Semiannual Report

AT JUNE 30, 2023

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 2023**	First half 2022	Change %
Sales revenues	2	9,973	13,222	*(24.6%)*
EBITDA	2	829	622	33.3%
as a % of sales revenues		*8.3%*	*4.7%*	-
EBIT		310	407	(23.8%)
as a % of sales revenues		*3.1%*	*3.1%*	-
Profit (Loss) from Continuing Operations		223	228	*(2.2%)*
Profit (Loss) from Discontinued Operations	9	-	4	*n.m.*
Minority interest in profit (loss)		36	31	*16.1%*
Group interest in profit (loss)		187	201	*(7.0%)*

Financial Data (in millions of euros)	**Chapter** (*)	**06.30.2023**	12.31.2022	% change
Net invested capital (A + B) (1)		6,782	6,525	*3.9%*
Total financial indebtedness (A) (1)(2)	6	191	477	*(60.0%)*
Total shareholders' equity (B)(1)	6	6,591	6,048	*9.0%*
Shareholders' equity attributable to the Parent Company shareholders (1)	6	6,201	5,659	*9.6%*

Rating	**06.30.2023**	12.31.2022
Standard & Poor's		
-Medium/Long-term rating	BBB	BBB
-Credit Watch/Outlook	Stable	Stable
- Short-term rating	A-2	A-2
Moody's		
-Rating	Baa3	Baa3
-Medium/Long-term outlook	Stable	Negative

Key Indicators	**06.30.2023**	12.31.2022	% change
Debt / Equity (A/B)	0.03	0.08	-
Gearing (A/A+B)	2.8%	7.3%	-
Number of employees (1)	5,955	5,818	*2.4%*

(1) Period-end data. The changes in these values were calculated compared to December 31, 2022.

(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 2023**	First half 2022	Change %
Net production of electricity (TWh)	8.8	10.6	*(17.6%)*
Sales of electricity to end users (TWh)	6.7	7.0	*(5.2%)*
Gas imports (Bn m^3)	6.2	7.1	*(13.7%)*
Total net gas sales Italy (Bn m^3)	7.3	11.0	*(33.9%)*
Locations served power and gas (in thousands)	1,903	1,706	*11.6%*

Information about the Edison shares

Shares at June 30, 2023	number	price
Common shares	4,626,557,357	(*)
Savings shares	109,559,893	1.3955

Shareholders with significant holdings at June 30, 2023	% 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)
		Nelly Recrosio (9)
		Florence Schreiber (10)
		Luc Rèmont (11)
Secretary to the Board of Directors		Lucrezia Geraci
Board of Statutory Auditors (12)		
Chairman		Serenella Rossi
Statutory Auditors		Lorenzo Pozza
		Gabriele Villa
Independent auditors (13)		KPMG Spa

(1) Elected by the Shareholders' Meeting of March 31, 2022 for a three-year period ending with 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 the same date.

(4) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Member of the Control, Risk and Sustainability 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, Risk and Sustainability Committee and the Oversight Board.

(6) Confirmed as Director by the Shareholders' Meeting on March 31, 2022. Chairman of the Control, Risk and Sustainability 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) Co-opted by the Board of Directors on December 7, 2022 following the resignation of Jean Bernard Lèvy. Confirmed as Director by the Shareholders' Meeting on April 5, 2023.

(12) Elected by the Shareholders' Meeting on April 5, 2023 for a three-year period ending with the Shareholders' Meeting convened to approve the 2025 financial statements.

(13) 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, 2023

Key Events

EDF, Edison, Ansaldo Energia and Ansaldo Nucleare announce they have signed a Letter of Intent (LOI) for the development of new nuclear power

March 6, 2023 - Ansaldo Energia, Ansaldo Nucleare, EDF and Edison announce that they have signed a Letter of Intent (LOI) to collaborate on the development of new nuclear power in Europe and promote its deployment, eventually also in Italy. The aim of the agreement is to make immediate use of the skills of the Italian nuclear industry, of which Ansaldo Nucleare is the leader, to support the development of the EDF Group's new nuclear projects, and at the same time to initiate a reflection on the possible role of new nuclear power in Italy's energy transition.

Edison: 5 billion investment to accelerate renewables plan to 2030

March 21, 2023 - Edison accelerates the construction of new renewable capacity at the service of the country's decarbonization, through 5 billion euros of investments to increase the Group's installed green capacity from the current 2 GW to 6 GW. The aim of the development plan is to increase installed wind power by a further 1 GW, photovoltaics by 2 GW, and to dedicate 1 GW to the development of renewables for the production of green hydrogen and energy storage systems (such as batteries and, in particular, pumped storage), which are indispensable for balancing the grid and ensuring the release of green energy even in the hours of non-operation of renewable plants.

Edison Energia reaches 2 million contracts and presents its strategic plan to 2030

April 18, 2023 - Edison Energia reaches 2 million contracts among residential, SME and industrial customers and consolidates its third position in the national market in terms of volumes of electricity and second position in terms of volumes of gas sold (14.2 TWh and 6.6 billion cubic meters of gas respectively in 2022).
Edison Energia's strategic development plan to 2030 envisages a doubling of contracts to 4 million between commodities, services and energy efficiency products (photovoltaic, heat pump, boiler and climate), electric mobility solutions and insurance products for the protection of domestic systems. The attainment of 4 million contracts by 2030 will mainly take place through organic development, but also through non-organic growth opportunities with the acquisition of large and small companies, as has already taken place between 2018 and 2022 with Gas Natural, Attiva, Energia Etica and Gaxa, as well as through participation in end-of-protection tenders.

Edison Next alongside Berco for the sustainability of the Copparo (Fe) site thanks to a new 7.1 MWp photovoltaic plant

May 4, 2023 - Edison Next launches a path to sustainability for Berco, a Thyssenkrupp Group company specializing in the manufacture of undercarriage components and systems for tracked earthmoving machinery and equipment for the overhaul and maintenance of such components. In particular, Edison Next, thanks to the 20-year on site PPA (*Power Purchase Agreement*) signed with Berco, will be responsible for the design, construction, management and maintenance of a ground-mounted photovoltaic plant with a capacity of about 7.1 MWp for the Copparo (FE) site, Berco's historical and main plant, considered one of the world's largest production centres in its sector, which covers an area of 550,000 square meters and employs about 1,400 people.

Initiation of arbitration procedure against Venture Global

May 15, 2023 – Edison initiated an arbitration proceeding against Venture Global at the LCIA in London, for the failure of LNG deliveries from the U.S.A.

Edison: Moody's confirms Baa3 rating and changes outlook to stable

June 5, 2023 - Edison announces that on June 2, Moody's agency confirmed the Company's long-term rating at Baa3 and changed the outlook from negative to stable, following an equivalent change in the outlook of the rating of EDF (long-term rating Baa1).

The confirmation of the rating Baa3 and the change of outlook of Edison reflect the strong improvement in the Company's credit profile following the complete exit from E&P activities and the strategic focus on gas and the development of renewable capacity in Italy.

The rating also takes into account the company's solidity of the financial statements, which is improving; favorable profit dynamics and higher cash generation, thanks to increased electricity generation capacity; optimized flexibility and appropriate indexation of gas contracts; and long-term exposure to wholesale electricity prices in Italy.

Edison inaugurates Italy's most efficient thermoelectric power plant: industrial excellence at the service of the country's energy transition

June 16, 2023 - Edison inaugurates in Porto Marghera (VE) the most efficient thermoelectric power plant in Italy and among the most efficient in the world, the first of the latest generation contributing to the country's energy transition. An important milestone in the security of the Italian energy system thanks to low carbon highly flexible production that compensates for the intermittency of renewables, thus contributing to the achievement of the decarbonization targets set by the PNIEC. The new plant in Marghera is the result of a modernization of the existing thermoelectric power plant, built in 1964 and constantly renewed in terms of technology, so much so that in 1992, it became the first natural gas-fired combined cycle power plant built in Italy. The construction work lasted a total of four years, employing up to 1,000 workers during the peak phases and 250 contractors, for a total investment of around 400 million euros. The plant has an installed capacity of 780 MW and energy efficiency of 63%, the highest made available by technology today, capable of ensuring a reduction of specific emissions of nitrogen oxides (mg Nox/kWh) by up to 70% and of carbon dioxide (mg CO_2/kWh) by up to 30% compared to the average of the current Italian thermoelectric park, meeting the equivalent annual needs of about 2,000,000 households.

Edison: 1 billion euros credit line with SACE guarantee

June 21, 2023 - Edison announces that on June 20, 2023, the new revolving credit line of 1 billion euros became effective dedicated to the coverage of working capital, subscribed on March 13, 2023 with a pool of banks comprised of BNL BNP Paribas, BPER Banca Spa, Intesa Sanpaolo Spa and UniCredit Spa.

The credit line is backed by a guarantee from the national export credit agency SACE Spa ("SACE") for 70% of the amount. The SACE guarantee was issued as part of the interventions to protect the national energy system in line with the Support Italy instrument under the Aiuti Decree and became effective following the issuance of a specific decree by the Ministry of Economy and Finance.

Edison and SPP sign Memorandum for cooperation in security of gas supply of the Slovak Republic

June 26, 2023 - Edison and SPP announce that they have signed a *Memorandum of Understanding* (MoU) for cooperation in the gas and liquefied natural gas (LNG) sector in order to increase Slovakia's diversification and security of supply. The signing took place at the Embassy of Slovakia in Rome, during the visit of the President of the National Council of the Slovak Republic Boris Kollar, in the presence of Ambassador H.E Karla Wursterova, SPP Executive Vice President Peter Kučera and Fabio Dubini, Executive Vice President Gas&Power Portfolio of Edison.

