6 | 69.4 | **129.4** |

The economic data are based on prospective pricing formulas.

Please also note the expected medium-term launch of an additional long-term supply that will significantly contribute to the diversification and competitiveness of the Edison gas supply portfolio, or:

- the agreement developed with Venture Global for 1 million tonnes per year of LNG for 20 years (equivalent to roughly 1.4 billion cubic meters/year of natural gas) coming from the Calcasieu Pass plant (Cameron Parish, Louisiana, USA) based on a contract for the hire of an LNG vessel that is currently being built.

Furthermore, based on the outstanding contract in place with Terminale GNL Adriatico, Edison benefits from 80% of the terminal's regasification capacity until 2034.

## 9.3 Intercompany and related-party transactions

In line with the Group policies, the economic, equity and financial transactions in place at June 30, 2022 with related parties are shown below, in accordance with the disclosure required by IAS 24. These transactions are implemented under the scope of normal operations and regulated at contractual conditions established by the parties in line with ordinary market practices.

| (in millions of euros) | Related parties pursuant to IAS 24 (*) | | | | Total for financial statement item | Impact % |
|---|---|---|---|---|---|---|
| . | With unconsolidated Edison Group companies (A) | With controlling companies (B) | With other EDF Group companies (C ) | Total for related parties | | |
| **Balance Sheet transactions:** | | | | | | |
| Investments in companies valued by the equity method | 174 | - | - | **174** | **174** | **100.0%** |
| Other non-current financial assets | 15 | - | - | **15** | **74** | **20.3%** |
| Trade receivables | 9 | - | 380 | **389** | **3,323** | **11.7%** |
| Current tax receivables | - | 16 | - | **16** | **20** | **80.0%** |
| Other current assets | 2 | 4 | 56 | **62** | **429** | **14.5%** |
| Cash and cash equivalents | - | 1,143 | - | **1,143** | **1,183** | **96.6%** |
| Trade payables | 4 | 2 | 182 | **188** | **2,904** | **6.5%** |
| Current tax payables | - | 145 | - | **145** | **237** | **61.2%** |
| Other current liabilities | - | 4 | 53 | **57** | **405** | **14.1%** |
| Current financial debt | 12 | 169 | - | **181** | **607** | **29.8%** |
| **Income Statement transactions:** | | | | | | |
| Sales revenues | 28 | 2 | 2,549 | **2,579** | **13,222** | **19.5%** |
| Other revenues and income | - | - | 8 | **8** | **46** | **17.4%** |
| Commodity and logistic costs (-) | (8) | - | (1,329) | **(1,337)** | **(12,097)** | **11.1%** |
| Other costs and services used (-) | (1) | (4) | (3) | **(8)** | **(345)** | **2.3%** |
| Net financial income (expense) on debt | - | (1) | - | **(1)** | **(3)** | **33.3%** |
| Other net financial income (expense) | - | 55 | - | **55** | **17** | **n.s.** |

(*) Fair value evaluations on derivatives outstanding with EDF Trading and EDF Sa are not reported above

## A) Transactions with unconsolidated Edison Group companies

These outstanding transactions relating to unconsolidated Group companies, joint ventures and affiliated companies, primarily include:

- financial transactions, consisting in lending facilities;
- commercial transactions mainly related to the electric power sector.

Relating to Investments in companies valued by the equity method and Other non-current financial assets please refer to the chapter 5. Fixed assets and Provisions.

## B) Transactions with controlling companies

### B.1 Transactions with Transalpina di Energia (TdE)

**Consolidated Corporate Income Tax (IRES) Return Filed by TdE**

Please refer to the chapter 7. Taxation.

**Intercompany current account**

At June 30, 2022, the current account established by Edison Spa with TdE had a debit balance of about 169 million euros (debit balance of 8 million euros at December 31, 2021).

**Dividend payment**

It should be noted that following the resolution of the Shareholders' Meeting of March 31, 2022, the company Edison Spa on April 27, 2022 paid dividends to TdE for 253 million euros.

### B.2 Transactions with EDF Sa

**Cash-pooling**

At June 30, 2022 the Edison Spa current account, dedicated to cash-pooling with EDF Sa, had a credit balance of 1,143 million euros (credit balance of 850 million euros at December 31, 2021).

**Credit Lines**

It is active the revolving credit line granted to Edison Spa by EDF Sa in April 2021 with a two-year duration, for a nominal value of 250 million euros. In view of the high volatility of macroeconomic scenarios and the energy market, with the aim of further mitigating liquidity risk, Edison negotiated in June 2022 a temporary increase of this line, for a further 250 million euros until December 31, 2022. As of June 30, 2022, the credit line is fully available.