Edison Next starts energy requalification of Salerno's public lighting

June 28, 2023 - The City of Salerno and Edison Next have announced, at the City Hall, the forthcoming launch of a project for the energy and technological upgrading of the Campania city's public lighting systems. Work is scheduled to start on July 1. The nine-year project is part of the Consip Servizio Luce 4 agreement and involves the installation of more than 15,300 new state-of-the-art LED light fixtures on a total of around 24,000 city lighting points. The works planned by Edison Next will return to the City of Salerno a totally efficient lighting stock, in line with the redevelopment work already undertaken by the Municipal Administration.

Edison Next alongside Barilla in the energy transition: a new 10-year contract for the revamping of the Marcianise factory's self-production plant

June 29, 2023 - Edison Next continues its commitment to support companies on their path to energy transition, consolidating its partnership with Barilla, among the leader of the Italian agrifood industry, which has long been active in achieving the UN Sustainable Development Goals signed in the 2030 Agenda.
Specifically, Edison Next, under the new 10-year contract signed with Barilla, has initiated a project involving the revamping (modernization with latest-generation technology) of the trigeneration plant, on which the production of Barilla's entire Campania hub in Marcianise is based. According to the project, the installed equipment (supplying electrical, thermal and cooling energy) will be modernized, mainly by working on the recovery boiler and the alternator. The modernized plant is scheduled to be commissioned in March 2024.

External Context

Economic Framework

Many of the factors that have weighed negatively on recent global economic dynamics are gradually easing, although forecasts for this year are for a further deceleration from 2022.
Indeed, GDP growth slowed throughout 2022, in both advanced and emerging economies, held back by the sharp increase in food, fertilizer and energy prices that occurred after the Russian invasion of Ukraine and added to the already considerable increases during 2021, pushing up overall inflation in almost all countries and generating a drop in real disposable household incomes. The tightening of monetary policy by almost all major central banks, with the aim of reducing inflationary levels, has also pushed up official interest rates and started to weigh on rate-sensitive expenditure components (primarily investments in the real estate sector). From a public accounts perspective, the strong support to the global economy provided by fiscal policy during the shocks of the COVID-19 pandemic and the Russian-Ukrainian conflict resulted, in most countries, in high budget deficits and large increases in public debt.
Now, falling energy prices and overall inflation, the easing of supply bottlenecks and the reopening of the Chinese economy, coupled with strong employment and relatively resilient household finances, are contributing to a moderate recovery in the pace of global GDP growth, after the continued slowdown in 2022. In early 2023, the world economy accelerated again, but the extent of the recovery in the current year will nevertheless be weak with respect to past standards. The Organization for Economic Cooperation and Development (OECD) forecasts global growth to be 2.7% in 2023 (+3.4% in 2022), with a modest increase to 2.9% in 2024, thus well below the average growth rate in the decade before the COVID-19 pandemic.
Since last summer, energy commodity prices have fallen sharply, with the price of natural gas falling particularly sharply, especially in Europe, although in many countries this has not yet been fully reflected in retail prices. Even the spot of oil and coal also fell significantly from the peaks reached last year following the invasion of Ukraine, easing the pressure on households and businesses.
Thanks to the substantial decrease in energy prices, overall inflation is expected to fall relatively quickly; the decline in core inflation will be more contained i.e. inflation measured excluding energy and food commodities, reflecting the viscosity of many prices (viscosity refers to the tendency of prices to remain constant, or to adjust slowly, despite changes in the costs of producing and selling goods or services).

The improvement in the first part of this year is only partly driven by falling energy prices, but mainly stems from the emerging market economies and the positive momentum provided by China's rebound after the complete reopening of the economy. The abandonment of China's zero-COVID policy (in December 2022, ahead of schedule), combined with easing of fiscal and monetary policy, has strengthened the sentiment of businesses, as stronger growth in the Chinese economy will have positive benefits not only for Asian economies, but for the global economy as a whole. Compared to the end of 2022, business confidence, particularly in the service sector, has improved markedly, but consumer confidence indicators in the major economies have also started to recover from last year's very low levels.

In addition, the gradual easing of global supply bottlenecks, together with the recovery of demand for travel services (also thanks to the lifting of COVID-related travel restrictions, particularly in Asia), contributed to the recovery of world trade, which had fallen significantly in the last quarter of 2022 (the volume of trade in goods and services had in fact fallen by 7% in trend terms, i.e. compared to the fourth quarter of 2021). However, growth in trade in services is expected to outpace that in goods, with the reopening of the Chinese economy providing a substantial boost to international travel, particularly in 2024.

At the same time, the improvement observed in early 2023 in most economies was most evident in the service sectors, helped by a rebound in consumer demand in China and solid growth in the US. In contrast, demand for durable goods remains weak (as does the manufacturing sector), partly reflecting the increased sensitivity of this type of expenditure to financial conditions.

A sore point remains inflation, which, although falling, still remains above monetary policy targets, prompting central banks to keep interest rates high and to adopt a more restrictive fiscal policy to start alleviating the debt burden greatly exacerbated by the pandemic. The effects of the rapid and synchronized tightening of monetary policies from the beginning of 2022 will fully manifest themselves during 2023 and early 2024, particularly on private investment. However, in many European countries, these restrictive policies may be balanced by increased public investment, supported by NGEU subsidies, which could therefore provide some support for growth, which, on the other hand, is currently mainly driven by private consumption (thanks to the continued, albeit modest, decline in savings rates) and final public spending.

Despite the signs of improvement seen in the early months of this year (albeit with differences between economic areas), the outlook is therefore for a period of subdued growth and persistent inflation. Growth rebounded in Brazil, China, India and Japan, but slowed in the US and was only modest in the euro area and the UK.

In more detail, the outlook for the individual major economies and regions is as follows.

In North America, the sharp rise in interest rates since the end of 2021 has resulted in a slowdown in domestic final demand growth in both the US and Canada. The FED, however, after the latest rate hike in the policy operated in May 2023, which brought it into a range between 5% and 5.25%, decided at the FOMC (Federal Open Market Committee) in June to suspend the monetary tightening that started in March 2022, leaving the interest rate unchanged.

The major European economies were severely affected by the war in Ukraine, due to higher energy prices and increased uncertainty, and have been grappling with less favorable macroeconomic policies, imposed by the need for fiscal consolidation, and higher interest rates since the end of 2022 In the euro area, the OECD forecasts GDP growth of 0.9% in 2023. Tight labor markets, together with further reductions in household savings rates, should support private consumption. However, higher financing costs and tighter credit standards will weigh on investment, despite the push for more spending under the Next Generation EU (NGEU) program. GDP growth is expected to rise to 1.5% in 2024, helped by rising real incomes as inflation eases.

As for the major Asian economies, inflation, while rising, remained at relatively modest levels overall. In Japan, monetary policy remains accommodative, while fiscal policy is expected to remain neutral this year, before becoming less favorable in 2024. Growth is expected at +1.3% in 2023 and +1.1% in 2024, while inflation is expected to fall below 2% by the second half of 2024. In South Korea, on the other hand, macroeconomic policy is already tightening and domestic demand growth is expected to be relatively subdued. GDP is expected to grow by +1.5% in 2023 and 2.1% in 2024, with exports set to rebound as China recovers. The latter, among the G20 economies, is the one with the sharpest improvement over 2022, mainly due to the withdrawal of the government's zero-COVID policy. Here, GDP growth is expected to rise to 5.4% in 2023, and then fall to 5.1% in 2024, when the rebound associated with the reopening fades. The abandonment of the zero-COVID policy unlocked demand for personal services, boosted consumer confidence and eased the recession in the real estate sector. As for inflation, the consumer price index is expected to remain moderate.

Finally, in most Latin American economies, after strong rebounds in 2021 and 2022, growth will slow down sharply in 2023, reflecting generally restrictive macroeconomic policies to address persistently high inflation, weak growth in export markets and lower prices of key export commodities. The economy will return to growth in 2024 when inflation falls, monetary policy becomes less restrictive and foreign demand strengthens.

Significant uncertainty therefore remains on the economic outlook for 2023, which is strongly affected by inflation, which may continue to be more persistent than expected and may therefore necessitate a significant further tightening of monetary policy.

Overall economic momentum will therefore depend on the balance between the different needs for a lasting reduction in inflation; an adjustment of fiscal policies to support households and businesses; and an appropriate recovery of growth. These are goals the pursuit of which requires conflicting measures and will therefore pose difficult challenges to policy makers and government leaders.

Concerning Italy specifically, the OECD estimates that GDP, after posting +3.8% in 2022 (performing much better than Germany and France), is expected to grow by +1.2% in 2023, before slowing to +1% in 2024.

Over the two-year projection period, GDP growth would be supported mainly by the contribution of domestic demand net of inventories (+1% in 2023 and +0.9% in 2024) and by the smaller contribution of net foreign demand (+0.3% and +0.2%). Although high inflation is still eroding real incomes and financial conditions are tightening, household savings still remain high, which could support a faster recovery of domestic demand than currently expected. Conversely, delays in implementing the National Recovery and Resilience Plan (PNRR) could reduce GDP growth. Also weighing on our country's growth are: the slowdown in global demand, with the economies of important commercial partners halting, such as Germany, or slowing down, such as the USA (which is why ISTAT expects a clear deceleration in national trade with foreign countries, which will be more pronounced on the import front); the uncertainty linked to the timing and outcome of the conflict between Russia and Ukraine; and the risk deriving from the economic consequences, especially on the agricultural sector, of the wave of bad weather that hit Emilia Romagna in May.

The OECD estimates a drop in the debt-to-GDP ratio to 140.7% in 2023, from 144.3% in 2022 and 139.4% in 2024; the ratio of deficit budget to GDP is expected at 4.1% this year, down from 8% last year, and 3.2% in 2024. In this regard, writes the OECD, “Italy's slightly restrictive fiscal stance appears largely appropriate and continued consolidation will be needed in the years ahead to put an end to the debt-to-GDP ratio problem and put it back on a more sustainable path”.