**Other transactions**

Considering the economic transactions it should be noted:

- costs of period for 4 million euros referred mainly to royalties for the utilization of the brand, services rendered, and the recharges of corporate costs mainly referred to the compensation of the Board of Directors;
- sales revenues and other income for a total of 2 million euros referred mainly to the services provided in the activity relating to gas portfolio.

As part of financial transactions, Edison entered into transactions to hedge exchange rate risk that, affected by currency trends, generated a net positive balance for about 55 million euros (net negative balance for about 2 million of euros in the first half of 2021).

At the date the Condensed Consolidated Semiannual Financial Statements are prepared the fair value on Cash Flow Hedge derivatives outstanding with EDF Sa is estimated for a net positive amount of about 63 million euros, booked in the item Fair Value (64 million euros among Assets and 1 million euros among Liabilities).

## C) Transactions with other EDF Group companies

### C.1 Loans

There are no existing financing loans with other companies of the EDF Group.

### C.2 Other operating transactions

The main operating transactions with other EDF Group companies are in short provided in the following table.

| (in millions of euros) | EDF Trading Ltd (*) | Citelum (**) | Others | **Total** |
|---|---|---|---|---|
| **Balance Sheet transactions:** | | | | |
| Trade receivables | 380 | - | - | **380** |
| Other current assets | 52 | - | 4 | **56** |
| Trade payables | 180 | - | 2 | **182** |
| Other current liabilities | 53 | - | - | **53** |
| **Income Statement transactions:** | | | | |
| **Sales revenues** | **2,529** | **20** | **-** | **2,549** |
| Electric power and natural gas | 2,193 | 20 | - | 2,213 |
| Realized commodity derivatives | 336 | - | - | 336 |
| Other revenues | - | - | - | - |
| **Other revenues and income** | **6** | **-** | **2** | **8** |
| **Commodity and logistic costs** | **(1,329)** | **-** | **-** | **(1,329)** |
| Electric power and natural gas | (969) | - | - | (969) |
| Realized commodity derivatives | (359) | - | - | (359) |
| Sundry items | (1) | - | - | (1) |
| **Other costs and services used** | **-** | **-** | **(3)** | **(3)** |
| Professional services | - | - | (3) | (3) |

(*) Fair value evaluations on derivatives outstanding are not reported above.
(**) The income statement values are proposed as of April 30, 2022, considering that on May 10, 2022, Fenice Qualità per l'Ambiente (now Edison Next) acquired 100% of Citelum Italia.

Referring to EDF Trading it is worth mentioning that from September 1st, 2017 is in force the MASA (Trading Joint Venture and Market Access Services Agreement); the so-called profit sharing (remuneration mechanism) is booked in “Other revenues and income” for 6 million euros (6 million euros in the first half of 2021).

There are derivatives qualified as Cash Flow Hedge, Fair Value Hedge and Economic Hedge outstanding with EDF Trading; the fair value estimated on such derivatives is booked in the balance sheet in the item Fair Value among assets and liabilities (net liabilities for 1,625 million euros); the estimated economic effects, mainly related to the Fair Value Hedge contracts, are booked in the income statement in the item Net change in fair value of derivatives (commodity and exchange rate risk).

Furthermore, note that during the period insurance reimbursement of about 2 million euros were obtained by Wagram Insurance Company.

## D) Other transactions with related parties

It should be noted that on March 17, 2022, a **Novation Agreement** was signed between Edison Spa, EDF Trading and Uniper Global Commodities SE, on the basis of which EDF Trading replaces the third-party counterpart and takes over all contractual obligations and rights and under the same conditions previously stipulated with Edison Spa, concerning forward deal on natural gas for a total of approximately 3.8 TWh. This Novation operation was carried out in execution of policies of counterparty risk mitigation and guarantees in consideration of the current extreme volatility and riskiness of the gas market. The transaction was not subject to approval by the Related Party Transactions Committee of Edison Spa as it is an ordinary and repetitive transaction under standard market conditions.

Please consider also the acquisition, on May 10, 2022, by Fenice Qualità per l’Ambiente (now Edison Next) of 100% of **Citelum Italia**, a company operating in the segment of lighting services for the Public Administration and already owned by EDF Group; the transaction is treated as Business Combination between companies under common control. For further details, please see the paragraph 1.6 Information related to business combinations.

Referring the commitments, please consider that the controlling company EDF Sa provided a guarantee toward AGSC (Azerbaijan Gas Supply Company), in the interest of its subsidiary Edison for an amount of 392 million dollars (366 million euros), referring to the agreement for the long-term supply of gas.

# 10. Other information

## 10.1 Significant non-recurring events and transactions

In accordance with CONSOB Communication n° DEM/6064293 of 28 July 2006, we note that during the first half of 2022, no significant non-recurring events and transactions are reported.

## 10.2 Transactions resulting from atypical and/or unusual activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in the first half of 2022 as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

# Significant events occurring after June 30, 2022

No significant events occurred after June 30, 2022.

**Milan, July 26, 2022**
**The Board of Directors**
**By Nicola Monti**
**Chief Executive Officer**

# Scope of consolidation at June 30, 2022

## List of equity investments

| Company name | Head office | Currency | Share capital | Consolidated Group interest (a) 06.30.2022 | Consolidated Group interest (a) 12.31.2021 | Interest held in share capital % (b) | Interest held in share capital by | Type of investment relationship (c) | Notes |
|---|---|---|---|---|---|---|---|---|---|
| **A) Investments in companies included in the scope of consolidation** | | | | | | | | | |
| **A.1) Companies consolidated line by line** | | | | | | | | | |
| **Group Parent Company** | | | | | | | | | |
| Edison Spa | Milan (IT) | EUR | 4,736,117,250 | | | | | | |
| **Electric Power Operations** | | | | | | | | | |
| Aerochetto Srl | Catania (IT) | EUR | 2,000,000 | 45.90 | - | 90.00 | Edison Renewables Spa | S | (1) |
| Ambyenta Campania Spa (single shareholder) | Rivoli (TO) (IT) | EUR | 1,000,000 | 100.00 | 95.00 | 100.00 | Sersys Ambiente Srl (single shareholder) | S | (2) |
| Ambyenta Lazio Srl | Rivoli (TO) (IT) | EUR | 100,000 | 70.00 | 70.00 | 70.00 | Sersys Ambiente Srl (single shareholder) | S | - |
| Ambyenta Srl (single shareholder) | Rivoli (TO) (IT) | EUR | 10,000 | 100.00 | 100.00 | 100.00 | Sersys Ambiente Srl (single shareholder) | S | (2) |
| Assistenza Casa Spa (single shareholder) -<br>Electric Power Activities | Milan (IT) | EUR | 50,000 | 100.00 | 100.00 | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Bonorva Windenergy Srl (single shareholder) | Milan (IT) | EUR | 10,000 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa<br>(single shareholder) | S | (1) |
| CEA Biogas Srl (single shareholder) | Caivano (NA) (IT) | EUR | 1,000,000 | 100.00 | 100.00 | 100.00 | Sersys Ambiente Srl<br>(single shareholder) | S | (2) |
| Cellina Energy Srl (single shareholder) | Milan (IT) | EUR | 5,000,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Citelum Italia Srl (single shareholder) | Milan (IT) | EUR | 56,600,000 | 100.00 | - | 100.00 | Edison Next Spa (single shareholder) | S | (2) |
| Citelum Napoli Illuminazione Scarl | Milan (IT) | EUR | 260,000 | 99.50 | - | 99.50 | Citelum Italia Srl (single shareholder) | S | - |
| Citelum Servicios Energeticos Sl | Madrid (E) | EUR | 3,100 | 100.00 | - | 100.00 | Citelum Italia Srl (single shareholder) | S | - |
| Conef Solutions Slu | Madrid (E) | EUR | 3,001 | 100.00 | 100.00 | 100.00 | Edison Next Spain Sl | S | - |
| Consorzio Interrompibilità We're -<br>Electric Power Activities | Milan (IT) | EUR | 5,300 | 94.34 | 94.34 | 1.89<br>92.45 | Attiva Spa (single shareholder)<br>Edison Energia Spa (single shareholder) | S | - |
| Covedi Compagnia Veneziana d'illuminazione Scarl | Milan (IT) | EUR | 260,000 | 58.00 | - | 58.00 | Citelum Italia Srl (single shareholder) | S | - |
| Don Diego Solar Sl | Barcelona (E) | EUR | 3,100 | 97.80 | - | 89.00<br>11.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |