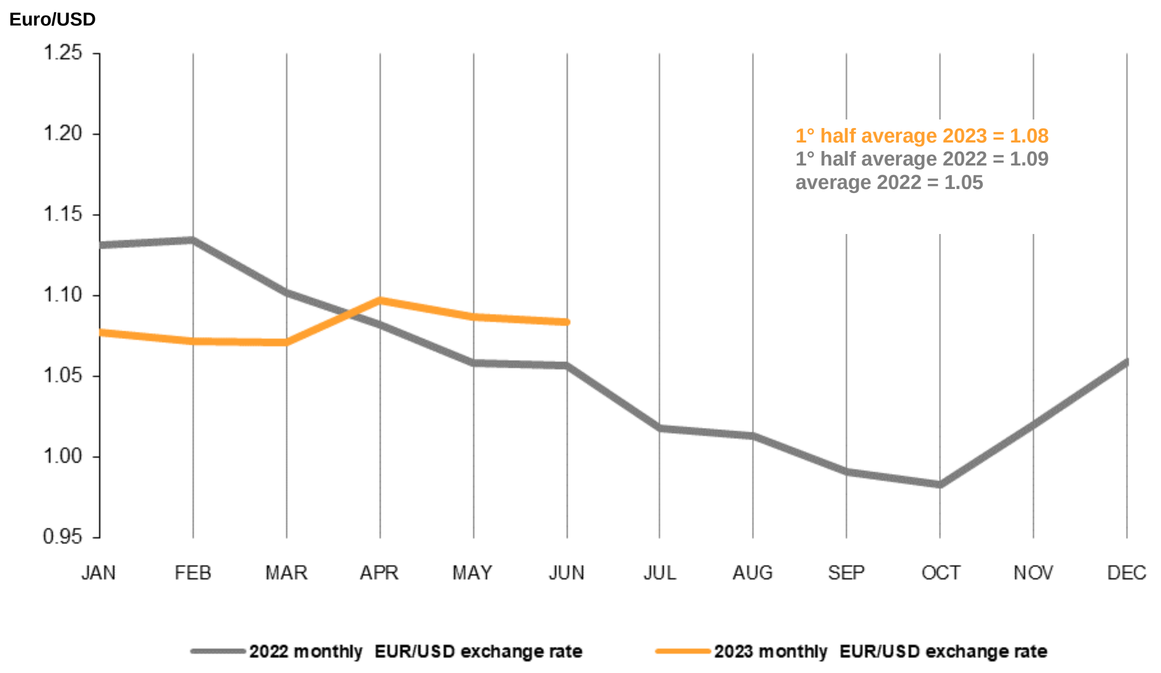
On the labor market front, the unemployment rate is historically low and employment continues to grow, despite the decrease in the working age population. A buoyant labor market and the recent drop in energy prices are stabilizing real household incomes, supporting a modest recovery in private consumption in the first half of 2023.

However, the path back to inflation, aided by the fall in energy prices and the restrictive policies implemented by central banks, is proceeding slowly due to the tendency of this variable to remain high for a few months even when the original cause of its surge has disappeared. According to the forecasts of almost all major international institutions, it is only in 2024 that inflation will return closer to the +2% per annum threshold: this means that for the whole of 2023, we will have to reckon with inflation that, although falling, will still remain above 6%.

In such a context, Italian companies have to cope with strong interest rate increases by the ECB, especially in the first part of 2023. However, the cost of credit also looks set to rise further: this worsens the financial situation of companies because, with the same level of debt, it increases the burden of financial expenses and discourages new investment projects. The same is true for households and interest on variable mortgages.

With regard to the PNRR, which currently seems to be at a standstill, priority should be given to strengthening the capacity of the public administration to effectively manage and implement the public spending projects included in the Plan, leaving out the less strategic ones. Among the most impactful are investments in infrastructure to facilitate digital and green transitions and the expansion of pre-school childcare to promote female labor market participation in the context of a rapidly declining working age population.

During the first half of 2023, the average EUR/USD exchange rate came in at 1.08, down 1.2% on the same period of 2022. Analysing the monthly trend, it can be seen that, after the sharp depreciation of the euro between March and October 2022, since the end of last year the single currency has been on a recovery trend, and since April 2023 the exchange rate has been at a higher level than in the same period a year ago. This recovery of the euro against the dollar was mainly driven by the narrowing interest rate spreads adopted by the respective central banks, as well as by concerns about a possible economic recession in the US. The stagnation of the European economy, which is expected to grow modestly both this year and next, limited the strengthening of the euro, resulting in a slightly lower average for the first six months of 2022.
Inflation levels have moderated from their 2022 peaks in both the Eurozone and the US, although they remain well above the central banks' 2% target. Therefore, both the European Central Bank and the Federal Reserve continued their restrictive policy of raising interest rates, although adopting a different pace as a consequence of starting the cycle of hikes at separate times in 2022. In the US, the FED, after the highly aggressive tightening adopted in 2022, softened the magnitude of its rate hikes by implementing three hikes of only 25 basis points each during the six-month period. In June, after ten consecutive interventions that started in March 2022, the US central bank decided to leave rates firm in the 5-5.25% range. However, this pause, supported by the slowdown in inflation and the uncertainty about economic developments that is absorbing previous hikes, could be short-lived with possible new rate hikes in the second half of the year.
In the Eurozone, the ECB made two increases of 50 basis points each during the first quarter and then two of 25 basis points in the second quarter, bringing the main refinancing rate to 4% in mid-June. The interest rate differential between the two sides of the ocean thus narrowed by 75 basis points during the first half of the year, from 2% at the end of 2022 to 1.25% in June. Furthermore, unlike the FED, there were no signs from the Frankfurt Institute of a pause in the rate hike cycle, as inflation, although falling, is estimated to remain high for too long. The ECB's macroeconomic forecast, released in June, saw an upward revision of inflation estimates, which are expected to average 5.4% in 2023, 3% in 2024 and 2.2% in 2025.



As regards the oil markets, the average price of Brent for the first six months of 2023 came to 80.1 USD/barrel, down 23.3% compared to the same period of 2022.

Quotations mostly showed a downward trend during the six-month period, remaining below last year's levels: they never exceeded 90 dollars per barrel, and in June they reached their lowest level since December 2021. The oil market has been dominated in recent months by significant uncertainty about the outlook for global demand: macroeconomic factors - and in particular the interest rate hikes by the major central banks to curb inflation - have created expectations of a worsening general economic situation and a consequent drop in consumption.

At the beginning of the year, forecasts of an economic recovery in China, after the easing of the strict restrictive measures of the zero COVID policy, limited declines; however, the recovery in consumption came slower than expected. Prices recorded the sharpest month-on-month declines in March and May due to tensions in the US related to the banking sector, fears of default on the debt ceiling and the resulting recession risks.

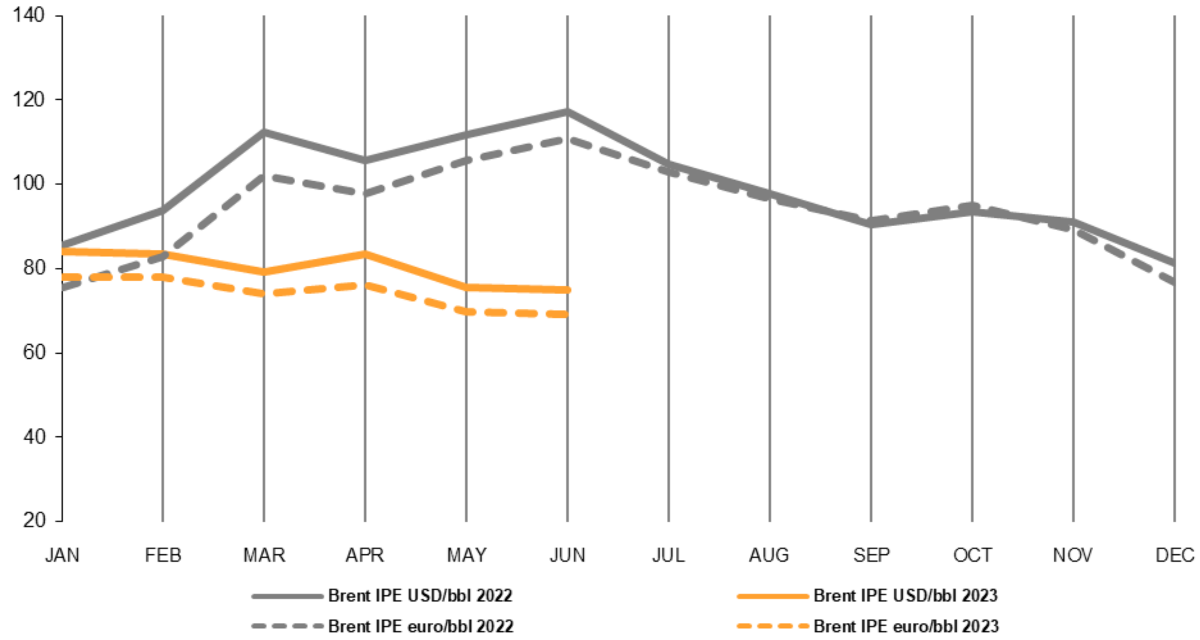
Against a backdrop of expected rising demand, driven mainly by non-OECD countries, the OPEC+ alliance maintained a strategy of production restraint, fuelling concerns about a potential supply deficit in the second half of 2023, curbing further price declines. On April 2, OPEC+ surprisingly announced new production cuts of more than one million barrels/day from May on top of the two million barrels/day in force since November. At the summit in early June, OPEC+ then decided to extend the policy of production restrictions to the end of 2024, and Saudi Arabia announced a voluntary reduction of one million barrels per day in July, with the option to extend it to the following months. This implies that Saudi production will fall to 9 million barrels per day in July, the lowest level since 2021. However, these announcements had a limited and short-lived bullish impact, with the market continuing to be more influenced by uncertainty over the global economic outlook. In addition, crude oil production of non-OPEC+ countries continued to expand. In particular, the US strengthened its position as the world's leading crude oil producer, with production stabilizing at over twelve million barrels per day and exports steadily increasing.