| Ecologica Marche Srl (single shareholder) | Monsano (AN) (IT) | EUR | 20,000 | 100.00 | 100.00 | 100.00 | Sersys Ambiente Srl<br>(single shareholder) | S | (2) |
| Ecotermica Cirié Srl | Rivoli (TO) (IT) | EUR | 10,000 | 60.00 | 60.00 | 60.00 | Edison Next Spa (single shareholder) | S | (2) |
| EDF Fenice Maroc | Casablanca (MA) | MAD | 300,000 | 100.00 | 100.00 | 99.97<br>0.03 | Edison Next Spain Sl<br>Edison Next Spa (single shareholder) | S | - |
| Edison Energia Spa (single shareholder) -<br>Electric Power Activities | Milan (IT) | EUR | 40,000,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Edison Facility Solutions Spa (single shareholder) | Trento (IT) | EUR | 1,263,704 | 100.00 | 100.00 | 100.00 | Edison Next Spa (single shareholder) | S | (2) |
| Edison Next Spa (single shareholder)<br>ex Fenice Qualità per l'Ambiente Spa (single shareholder) | Rivoli (TO) (IT) | EUR | 330,500,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Edison Next Services Slu | Madrid (E) | EUR | 6,010 | 100.00 | 100.00 | 100.00 | Edison Next Spain Sl | S | - |
| Edison Next Spain Sl (ex EDF Fenice Iberica Slu) | Madrid (E) | EUR | 12,000,000 | 100.00 | 100.00 | 100.00 | Edison Next Spa (single shareholder) | S | (2) |
| Edison Renewables Spa | Milan (IT) | EUR | 20,000,000 | 51.00 | 51.00 | 51.00 | Edison Spa | S | (1) |
| Edison Rinnovabili Spa (single shareholder) | Milan (IT) | EUR | 4,200,000 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| Edison Teleriscaldamento Srl (single shareholder) | Rivoli (TO) (IT) | EUR | 120,000 | 100.00 | 100.00 | 100.00 | Edison Next Spa (single shareholder) | S | (2) |
| Elio Sicilia Srl (single shareholder) | Palermo (IT) | EUR | 10,000 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| Energia Etica Srl (single shareholder) | Milan (IT) | EUR | 375,000 | 100.00 | 100.00 | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Energia Italia Srl (single shareholder) | Milan (IT) | EUR | 20,000 | 100.00 | - | 100.00 | Edison Spa | S | (1) |
| Energie Rinnovabili Arpitane Srl -<br>Era Srl (single shareholder) | Aosta (IT) | EUR | 100,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Energy Performance Company per il Trentino Scarl | Trento (TN) (IT) | EUR | 135,000 | 55.00 | - | 55.00 | Edison Facility Solutions Spa<br>(single shareholder) | S | (3) |
| Esigman Soluciones Sl | Barcelona (E) | EUR | 3,100 | 80.00 | - | 80.00 | Citelum Italia Srl (single shareholder) | S | - |
| Fenice Assets Iberica Sl | Madrid (E) | EUR | 10,000 | 100.00 | 100.00 | 100.00 | Edison Next Spain Sl | S | - |
| Fenice Poland Sp.z.o.o. | Bielsko Biala (PL) | PLZ | 30,000,000 | 100.00 | 100.00 | 100.00 | Edison Next Spa (single shareholder) | S | - |
| Fenice Qualità per l'Ambiente Spa (single shareholder) | Rivoli (TO) (IT) | EUR | 330,500,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Fenice Services Polska | Bielsko Biala (PL) | PLZ | 600,000 | 100.00 | 100.00 | 100.00 | Fenice Poland Sp.z.o.o. | S | - |
| Fompedraza Cogeneracion Sa | Fompedraza (Valladolid) (E) | EUR | 113,400 | 90.00 | 90.00 | 90.00 | Edison Next Spain Sl | S | - |
| Frendy Energy Spa | Milan (IT) | EUR | 14,829,312 | 76.97 | 76.97 | 76.97 | Edison Spa | S | (1) |
| Girasol Renovable Sl | Barcelona (E) | EUR | 3,100 | 97.60 | - | 88.00<br>12.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |
| Hinojo Certero Sl | Barcelona (E) | EUR | 3,100 | 97.00 | - | 85.00<br>15.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |

## List of equity investments (continued)

| Company name | Head office | Currency | Share capital | Consolidated Group interest (a) 06.30.2022 | Consolidated Group interest (a) 12.31.2021 | Interest held in share capital % (b) | Interest held in share capital by | Type of investment relationship (c) | Notes |
|---|---|---|---|---|---|---|---|---|---|
| Hydro Dynamics Srl (single shareholder) | Aosta (IT) | EUR | 100,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Idroblu Srl | Milan (IT) | EUR | 100,000 | 39.26 | 39.26 | 51.00 | Frendy Energy Spa | S | (4) |
| Idrocarrù Srl | Milan (IT) | EUR | 20,410 | 39.26 | 39.26 | 51.00 | Frendy Energy Spa | S | (4) |
| Idroelettrica Dogana Srl | Biella (IT) | EUR | 10,000 | 70.00 | - | 70.00 | Energia Italia Srl (single shareholder) | S | (1) |
| Interecogen Srl (single shareholder) | Rivoli (TO) (IT) | EUR | 110,000 | 100.00 | 100.00 | 100.00 | Edison Next Spa (single shareholder) | S | (2) |
| Jara Meridional Sl | Barcelona (E) | EUR | 3,100 | 97.20 | - | 86.00<br>14.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |
| Jesi Energia Spa | Milan (IT) | EUR | 5,350,000 | 70.00 | 70.00 | 70.00 | Edison Spa | S | (1) |
| Magnoli & Partners Srl | Cremona (IT) | EUR | 10,000 | 60.00 | 60.00 | 60.00 | Edison Next Spa (single shareholder) | S | (2) |
| Margarita Alternativa Sl | Barcelona (E) | EUR | 3,100 | 97.40 | - | 87.00<br>13.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |
| MF Energy Srl (single shareholder) | Milan (IT) | EUR | 10,000 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| Ms Energy Srl (single shareholder) | Milan (IT) | EUR | 20,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Prima Aviv Energy Technologies Ltd | Ramat Gan (IL) | ILS | 1,000 | 100.00 | 100.00 | 100.00 | Edison Facility Solutions Spa (single shareholder) | S | - |
| Ren 141 Srl (Socio Unico) | Genova (IT) | EUR | 1,500 | 51.00 | - | 100.00 | Edison Renewables Spa | S | (1) |
| Ren 143 Srl (single shareholder) | Milan (IT) | EUR | 1,500 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| Ren 144 Srl (single shareholder) | Milan (IT) | EUR | 1,500 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| Ren 145 Srl (single shareholder) | Milan (IT) | EUR | 1,500 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| Ren 153 Srl (single shareholder) | Genova (IT) | EUR | 1,500 | 51.00 | - | 100.00 | Edison Renewables Spa | S | (1) |
| Rendina Ambiente Srl (single shareholder) | Rivoli (TO) (IT) | EUR | 50,000 | 100.00 | 100.00 | 100.00 | Sersys Ambiente Srl (single shareholder) | S | (2) |
| Salamandra Nitida Sl | Barcelona (E) | EUR | 3,100 | 96.80 | - | 84.00<br>16.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |
| Sersys Ambiente Srl (single shareholder) | Rivoli (TO) (IT) | EUR | 1,000,000 | 100.00 | 100.00 | 100.00 | Edison Next Spa (single shareholder) | S | (2) |
| Sistemi di Energia Spa | Milan (IT) | EUR | 10,083,205 | 88.28 | 88.28 | 88.28 | Edison Spa | S | (1) |
| Sistrol Sa | Madrid (E) | EUR | 1,496,094 | 55.00 | - | 55.00 | Edison Next Spain Sl | S | (8) |
| Sorrento Power and Gas Srl (single shareholder) | Milan (IT) | EUR | 100,000 | 100.00 | - | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Sunflower Srl (single shareholder) | Rome (IT) | EUR | 10,000 | 51.00 | 70.00 | 51.00 | Edison Renewables Spa (single shareholder) | S | (1) |
| Tabacchi Srl (single shareholder) | Milan (IT) | EUR | 298,488 | 100.00 | 100.00 | 100.00 | Edison Facility Solutions Spa (single shareholder) | S | (3) |
| Termica Cologno Srl | Milan (IT) | EUR | 1,000,000 | 65.00 | 65.00 | 65.00 | Edison Spa | S | (1) |
| Triton Cristalino Sl | Barcelona (E) | EUR | 3,100 | 98.00 | - | 90.00<br>10.00 | Citelum Italia Srl (single shareholder)<br>Esigman Soluciones Sl | S | - |
| Vibinum Srl (single shareholder) | Milan (IT) | EUR | 351,097 | 51.00 | 51.00 | 100.00 | Edison Renewables Spa | S | (1) |
| **Gas Operations** | | | | | | | | | |
| Amg Gas Srl | Palermo (IT) | EUR | 100,000 | 80.00 | 80.00 | 80.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Assistenza Casa Spa (single shareholder) - Gas Operations | Milan (IT) | EUR | 50,000 | 100.00 | 100.00 | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Attiva Spa (single shareholder) | Milan (IT) | EUR | 200,000 | 100.00 | 100.00 | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Consorzio Interrompibilità We're - Gas Operations | Milan (IT) | EUR | 5,300 | 94.34 | 98.04 | 1.89<br>92.45 | Attiva Spa (single shareholder)<br>Edison Energia Spa (single shareholder) | S | - |
| Edison Energia Spa (single shareholder) - Gas Operations | Milan (IT) | EUR | 40,000,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Edison International Spa (single shareholder) | Milan (IT) | EUR | 75,000,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Edison Reggane Spa (single shareholder) | Milan (IT) | EUR | 200,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Edison Stoccaggio Spa (single shareholder) | Milan (IT) | EUR | 90,000,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Energia Etica Srl (single shareholder) | Milan (IT) | EUR | 375,000 | 100.00 | 100.00 | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| Gaxa Spa | Cagliari (IT) | EUR | 50,000 | 70.00 | - | 70.00 | Edison Energia Spa (single shareholder) | S | (1) (8) |
| Sorrento Power and Gas Srl (single shareholder) | Milan (IT) | EUR | 100,000 | 100.00 | - | 100.00 | Edison Energia Spa (single shareholder) | S | (1) |
| **Corporate Activities** | | | | | | | | | |
| Atema Dac | Dublin 2 (IRL) | EUR | 1,500,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | - |
| Edison Hellas Sa | Athens (GR) | EUR | 263,700 | 100.00 | 100.00 | 100.00 | Edison Spa | S | - |
| Edison International Shareholdings Spa (single shareholder) | Milan (IT) | EUR | 26,000,000 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Nuova Alba Srl (single shareholder) | Milan (IT) | EUR | 2,016,457 | 100.00 | 100.00 | 100.00 | Edison Spa | S | (1) |
| Tre Monti Srl | Milan (IT) | EUR | 100,000 | 20.00 | 20.00 | 15.00<br>5.00 | Edison Spa<br>Sersys Ambiente Srl (single shareholder) | S | - |