The start of the embargoes on Russian crude oil and products between December and February, as well as the setting of a price cap on Moscow's oil by the G7 countries, did not have an immediate and direct effect on prices, but triggered a reconfiguration of international oil flows, with longer routes and delivery times. Russia reallocated its exports to new, mainly Asian buyers, while Europe saw a growth in imports from the US and the Middle East.

In the first half of 2023, the crude oil price in euro averaged 74.1 euros/bbl, down 22.6% from the same period in 2022. This contraction was smaller than that in US dollars due to the slight trend-based 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 2023	First half 2022	% change
Oil price in USD/bbl(1)	80.1	104.4	*(23.3%)*
EUR/USD exchange rate	1.08	1.09	*(1.2%)*
Oil price in EUR/bbl	74.1	95.8	*(22.6%)*

(1) Brent IPE



Coal prices on the Atlantic market recorded a declining trend, coming in at an average of 128.6 USD/ton, down 55.4% compared to the first half of 2022. Similar to other commodities in the energy sector, the contraction can be attributed to fading concerns about a gas shortage during the winter season; however, prices remained high compared to historical levels, despite reaching their lowest levels since mid-2021. Prices were pushed down by weaker European demand, following a mild winter and the return in the second quarter of more competitive gas over coal for electricity generation. High levels of European inventories and the cautious attitude of the world’s main buyers, China and India further fostered weak demand, while on the supply side no price-supporting elements were observed.

Gas prices at the main European hubs fell by around 51% compared to the levels observed during the first half of 2022, following the easing of tensions that had characterized the market last year. The decline in consumption and the rapid diversification of supply sources from Russian gas drove the downward trend in prices, which fell by around 35% in both the first and the second quarter. The construction of new LNG terminals, particularly in Germany, has allowed for a reduction of bottlenecks in the European system, leading to a narrowing of price differentials between central European hubs (Holland, Germany) and western European ones (France). Quotations at the US Henry Hub - the main reference in the international gas market - declined in the first six months of 2023, recording a greater contraction than observed at the European hubs: the average quotation was 2.4 USD/MMBtu, down 60.3% compared to the first half of 2022. The decline was driven by reduced nervousness in global markets, as well as higher US production and above-average inventory levels. In 2023, the United States is expected to become the world's leading LNG exporting country, thanks in part to the full return of the Freeport LNG infrastructure to operation after a nine-month shutdown due to a fire in June 2022.

The CO_2 emission rights market in the first six months of 2023 showed an increase on a trend basis, with quotations closing the six-month period at an average of 86.9 euros/ton, up 4.3%. Prices started the year on a strong upward trend - reaching new all-time highs in February - supported by advances in the European institutions' votes to revise the ETS (Emission Trading System) and high demand for purchases for 2022 compliance. In April, the European Parliament and the European Council gave final approval to the ETS reform, which had been proposed by the Commission in July 2021 as part of the Fit for 55 reforms and which will enter into force from 2024. The reform is consistent with both the Green Deal and the REPowerEU plan and is aimed at strengthening the system by decreasing the supply of permits in circulation and increasing demand in order to facilitate the energy transition. The

2030 emissions reduction target compared to 2005 levels was raised to 62% from the previous target of 42%. Thus, there will be two one-off cuts to the annual emissions cap, an increase in the annual linear reduction factor of permits in circulation, and a revision of the parameters for the functioning of the Market Stability Reserve. In combination with measures to reduce supply, the new reform also introduces a number of demand-supporting initiatives. The main ones are the gradual inclusion of the maritime sector from 2024 onwards and the phasing out of free quotas for industrial sectors that will fall under the EU border CO_2 taxation system (known as Cbam). Finally, the reform includes the creation of a new, separate emissions trading system (ETS 2) for road fuels and buildings, which will start in 2027 at the earliest.

In the first six months of 2023, the market of Energy Efficiency Certificates (EEC) had an average price of 255.6 euros/EEC, down 1.5% compared with the same period of 2022. In the compulsory year 2022, which ended on May 31, 2023, prices stabilized at levels slightly below 260 euros/EEC, which is the price signal provided by the regulation. This was facilitated by the absence of tension in the market, with the supply of available certificates being sufficient to ensure compliance with the minimum obligations to increase energy efficiency. In June - the first month of the new compulsory year - quotations fell further, averaging 250.9 euros/EEC per month.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

(TWh)	**First half 2023**	First half 2022	% change
Net production:	125.6	138.8	(9.6%)
- Thermoelectric	79.7	95.5	(16.6%)
- Hydroelectric	16.8	14.5	16.0%
- Photovoltaic	15.1	14.4	4.3%
- Wind power	11.3	11.6	(2.6%)
- Geothermal	2.7	2.7	(2.9%)
Net import/export balance	26.1	21.4	*21.8%*
Pumping consumption	(1.2)	(1.3)	*(9.1%)*
Total demand	**150.5**	**159.0**	***(5.3%)***

Source: processing of preliminary 2023 and 2022 TERNA data, gross of grid losses. Data June 2023 from internal processing

Gross electricity demand in Italy in the first half of this year decreased by 8.5 TWh (-5.3%) compared to the same period last year, settling at 150.5 TWh (TWh = billion KWh). This decrease is attributable to the impact of high prices, lower demand from industrial consumers and the strong expansion of self-consumption forms (distributed low-voltage photovoltaic production systems). Finally, mild temperatures reduced cooling-related withdrawals in May and the first part of June.

In terms of net production, the contribution of domestic sources as a whole decreased by 13.2 TWh (-9.6% to 125.6) compared to the first half of 2022. Recourse to thermal production saw the sharpest contraction (-15.8 TWh, -16.6% year-on-year). Conversely, there was a greater contribution from hydroelectric generation. As a result of the significant rainfall in April and May, production increased by about 2.3 TWh (+16%) compared to the same period last year.

As for other renewables, the overall contribution increased by 0.2 TWh year-on-year (+0.8% y/y). The decline in wind and geothermal output (-2.6% and -2.9%, respectively) was counterbalanced by increased photovoltaic generation (+0.7 TWh, +4.3% year-on-year).

Net imports, which rose sharply in the first half of the year (+4.7 TWh, +21.8% year-on-year), closed the balance.

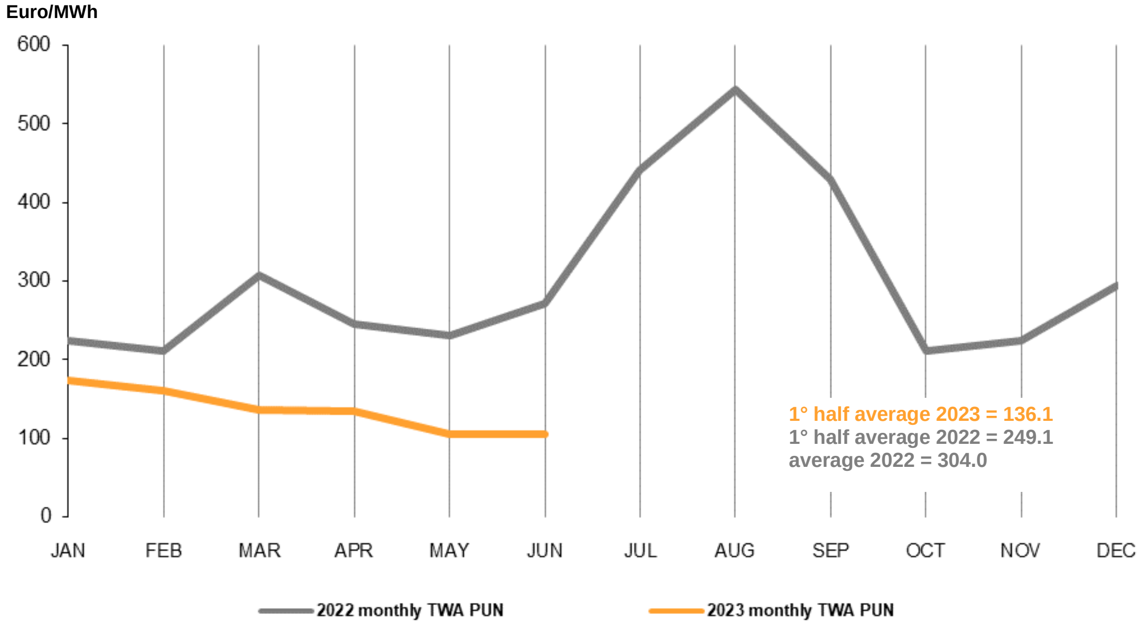
In the first half of the year, domestic production covered about 82.8% of total electricity demand, slightly down from the same period in 2022 (86.6%). Thermoelectric generation accounted for 63.5% of the national generation mix (-5.3% compared to the first six months of last year).

Insofar as the price scenario at June 30, 2023 is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) settled at 136.1 euros/MWh in the first half of 2023, down 45.4% compared with the previous year (249.1 euros/MWh). The fall in prices was driven by lower thermoelectric generation costs, in the wake of lower quotations observed in the gas market, as well as lower electricity consumption and increased net imports at the northern border.

Looking at the monthly trend of the PUN, prices showed a downward trend during the entire six-month period, with the decline against the corresponding months of 2022 becoming progressively more pronounced: the PUN values in the second quarter were more than halved compared to last year, to the lowest since summer 2021. The most pronounced annual deviation therefore occurred in June, when the PUN averaged 105.3 euros/MWh per month, marking a contraction of 61.2% compared to the same month last year. The fall in prices in recent months has been helped by the lower tensions observed both in the gas market and at the French nuclear park, which has seen an improvement in available capacity compared to the very low values of 2022. This led to an increase in imports in Italy, especially from France and Switzerland, also in the presence of an increase in interconnection capacity. In addition, the last two months of the half year saw an improvement in hydraulic conditions, which led to a recovery in hydroelectric generation compared to 2022.