# List of equity investments (continued)

## B) Investments in companies valued by the equity method

| Company name | Head office | Currency | Share capital | Consolidated Group interest (a) 12.31.2021 | Interest held in share capital % (b) | Interest held in share capital by | Carring value (in millions of euros) (d) | Type of investment relationship (c) | Notes |
|---|---|---|---|---|---|---|---|---|---|
| Elpedison Bv (*) | Amsterdam (NL) | EUR | 1,000,000 | | 50.00 | Edison International Shareholdings Spa (single shareholder) | 47.4 | JV | (5) |
| Ibiritermo Sa | Ibirité - Estado de Minas Gerais (BR) | BRL | 7,651,814 | | 50.00 | Edison Spa | 0.9 | JV | (5) |
| IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita - Poseidone (**) | Athens (GR) | EUR | 148,250,000 | | 50.00 | Edison International Shareholdings Spa (single shareholder) | 54.8 | JV | (5) |
| Chioggia Servizi Scarl | Chioggia (VE) (IT) | EUR | 20,000 | | 25.00 | Citelum Italia Srl (single shareholder) | - | AC | - |
| Consorzio Barchetta | Jesi (AN) (IT) | EUR | 2,100 | | 47.62 | Jesi Energia Spa | - | AC | - |
| Depositi Italiani GNL Spa | Ravenna (IT) | EUR | 20,000,000 | | 30.00 | Edison Spa | 5.8 | AC | - |
| Dolomiti Edison Energy Srl | Trento (IT) | EUR | 5,000,000 | | 49.00 | Edison Spa | 28.0 | AC | - |
| Enllumenats Costa Brava Sociedad Limitada | Girona (E) | EUR | 6,010 | | 50.00 | Citelum Italia Srl (single shareholder) | - | AC | - |
| Idroelettrica Restituzione Srl | Novara (NO) (IT) | EUR | 10,000 | | 50.00 | Energia Italia Srl (single shareholder) | 5.2 | AC | - |
| Iniziativa Universitaria 1991 Spa | Varese (IT) | EUR | 16,120,000 | | 32.26 | Edison Spa | 4.6 | AC | - |
| Italia Servizi Integrati Spa | Milan (IT) | EUR | 1,000,000 | | 40.00 | Edison Facility Solutions Spa (single shareholder) | 0.1 | AC | - |
| Kraftwerke Hinterrhein Ag | Thusis (CH) | CHF | 100,000,000 | | 20.00 | Edison International Shareholdings Spa (single shareholder) | 24.3 | AC | - |
| Melagrana Srl | Vigevano (PV) (IT) | EUR | 20,000 | | 22.15 | Edison Facility Solutions Spa (single shareholder) | - | AC | - |
| Palmanova Servizi Energetici Scarl | Zola Predosa (BO) (IT) | EUR | 10,000 | | 40.00 | Edison Facility Solutions Spa (single shareholder) | - | AC | - |
| Prometeo Spa | Osimo (AN) (IT) | EUR | 2,826,285 | | 20.91 | Edison Energia Spa (single shareholder) | 2.3 | AC | (6) |
| San Gerardo Servizi Scarl | Zola Predosa (BO) (IT) | EUR | 10,000 | | 40.00 | Edison Facility Solutions Spa (single shareholder) | - | AC | - |
| T.E.S.I. Engineering Srl | Trento (IT) | EUR | 104,000 | | 24.00 | Edison Facility Solutions Spa (single shareholder) | - | AC | - |
| Triferr Ambiente | Rivoli (TO) (IT) | EUR | 10,200 | | 33.33 | Sersys Ambiente Srl (single shareholder) | - | AC | - |
| Trireme Srl | Rivoli (TO) (IT) | EUR | 10,000 | | 48.00 | Sersys Ambiente Srl (single shareholder) | - | AC | - |
| **Total investments in companies valued by the equity method** | | | | | | | **173.5** | | |