As far as zonal prices are concerned, the downward trend has established itself in all zones, with substantially aligned reductions of about 46%. The prices in the seven Italian market zones ranged from 137.5 euros/MWh in the North zone to 130.9 euros/MWh in the Calabria zone. In observing the group of hours F1, F2 and F3, we note, coherently with what has been described thus far, a decrease across all brackets, of 46.1%, 44.2% and 45.7%, respectively.

The chart that follows shows the monthly trend compared with the previous year:



Similar to what was observed in the Italian market, foreign countries showed a decline in prices during the first half of 2023. France posted a larger decrease than Italy (-51.6%), averaging 110.9 euros/MWh, impacted by the aforementioned improvement in nuclear generation, which led to a significant increase in net exports to neighbouring countries to a two-year high. The German market recorded a similar decline to that observed in Italy (-44.0%), averaging 104.0 euros/MWh. The contraction was driven by falling coal and gas-fired generation costs. In mid-April, Germany completed its phase-out from nuclear power, with the closure of the last three reactors. In Spain, the lowest prices on the continent were observed - with the average for the first half of 2023 at 88.3 euros/MWh (-57.1% compared to the first half of 2022) - in a context of robust generation from renewable sources.

Demand for Natural Gas in Italy and Market Environment

(billions of cm)	**First half 2023**	First half 2022	% change
Industrial use	5.9	6.6	*(10.7%)*
Services and residential customers	15.6	18.2	*(14.7%)*
Thermoelectric fuel use	9.9	12.8	*(22.7%)*
Consumptions and system losses	1.9	1.5	*24.2%*
Total demand	**33.2**	**39.1**	***(15.2%)***

Source: Snam Rete Gas (2022 and January-April 2023: final financial statements data, May and June 2023: provisional financial statements data).

In the first half of 2023, the consumption of natural gas on the Italian territory amounted to approximately 33.2 billion cubic meters, a decrease of nearly 6 billion (-15.2%) compared to the same period of 2022. The drop in gas demand in the first half of 2023 is evident in all market segments, except for the consumption and system losses sector (+24.2%, or +0.4 Gcm) which includes, among other items, gas leaving the country.

The distribution sector (which includes domestic, or residential, use and services) observed a 14.7% contraction (or -2.6 Gcm) recorded almost entirely in the first quarter of the year, due to both higher-than-normal average temperatures and the effects of the national plan to curb natural gas consumption.

The industrial sector shows a decrease of 0.7 Gcm (or -10.7%), due to the continuing unfavorable conditions in the economic and energy environment (impact of high prices, falling demand in energy-intensive sectors), as well as the use of other fuels in production processes, where possible.

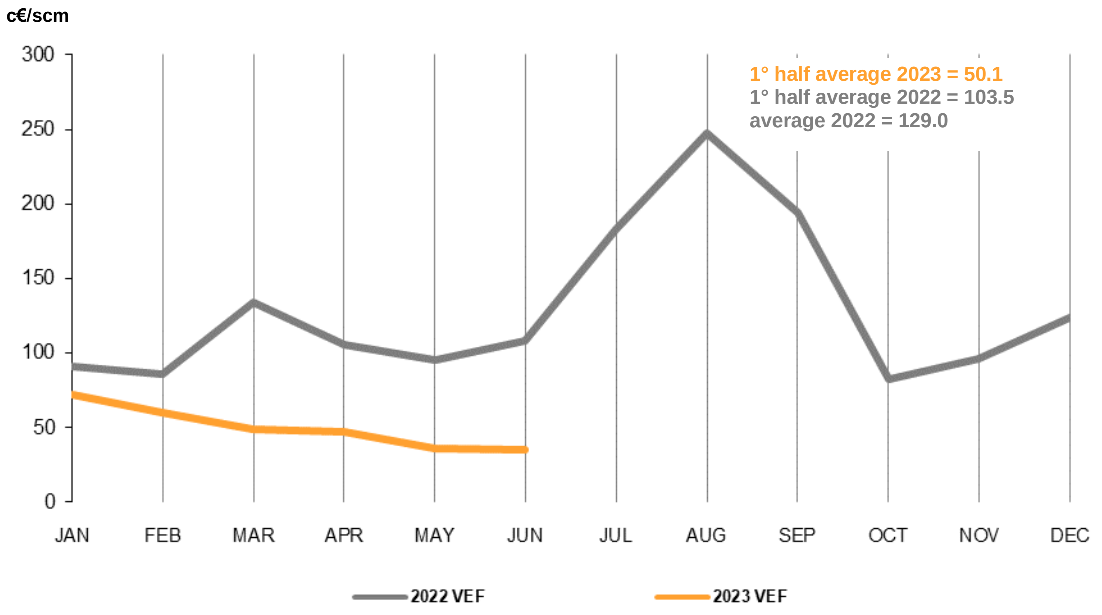
The largest decrease, however, occurred in the thermoelectric sector (-2.9 Gcm, or -22.7%), where lower electricity demand, high import flows and higher hydroelectric production, especially in the second quarter of the year, weighed heavily.

As for supply sources, the following developments characterized the first half of 2023:

- lower domestic production (-0.1 billion cubic meters; -7% compared to 2022);
- lower gas imports (-4.2 billion cubic meters; -12% compared to 2022);
- negative net balance of storage (withdrawals-injection) (withdrawals in Q1-23: 4.3 billion cubic meters, injections in Q2-23: -4.4 billion cubic meters, balance -0.1 billion cubic meters).

The spot gas price in Italy in the first half of 2023 (shown in the chart below, which refers to the price on the VEF), down on the first half of 2022, comes in at around 50.1 €c/scm, down 51.6%.

Quotations have exhibited a noticeably downward trend since the beginning of the year due to the gradual easing of the short-term fundamentals of the European gas system, in the presence of reduced demand and the persistence of high LNG cargo arrivals, also favored by weak competition with Asian markets. The drop in gas demand was driven by favorable weather conditions, self-induced cost-saving measures against high prices, and containment plans established by European countries. These elements together with the abundant LNG supply made it possible to compensate for the significant reduction in pipeline flows from Russia and also limited withdrawals from storage sites in the winter season, reducing the need for injection during the summer season. At the European level, stocks on June 30, 2023 were approximately 77% full, a full 19 percentage points higher than on the same date in 2022. Thanks to the good injection rate during the second quarter, the major European countries are ahead of the filling targets defined in the European regulation introduced last year. This downward scenario of fundamentals led the VEF to have a downward trend during the entire six-month period, with prices in June about one-third of the June 2022 level.



The TTF (the European gas reference hub) showed a similar decrease compared to that of the VEF, coming in at 47.2 €c/scm, down 53.4% on the first six months of 2022.

The VEF-TTF spread recorded an average of 2.9 €c/scm, slightly up on the figure for the same period of 2022 (2.3 €c/scm). The widening of the differential between the two hubs was mainly driven by the increase in import flows from Northern Europe via Passo Gries, which grew year-on-year by 17%. On the other hand, gas imports from Russia at the Tarvisio entry point decreased significantly, with the share in the import mix standing at an average of 6% compared to 22% in the first half of 2022, showing a gradual downward trend to only 2% in June.

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 2023, for the various areas of the corporate business.

Electric Power Operations

Environment

MUD 2023 - In the OJ No. 59 of 03/10/2023, the Prime Ministerial Decree of February 3, 2023 was published, approving the Single Environmental Declaration Model (MUD) for 2023 for declarations referring to the year 2022.
Pursuant to article 6 of Law No. 70 of January 25, 1994, the deadline for submitting the MUD is set at 120 days from the date of publication and, therefore, the MUD must be submitted by July 8, 2023.

Alternative mobility - Published in OJ No. 44 of February 21, 2023 was the Decree of December 22, 2022, Ministry of Infrastructure and Transport - “Urgent measures for the containment of the cost of electricity and natural gas for the development of renewable energy and the relaunch of industrial policies - Year 2022” - which defines the criteria and procedures for implementing the discipline of the extraordinary contribution in the form of a tax credit, equal to 20% of the expenses incurred for the purchase of liquefied natural gas, used for the traction of highly sustainable means of transport with alternative fuelling with liquefied natural gas, net of value added tax. The contribution is intended to mitigate the economic effects of exceptional increases in the price of LNG for companies with their registered office or permanent establishment in Italy, engaged in logistics activities and the transport of goods on behalf of third parties with highly sustainable alternative fuelled liquefied natural gas vehicles.

Climate - Converted into Law No. 74 of June 21, 2023, published in S.O. No. 23 to the OJ General Series No. 143 of June 21, 2023, was DL April 22, 2023 No. 44, published in the OJ General Series No. 95 of 04/22/2023 bearing "*Urgent provisions to strengthen the administrative capacity of public administration",* which contains in article 12 amendments to the discipline of the special envoy for Climate Change, as well as in article 13 the availment by the MASE of ENEA and ISPRA personnel for activities of common interest, and finally in article 14 "Mission Unit and Offices of Direct Collaboration at MIMIT" (New mission unit, attraction and unlocking of investments).

Prevention and environmental protection - The Decree of the President of the Council of Ministers of March 29, 2023 was published in the OJ, General Series No. 113 of May 16, 2023 "*Definition of the modalities of interaction of the national system for prevention of health from environmental and climate risks (SNPS) with the national environmental protection system (SNPA)*", defining the modalities of interaction of the SNPS with the SNPA, to ensure effective operation and, to this end, a Steering Committee is established at the Presidency of the Council of Ministers consisting of a representative of the Presidency of the Council of Ministers, who chairs it, two representatives of the SNPS designated by the Minister of Health from among the managers of the same Ministry and the ISS, two representatives designated by the Minister of the Environment and Energy Security from among the managers of the same Ministry and the SNPA, and one representative of the Regions and Autonomous Provinces of Trento and Bolzano, ensuring the effectiveness, efficiency and homogeneity of the initiatives on the national territory, and which will adopt the three-year Program for health environment biodiversity and climate, in order to be able to determine the priority areas of intervention and implement measures to ensure an effective response to health problems related to environmental and climate determinants.