| Company name | Head office | Currency | Share capital | Consolidated Group interest (a) 12.31.2020 | Interest held in share capital % (b) | Interest held in share capital by | Type of investment relationship (c) | Notes |
|---|---|---|---|---|---|---|---|---|
| **(*) The carrying value includes the valuation of Elpedison Sa** | | | | | | | | |
| Elpedison Sa | Marousi, Athens (GR) | EUR | 99,633,600 | | 100.00 | Elpedison Bv | JV | (5) |
| **(**) The carrying value includes the valuation of ICGB AD** | | | | | | | | |
| ICGB AD | Sofia (BG) | BGL | 115,980,740 | | 50.00 | IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon | JV | (5) |

## List of equity investments (continued)

| Company name | Head office | Currency | Share capital | Consolidated Group interest (a) 12.31.2021 | Interest held in share capital % (b) | Interest held in share capital by | Carring value (in millions of euros) (d) | Type of investment relationship (c) | Notes |
|---|---|---|---|---|---|---|---|---|---|
| **C) Investments in companies in liquidation or subject to permanent restrictions** | | | | | | | | | |
| Citelum Acea Napoli Pubblica Illuminazione Scarl | Milan (IT) | EUR | 9,000 | | 10.50 | Citelum Italia Srl (single shareholder) | - | NG | - |
| E.E.S.CO. Srl (in liquidation) | Marcallo con Casone (MI) (IT) | EUR | 150,000 | | 30.17 | Edison Facility Solutions Spa (single shareholder) | - | AC | - |
| Esco Brixia Srl (in liquidation) | Bovegno (BS) (IT) | EUR | 45,000 | | 10.00 | Edison Facility Solutions Spa (single shareholder) | - | NG | - |
| Nuova C.I.S.A. Spa (in liquidation) (single shareholder) | Milan (IT) | EUR | 1,549,350 | | 100.00 | Edison Spa | 2.4 | S | (1) |
| Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy) | Vazia (RI) (IT) | LIT<br>in Euros | 150,000,000<br>77,468.53 | | 33.33 | Edison Spa | - | AC | - |
| Poggio Mondello Srl (single shareholder) | Palermo (IT) | EUR | 364,000 | | 100.00 | Nuova C.I.S.A. Spa (in liquidation) (single shareholder) | - | S | (1) |
| Sistema Permanente di Servizi Spa (in bankruptcy) | Rome (IT) | EUR | 154,950 | | 12.60 | Edison Spa | - | NG | - |
| Soc. Gen. per Progr. Cons. e Part. Spa (in receivership) | Rome (IT) | LIT<br>in Euros | 300,000,000<br>154,937.07 | | 59.33 | Edison Spa | - | S | - |
| **Total investments in companies in liquidation or subject to permanent restrictions** | | | | | | | **2.4** | | |
| **D) Investments in other companies valued at fair value through profit and loss** | | | | | | | | | |
| Amsc-American Superconductor | Devens (MA) (USA) | USD | 283,954 | | 0.06 | Edison Spa | 0.1 | NG | - |
| Bake Two Srl | Milan (IT) | EUR | 12,278 | | 9.05 | Edison Spa | 0.2 | NG | - |
| Città Salute Ricerca Milano Spa | Milan (IT) | EUR | 5,000,000 | | 10.00 | Edison Facility Solutions Spa (single shareholder) | 0.5 | NG | - |
| European Energy Exchange Ag - Eex | Lipsia (D) | EUR | 60,075,000 | | 0.50(*) | Edison Spa | 0.7 | NG | - |
| Hydrogen Park - Marghera per l'idrogeno Scrl | Venezia (IT) | EUR | 245,000 | | 9.73 | Edison Spa | | NG | |
| Reggente Spa | Lucera (FG) (IT) | EUR | 260,000 | | 5.21 | Edison Spa | - | NG | - |
| Renit Group Srl | Giulianova (TE) (IT) | EUR | 300,000 | | 19.49 | Edison Facility Solutions Spa (single shareholder) | 0.4 | NG | - |
| Synchron Nuovo San Gerardo Spa | Zola Pedrosa (BO) (IT) | EUR | 8,160,000 | | 6.85 | Edison Facility Solutions Spa (single shareholder) | 0.6 | NG | - |
| Syremont Monument Management Spa | Rose (CS)(IT) | EUR | 3,248,200 | | 9.24 | Edison Spa | - | NG | (7) |
| **Total investments in other companies valued at fair value through profit and loss** | | | | | | | **2.5** | | |
| **Total equity investments** | | | | | | | **178.4** | | |

(*) Percentage of voting securities held with exercisable voting rights in Ordinary Shareholders' Meeting 0.76.

## Notes

(a) The consolidated Group interest is computed on the basis of the interest held in the respective share capital by the Parent Company or subsidiaries consolidated on a line-by-line basis, and by jointly controlled companies consolidated by the proportional method.
(b) The interest in the share capital is equivalent to the ratio between the aggregate par value of all equity securities held directly and the total share capital. In this computation, the denominator (total share capital) is net of any treasury shares held.
(c) S = subsidiary; JO = joint operation; JV = joint venture; AC = affiliated company; NG = non-Group company.
(d) The carrying value is shown only for companies valued by the equity method or at cost, owned directly by the Parent Company. For other companies consolidated on a line-by-line basis or by the proportional method, it is shown only if it is equal to or greater than one million euros.
(1) Company subject to the oversight and coordination of Edison Spa.
(2) Company subject to the oversight and coordination of Edison Next Spa (single shareholder).
(3) Company subject to the oversight and coordination of Edison Facility Solutions Spa (single shareholder).
(4) Company subject to the oversight and coordination of Frendy Energy Spa.
(5) Company valuated with equity method according to IFRS 11.
(6) Of which n. 183,699 of common shares and n. 407,136 of common share cat. A.
(7) On 1/30/07 Edison exercised the option to sell its equity investment, with respect to which the counterparty is now in default.
(8) Given the existence of options on minority interests, the shareholders' equity reflected in condensed consolidated semiannual financial statements is entirely attributable to parent company shareholders.

The currency codes used in this report are those of the ISO 4217 International Standard.

BGL Bulgarian lev
BRL Brazilian real
CHF Swiss franc
EUR Euro
ILS New Israeli sheqel
L Italian lira
MAD Moroccan dirham
PLZ Polish zloty
USD U.S. dollar

## Certification of the Condensed Semiannual Financial Statements Pursuant to Art. 81-ter of CONSOB Regulation No. 11971 of May 14, 1999, as Amended

1. The undersigned Nicola Monti, as "Chief Executive Officer", Ronan Lory and Roberto Buccelli, as "Dirigenti Preposti alla redazione dei documenti contabili societari" of Edison Spa, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of February 24, 1998, hereby certify the following:

   - the adequacy in relation of the characteristics of the business and
   - the effective application,

   of administrative and accounting procedures for the preparation of the Condensed Semiannual Financial Statements for the period January 1 - June 30, 2022.

2. We further certify that:

2.1. the Condensed Semiannual Financial Statements (Condensed Consolidated Semiannual Financial Statements):

   a) are drawn up in compliance with the applicable international accounting principles accepted within the European Community pursuant to the (EC) Regulations No. 1606/2002 of the European Parliament and of the Council, dated July 19, 2002;
   b) are consistent with the data in the accounting records and other corporate documents;
   c) provide a truthful and fair presentation of the balance sheet, income statement and financial position of the issuer;

2.2 the Semiannual Report on Operations includes a reliable analysis of the reference made to the important events that took place during the first six months of the year, and their incidence on the Condensed Semiannual Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Semiannual Report on Operations also includes a reliable analysis of information provided on relevant related party transactions.

Milan, July 26, 2022

The Chief Executive Officer

Nicola Monti

The "Dirigenti Preposti alla redazione
dei documenti contabili societari"

Ronan Lory
Roberto Buccelli

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

**(Translation from the Italian original which remains the definitive version)**

# Report on review of condensed interim consolidated financial statements

*To the Shareholders of*
*Edison S.p.A.*

## Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Edison S.p.A. and subsidiaries (the "Edison Group") comprising the consolidated income statement, other components of the comprehensive income statement, the consolidated balance sheet, the cash flow statement, the changes in consolidated shareholders' equity and notes thereto, as at and for the six months ended 30 June 2022. The company's Edison S.p.A. directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

## Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Edison Group as at and for the six months ended 30 June 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 28 July 2022

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi
Director of Audit