Wholesale Market

Article 15-bis of the Decree-Law of January 27, 2022, No. 4 (DL Sostegni-ter) and Article 1, paragraphs 30 to 38 of Law 197/22 (Budget Law) - On June 23, 2022 ARERA (or Authority) published Resolution 266/2022/R/eel implementing article 15-bis of Decree-Law No. 4 of January 27, 2022 (Sostegni-ter DL), 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 Renewable Energy Source (RES) in the period February 1, 2022 - December 31, 2022. Decree-Law No. 115 of August 9, 2022 - Aiuti-bis DL (converted by Law No. 142 of September 21, 2022) extended the application of the mechanism in question until June 30, 2023 without substantial changes.

With various rulings of December 2022, following the appeals of some operators in the renewable energy sector and associations, the Lombardy Regional Administrative Court annuled the aforementioned Resolution 266/2022/R/eel and the GSE Technical Rules for calculating the economic items related to the application of the mechanism. In particular, the Regional Administrative Court (TAR) contests the non-conformity of Resolution 266/2022 (but in fact also of article 15-bis of DL Sostegni-ter itself) with the relevant European legislation, which, according to the TAR, provides that interventions on extra-profits must be limited to profits actually realized and not to market revenues, and must in any event ensure coverage of the investment and operating costs of the plants subject to the obligation to repay. ARERA and GSE appealed the TAR rulings to the Council of State, which set the hearing on the merits for December 5, 2023, suspending the TAR rulings in the meantime. The obligations arising from the application of this measure therefore remain in force pending the pronouncement of the Council of State.

With Article 1 (paragraphs 30 to 38) of Law 197/22 (Budget Law), the one-way compensation mechanism with a reference price of 180 €/MWh introduced by Regulation (EU) 2022/1854 was implemented at Italian level. The cap can be revised upwards, according to criteria defined by the Authority, for sources with generation costs exceeding the above price. This mechanism applies during the period December 1, 2022 - June 30, 2023 and concerns RES plants (including basin hydroelectric) above 20 kW not covered by the mechanism of DL Sostegni ter and plants larger than 20 kW fuelled by non-renewable sources indicated in the European regulation i.e. waste, nuclear, lignite, crude oil products, peat.

With Resolution 143/2023/R/eel published on April 6, 2023, ARERA implemented the two aforementioned mechanisms by resuming the application methods already envisaged by Resolution 266/2022 for 2022 with the due adaptations in the case of the second mechanism deriving from the European regulation. ARERA envisages that the GSE will settle the economic items relating to the two mechanisms directly at the balance, i.e. after the end of the two reference periods (June 30, 2023).

Criteria and conditions for the operation of the electricity storage capacity forward procurement system, pursuant to article 18 of Legislative Decree No. 210 of 11/8/2021 - On June 6, 2023, ARERA published Resolution 247/2023/R/eel "Criteria and conditions for the operation of the system for the forward procurement of electricity storage capacity, pursuant to article 18 of Legislative Decree No. 210 of November 8, 2021", which defines the criteria and conditions of the new mechanism to support the development of new storage capacity (including batteries and pumping). The resolution follows the consultation process started in 2022. The mechanism envisages Terna's procurement of newly built electricity storage capacity (in possession of the necessary authorizations) through forward procurement procedures, which allow assignees to receive a fixed premium (€/MWh/year) for the contracted capacity (through special standard contracts that will take into account the technical characteristics of each technology). Against the premium defined as a result of the competitive procedures, the contracted storage capacity is made available to market operators (through special time shifting products), for use on the energy markets, and to Terna, on MSD. Following the Resolution, Terna will have to draw up a study with the aim of identifying the technical and performance characteristics of the various storage technologies (including those under development), their relative levels and cost structures, and their development potential over time. The Study will associate each electrical storage capacity requirement, distinguished by specific performance characteristics, with one or more reference technologies. The cost levels indicated in Terna's study will then be used as a reference by ARERA in defining the maximum premiums that can be offered in tender procedures. Following the consultations scheduled in the coming months by Terna (Study and Regulation of tender procedures) and GME (regulation of the time shifting product trading platform), the mechanism will have to receive final approval from the European Commission in light of EU regulations on State Aid (in recent months, the Italian State has launched the pre-notification process). ARERA will then have to define the economic parameters of the first tender procedures (maximum values of the premiums that can be offered). It is therefore conceivable that the first tender procedures could take place in the first half of 2024. This mechanism is of particular importance to Edison in achieving its goals of developing new storage capacity (pumped storage and electrochemical batteries).

Gas Operations

Rates and Market

Auctions for the assignment of new regasification capacity in Piombino – The construction of the Piombino terminal represented a necessary step in the path undertaken by Italy to diversify gas supply sources and reduce dependence on Russian gas. The same goals guided Edison's interest in participating in the tender for the award of a share of LNG import capacity. With Resolution 28/2023/R/gas, ARERA approved the Procedure for the first allocation of regasification capacity at the Piombino Terminal, as submitted by the terminal FSRU Italia to the Regulator following the latter's remarks. Several changes were made to the Procedure, the most important of which relate to the following aspects: a) access requirements, such as authorization to sell to end customers; b) allocation fee for the 20-year product; c) range of acceptability of LNG; d) allocation criteria, which also provide for the expression of interest for products with a shorter duration.
In response to requests made subsequently by operators, ARERA approved Resolution 85/2023/R/gas, which updates the Procedure by postponing the deadline for submitting offers by at least 10 working days and therefore postpones the deadline for requesting 20-year capacity to March 20, 2023, as subsequently published by FSRU Italia. The update also envisages the possibility for the assignees to request, within 15 days from the conclusion of the auction, the application of the tariff fees approved annually by ARERA, instead of the unit assignment fees. In parallel, the consultation of the first version of FSRU Italy's regasification code, which has not yet been approved, also took place.
On March 20, the first capacity allocation procedure was completed, with more than positive results: allocation of 86% of the annual slots offered by the terminal (37 out of 43), of which Edison was also the assignee. In a subsequent auction held on April 27, 2023, a further 4 slots were allocated for the three-year period 2023/24-2025/26. The remaining two slots are expected to be offered on an interim basis in the third quarter of 2023.
The commercial launch of the terminal is scheduled for July 1, 2023. With Resolution 279/2023/R/gas, the regasification tariffs for the 2023 and 2024 years were published for the Piombino terminal. The year-to-year tariffs approved by ARERA constitute the fee that the assignee pays to the terminal for the multi-year capacity acquired. With Resolution 285/2023/R/gas, ARERA approved the regasification code of FSRU Italia.

Transport service tariff criteria and tariffs 2024 - ARERA Resolution 139/2023/R/gas of April 4 approved the tariff regulation for the natural gas transportation and metering service for the sixth regulatory period (2024-2027). The resolution defines, in particular, the criteria for determining the reference revenues and fees for natural gas transmission and metering services. As far as transportation service charges are concerned, the adoption of the capacity-weighted distance (CWD) methodology is confirmed, providing for a change in the entry/exit allocation from 28/72 to 25/75; discounts to capacity charges are set at 50% for points to and from storage and 0% for LNG entry points, as well as a discount at the future exit point at Gela (to Malta), equal to 50%. With regard to the charges for the transmission metering service, the tariff breakdown into two components is confirmed, one covering general metering costs (CMT) and one covering the metering costs of end customers' redelivery points only. In addition, quarterly, monthly and daily infra-annual multipliers are introduced at the redelivery points serving industrial users directly connected to transport, respectively 1.2, 1.3 and 1.7.

Regasification service tariff criteria and tariffs 2024 - ARERA approved the “Tariff regulation for the liquefied natural gas regasification service for the sixth regulatory period 2024-2027” effective from January 1, 2024. The decision confirms the fee structure for the regasification service already in place in the previous regulatory period (5PR LNG). Furthermore, with regard to the revenue coverage mechanisms, the existing revenue coverage guarantee level of 64% of recognized revenue is confirmed; with regard to actual revenue exceeding the recognized revenue level, a revenue sharing mechanism is introduced in favor of the system equal to the percentage share of revenue subject to guarantee. Finally, the surpluses of the “Fund for new terminals” referred to in Decree-Law 50/22 are earmarked to cover the financing needs of the revenue coverage factors of all regasification terminals.

Regasification companies had to submit their 2024 tariff proposals to ARERA by May 19, 2023, for approval by ARERA within the following 60 days. With Resolution 279/2023/R/gas, the 2024 regasification tariffs for all Italian terminals were published.

Gas storage auctions for the thermal year storage 2023-2024 - As of January 2023, legislative/regulatory changes have been made aimed at favoring the filling of storages in the short term and referring both to the concluding phase of the winter 2022-2023 delivery phase and to the subsequent thermal year storage (ATS) 2023-2024. With Resolution 3/2023/R/gas, ARERA defined the functional criteria for the implementation for the first nine months of 2023 of the Storage Replenishment service of last instance (also SRUI in the following) by the Responsible Balancing Body (RdB). In line with the indications provided by the Ministry of the Environment and Energy Security (MASE), which in its communication of December 29, 2022 formulated its consent for Snam to continue to supply the SRUI up to a maximum value of a further 500 MSmc, ARERA with Resolution 3/2023/R/Gas, defined the maximum prices for the supply of gas for the SRUI, which take into account the economic convenience of placing the gas in storage, assessed on the basis of the quotations currently available and the related costs.

With the MASE Policy Act of March 6, 2023 and ARERA Resolution 93/2023/R/Gas, it was provided that:

- also for the 2023-2024 ATS, the storage companies' technical consumption costs are not charged to storage users (and are therefore covered through the storage companies' financial equilibrium mechanism under article 28 of the RAST);
- storage companies make the following services available (both subject to the application of a reserve price, the calculation formula for which has been provided by the Authority on a confidential basis, and with a prohibition on disclosure, only to storage companies):
  - counter-flow filling service (injection capacity in the winter 2023 delivery phase combined with a corresponding space capacity for ATS 23/24 and injection and delivery capacity for peak or uniform services in the delivery phase of ATS 23/24);
  - residual stock service (space capacity, offered in allocation to only those users with residual stock at the time of the auction, for ATS 23/24 and corresponding injection and delivery capacities for peak or uniform services in the delivery phase of ATS 23/24);

Edison Stoccaggio therefore offered to market users its available capacities for the services introduced by Resolution 93/2023/R/Gas, conferring 117 MSmc in the auction held on March 13 for the residual storage service and approximately 102 MSmc in the auction held on March 14 for the counter-flow service (corresponding to approximately 6 MSmc/d for the injection days from March 15 to 31, 2023).

Following the MASE Decree of March 31, 2023, which governed the methods for allocating storage capacity for the thermal year storage 2023-2024, ARERA published Resolution 150/2023/R/gas containing the provisions for organizing the procedures for allocating capacity (auctions) and updating the criteria for calculating the reserve price (also in this case, as is customary, the reserve price formula was sent by the Authority, in confidential form and with a prohibition on disclosure, only to storage companies).

Edison Stoccaggio therefore, at the auctions held on April 5 and 6, 2023, fully assigned its available capacity to market users: approximately 622 MSmc for the seasonal Peak Modulation service and approximately 60 MSmc in the auction for the Constant Peaks Modulation service.

Retail Market

Provisions for the end of gas protection and for the identification of vulnerable gas customers - With Resolutions 100/2023/R/GAS and 102/2023/R/GAS, the Authority regulated the modalities by which natural gas sellers will have to manage the removal of the protected price, envisaged by the DL Aiuti-quater on January 1, 2024, and the simultaneous identification of vulnerable customers, who will be entitled to request a dedicated tariff. The aforementioned measures largely confirm what was envisaged in the 494/2022 consultation by ARERA in September 2022, stipulating that sellers must propose to their customers not identified as vulnerable the free market offer containing the estimated annual expenditure of the lowest value among those available in their portfolio of offers aimed at domestic customers or condominiums with domestic use, calculated according to the criteria of the Offer Portal Regulation. If the end customer does not adhere to the proposed new supply conditions or signs a different free market contract, the existing supply will continue to be provided, from January 2024, applying the same price structure as PLACET's variable price natural gas offers. An exception is made for customers who will be identified as vulnerable between July and December 2023, to whom, if they are served under the protection service and in the absence of a choice on the free market, the tariff dedicated to them will have to be applied instead, which provides for similar procedures to those envisaged for the current gas protection service. According to Resolution 102/2023, by the end of each month, starting from July 1, 2023, the Single Buyer (AU) will provide a monthly update of the vulnerability status, which will only concern holders of bonus for economic hardship, as well as end customers over the age of 75, as this information is already available to AU. On the other hand, for the remaining cases (persons with disabilities within the meaning of article 3 of Law 104/92 and residents in emergency housing facilities), it will be the seller who will have to collect any requirements through self-certification. For protected customers, dedicated notices will have to be prepared to make them aware of their rights as vulnerable, while for customers already on the free market, sellers are required to include a message in invoices issued between September and December 2023 informing them of their rights as vulnerable.

Electricity: provisions for the end of protection and treatment of vulnerable customers - The Decree of the Ministry of the Environment and Energy Security of May 18, 2023, No. 169 (so-called “End Protection”) regulated the criteria and modalities for the transition to the market of non-vulnerable domestic customers supplied under the greater protection service and the provisions to ensure the provision of the graduated protection service (STG) as a service of last instance.

Even before the final text of the above-mentioned Ministerial Decree was approved, the Authority published a consultation document on May 16 in which it set out its guidelines on the regulation and allocation of the TSG and thus contained some provisions that will have to be amended at a later date (e.g. reduction of the “anti-trust ceiling” from 35% to 30%). Otherwise, vulnerable customers still in greater protection will remain supplied in this service until ARERA defines the tariff dedicated to them.

With reference to the drafting of the procedures and characteristics of the domestic TSG, the proposal follows in some respects as already provided for micro-enterprises, while on other points it differs by introducing some novelties aimed at favoring an outcome that is as competitive as possible. In particular: i) in order to expand the number of participating companies, it introduces the possibility of participating in the auctions as a Temporary Grouping of Companies (RTI); ii) it proposes the modification of the auction model, with the return to a single round auction in a sealed envelope, simultaneous for all territorial areas, in which for each area of interest the operator indicates the €/POD/year and the maximum number of areas it is willing to serve; iii) it introduces the obligation to deliver to AU, prior to the procedures, a declaration of intent that sets out for each macro-process (organizational, IT, etc.) the possible adequacy or planned adjustments.

It is the intention of the Authority to conclude the proceedings with the publication of the resolution by the summer of 2023 so that the auctions can be held in the fourth quarter of 2023, approximately. Following the conclusion of the tenders, it would then take approximately three months to perform all the instrumental activities to allow the new operators to become operational, consequently, the activation of the TSG could take place as of April 1, 2024.

Provisions on charges for early termination of electricity contracts and renewal of economic conditions in electricity and natural gas contracts - The Authority has approved the updating and streamlining of pre-contractual and contractual regulation, in particular, relating to:

- the adjustment to the new provisions on early termination charges for electricity end customers introduced by Legislative Decree No. 210 of November 8, 2021, establishing that they may only be provided for in the case of fixed-price and fixed-term supplies, that they may only be valid until the first maturity date, and that the exercise of the unilateral variation option by the seller shall entail their forfeiture. The supplier is obliged to disclose to the customer in advance the amount of the possible penalties as well as to adjust their value to the actual loss suffered for early termination, if less than the sum originally announced. Penalties shall be indicated in a special box in the summary sheet and in the Tender Portal.
- the information obligations of sellers in the event of renewal with modification of the economic conditions in electricity and natural gas supply contracts, starting from 2024, whereby ARERA requires sellers to provide adequate information, with certain mandatory detailed contents and containing a clear, complete and comprehensible illustration of the contents and effects, indicating the procedures and terms for exercising withdrawal in the event of non-acceptance and an estimate of the annual expense with the new conditions and the variation compared to the old ones, all with no less than three months' notice.

In addition, following up on what was transposed by the Aiuti-bis Decree (Art. 3), which provided for a freeze on the unilateral modification of electricity and gas supply prices until June 30, the Authority temporarily reduced (until December 31, 2023) from 3 months to 1 month the notice period for the modification of supply conditions by the seller, in the sole cases in which the change entails a reduction in fees.

Finally, ARERA ordered the alignment of the indexing of Placet offers of natural gas at variable price according to the criteria of Resolution 374/2022/R/GAS (updating of the monthly Cmem component *ex-post* on the basis of the quotations of the day-ahead product at the PSV hub) starting from September 1, 2023 and that, by way of derogation from the provisions of Article 13(1) of the Code of Commercial Conduct, such notice of change in the economic conditions be communicated with not less than one month's notice with respect to the effective date of the change itself.

Flood: suspension of payment terms for flooded populations - In implementation of Decree-Law June 1, 2023 No. 61, which provides for urgent measures to cope with the emergency caused by the flooding events that occurred starting on May 1, 2023 in part of the territory of Emilia-Romagna 1, in some municipalities of the province of Pesaro and Urbino and in the metropolitan city of Florence - also known as the “Flood Decree” - ARERA adopts urgent provisions regarding electricity, gas, water services and the integrated urban waste management service, in favor of the populations affected by the exceptional weather events that occurred starting on May 1, 2023.

The measure concerns payment terms for electricity and gas bills issued or to be issued and due in the period from May 1 to August 31, as well as for bills and payment notices issued or to be issued by the managers of the Integrated Water Service or by the managers of tariffs and relations with users for the integrated municipal waste management service. During the suspension period, the actions on arrears provided for by the Authority's regulation are also suspended for customer and user defaults, even in the case of arrears that occurred before the flood events.

The provision stipulates that the instalment of the amounts, the payment terms of which have been suspended, shall be spread over a minimum period of 12 months, without discrimination and without charging interest to customers and users, without prejudice to the right to pay in instalments at the end of the suspension period or with an instalment plan of a shorter duration to be agreed with the supplier.

Issues affecting multiple business segments

Decree-Law No. 176 of November 18, 2022 (so-called "Aiuti-quater") on "Urgent support measures in the energy sector and public finance" - Published in the Official Journal on November 18, 2022, converted, with amendments, by Law No. 6 of January 13, 2023, published in the Official Journal on January 17, 2023. In particular, the provision contains measures to support businesses to cope with high energy, introducing the possibility for them to request the payment in instalments of the amounts due for the energy component of electricity and natural gas for consumption from October 1, 2022 to March 31, 2023. As an amendment to article 16 of Decree-Law No. 17 of 2022, provisions are then introduced to strengthen the so-called gas release mechanism and to simplify the procedures for granting new concessions between 9 and 12 nautical miles.
The decree also envisages the extension to January 10, 2024 of the deadline for the greater protection service for the supply of gas to domestic customers, as well as a change to the Superbonus instrument, providing for a remodulation of the rates envisaged for 2023 and access to the 110% deduction for interventions started from January 1, 2023 on single-family buildings for persons with an income not exceeding 15,000 euros.

Decree-Law No. 198 of December 29, 2022 (so-called "Milleproroghe") containing "Urgent provisions on legislative deadlines" - Published in the Official Journal on December 29, 2022, converted, with amendments, by Law No. 14 of February 24, 2023, published in the Official Journal on February 27, 2023. The measure amends article 3 of Decree-Law No. 115 of 2022 concerning the suspension of unilateral changes to electricity and natural gas supply contracts, extending the suspension until June 30, 2023, and providing that the provisions do not apply to contractual clauses that allow contractual economic conditions to be updated upon their expiry.

Decree-Law February 16, 2023, No. 11 (so-called "Credit assignment") on "Urgent measures regarding the assignment of credits referred to in article 121 of Decree-Law No. 34 of May 19, 2020, converted, with amendments, by Law No. 77 of July 17, 2020" - Published in the Official Journal on February 16, 2023, converted, with amendments, by Law No. 38 of April 11, 2023, published in the Official Journal on April 11, 2023. In particular, the measure provides that, as of the entry into force of the decree-law, persons incurring expenses relating to the interventions identified in article 121 of Decree-Law No. 34 of 2020 may no longer opt for the discount on the amount due or the assignment of a tax credit of the same amount, instead of the direct use of the deduction due. Excluded from the application of these provisions are interventions that are not covered by the Superbonus (with respect to expenses incurred before the entry into force of the decree-law, i.e. February 17, 2023) for which no planning permission is required, the works have already commenced, or a binding agreement has already been entered into between the parties for the supply of the goods and services subject to the works.

Decree-Law February 24, 2023, No. 13 (so-called "PNRR") on "Urgent provisions for the implementation of the National Recovery and Resilience Plan (PNRR) and the National Plan for Complementary Investments to the PNRR (PNC), as well as for the implementation of cohesion policies and the common agricultural policy". - Published in the Official Journal on February 24, 2023, converted, with amendments, by law No. 41 of April 21, 2023. The measure contains provisions aimed at speeding up the implementation of the PNRR, including several measures on the governance of the Plan and several authorization simplifications in the area of renewable energy sources. In particular, these are: the exclusion of the prior verification of archaeological interest from the documents to be attached to the EIA application, and it is specified that the adoption of the relevant opinion and measure is not subject to the conclusion of the verification activities; the introduction of a single procedure - including environmental impact assessments - for obtaining the single authorization, as well as simplifications for photovoltaics in industrial, artisan, commercial and agricultural areas, for the development of green and renewable hydrogen and for renewable energy communities in agriculture. The most innovative technologies (i.e. biomethane production by gasification of biomass) are also included among the solutions for biomethane and hydrogen production provided for in Legislative Decree No. 199 of 2021.

Decree-Law March 30, 2023, No. 34 (so-called "Bills") on "Urgent measures in support of households and businesses for the purchase of electricity and natural gas, as well as on health and tax compliance" - Published in the Official Journal on March 30, 2023, converted, with amendments, by Law No. 56 of May 26, 2023, published in the Official Journal on May 29, 2023. The provision contains measures to support households and businesses to cope with high energy prices, in particular by extending to the second quarter of 2023 the raising of the ISEE threshold to 15,000 euros for the recognition of social bonuses for electricity and gas (30,000 euros for households with at least 4 children until December 31, 2023), the zeroing of general system gas charges and VAT at 5% on gas, as well as tax credits recognized to businesses for their electricity or gas consumption. A fixed-rate contribution is also envisaged, paid to resident domestic customers with reference to the months of October, November and December 2023 in the event that the average daily price of natural gas on the wholesale market exceeds the limit of 45 €/MWh.

Decree-Law April 14, 2023, No. 39 (so-called "Drought") concerning "Urgent provisions to combat water scarcity and to strengthen and adapt water infrastructures" - Published in the Official Journal on April 14, 2023, converted, with amendments, by Law No. 68 of June 13, 2023, published in the Official Journal on June 13, 2023. The measure establishes a Steering Committee at the Presidency of the Council of Ministers with coordination functions for the control of the water crisis. The appointment of a National Extraordinary Commissioner is also envisaged with the task of carrying out the urgent interventions indicated by the Steering Committee, as well as regulating the volumes and flows deriving from the reservoirs and identifying the dams for which sediment removal interventions are urgently needed. The decree provides for the introduction of a simplified regime for the expansion and adaptation of water infrastructures, as well as the tightening of sanctions for the illicit abstraction of public water and for reservoir operations without authorizations, and the authorization of the potential temporary operation of individual thermoelectric power plants as an exception to the temperature limits of thermal discharges from June 20 to September 15, 2023. Finally, the measure provides for amendments to Legislative Decree No. 152 of April 3, 2006 ("Uniform Environmental Code") and measures on: ecological flow in the event of exceptional circumstances of water scarcity; rainwater harvesting tanks for agricultural use; reuse of purified wastewater for irrigation purposes; sewage sludge; and desalination plants.

Decree-Law June 28, 2023, No. 79 (so-called "Bills-bis") on "Urgent provisions in support of households and businesses for the purchase of electricity and natural gas, as well as on legislative deadlines" - Published in the Official Journal on June 28, 2023, the decree must now be converted into law by August 27, 2023. The provision contains measures to contain the effects of price increases in the energy sector for the third quarter of 2023. In particular, the raising of the ISEE threshold to 15,000 euros for the recognition of social bonuses for electricity and gas, the zeroing of general gas system charges, and the 5% VAT on gas are extended.

Temporary Crisis and Transition Framework

On March 24, 2023, the new Temporary Framework for State Aid (Temporary Crisis and Transition Framework - TCTF) was published in the Official Journal of the European Union (OJEU), as part of the policy package supporting the Green Deal Industrial Plan. The TCTF aims to support companies impacted by high energy prices (as was already the case with the Framework in force since October 2022) and to integrate the new strategic objectives of RePowerEU into the system. The document will make it easier for Member States to finance specific initiatives in energy markets. Among others, investments for the promotion of renewable energy sources, energy storage and decarbonization of processes are supported through this regulatory framework. In addition, investment in strategic zero-emission technologies will be supported, a topic covered extensively in the Net Zero Industry Act currently under discussion. In the sections relevant to energy investments, the possibility for Member States to grant state aid is extended until December 31, 2025. The remaining provisions of the Temporary Crisis Framework remain applicable until December 31, 2023.

Extension of the period of application of gas demand reduction measures

On March 30, 2023, the regulation extending gas demand reduction measures was published in the Official Journal of the European Union (OJEU). The act follows a twin regulation active until March 31, 2023, maintaining the same voluntary target of decreasing national gas consumption by 15% and extending it for one year after its expiry. The target is then to be achieved in the period from April 1, 2023 to March 31, 2024, and compared to the average gas consumption between April 1, 2017 and March 31, 2022. Member States are given maximum freedom in identifying the instruments for achieving the target.

ARERA recertification of Snam as TSO

On May 9, SNAM obtained from Arera the final certification as a TSO in ownership unbundling. However, it will have to implement a series of measures regarding its activities in the biomethane sector. In fact, ARERA - after the European Commission, in the opinion that is normally rendered during the process, pointed out that the renewal of certification as a TSO in ownership unbundling for SNAM would only be possible on condition that the company renounced any relevant rights in the companies exercising the production function or the supply function - resolved that by June 30, 2023, the TSO must send a plan for the implementation of the short-term solution to the incompatibility that had emerged: to use the biomethane produced and fed into the grid primarily for self-consumption, without selling to third parties. SNAM will also have to communicate to ARERA, by January 1, 2027, which structural solution it would like to implement (by the following June 30) in order to remedy the incompatibilities pointed out by the European Commission, choosing between: maintaining a passive financial participation in the biomethane companies; or operating the biomethane production plants as an infrastructure service offered to third parties, on the basis of regulated conditions. The two solutions are both deemed feasible by the regulator; SNAM will thus be able to adopt either one or the other with a plant-by-plant approach.

Carbon Border Adjustment Mechanism

On May 16, the regulation on the Carbon Border Adjustment Mechanism (CBAM) was published in the official journal. Thus, a carbon price adjustment mechanism is introduced at the border for imports of cement, aluminium, fertilizers, power generation, hydrogen, iron and steel and a small number of finished products (direct and indirect emissions). Under the mechanism, importers will purchase CBAM certificates at the current EU carbon price, thus being subject to European carbon pricing rules. An exception is possible if they are able to prove that the carbon price has already been paid in a third country. The implementation will be progressive: the regulation will apply from October 1, 2023, when the transitional phase will begin, coinciding with the introduction of reporting, however without yet the obligation to purchase CBAM certificates. The introduction of this instrument will then follow the removal of free allowances from the Emissions Trading Scheme (ETS): in 2026, there will be a 2.5% reduction, which will then increase rapidly to 2030 (-48.5%), ending in 2034, with the total removal of free allowances.

Revision of the Emissions Trading Scheme (ETS)

The revision of the EU Emissions Trading Scheme (ETS) directive was published on May 16 in the Official Journal. As a result of this, the ETS emission reduction target in electricity and heat generation, highly energy-intensive industrial sectors, aviation and shipping is increased from 43% to 62% (2030 vs. 2005). In order to achieve the reduction target of the new text, two tranches of quota elimination are inserted en bloc, in 2024 and 2027. The annual reduction factor is also increased from 2.2% to 4.3% in the period 2024-2026 and 4.4% in the period 2027-2030. Finally, the scope is extended to hydrogen, which is also covered by the CBAM regulation with free quotas for low-carbon hydrogen.

Inclusion of the maritime sector in the Emission Trading Scheme (ETS)

The maritime sector will be progressively included in the ETS due to an appositive regulation: shipping companies will have to surrender 40% of allowances for their emissions in 2024, 70% in 2025 and 100% in 2026.

Delegated act on methodology for RFNBOs

On May 10, the delegated act on the definition and certification of Renewable Fuels of Non-Biological Origin (RFNBOs), including renewable hydrogen produced through electrolysis, was published in the official journal. The delegated act outlines the cases and criteria for certifying the renewable character of the fuel produced, identifying the three principles for certifying its renewability: temporal correlation, spatial correlation and the principle of additionality. While the first two are aimed at establishing a relationship of proximity of time and space between the renewable generation plant and the fuel plant, the third requires new plants to supply the renewable electricity needed for the RFNBO-recognized fuel production process. There are exceptions to these criteria, allowing producers of RFNBOs the direct connection to the grid for the production of a 'fully renewable' fuel, subject to a Power Purchase Agreement. This will be allowed if the reference bidding zones are characterized by particularly low average emissions, or if electricity production from renewable sources exceeds 90% of the electricity generation of the bidding zone under analysis. Currently, within the borders of the Union, only France and part of Sweden will be able to produce renewable fuels in this way, thus being able to escape the principles listed above.

Economic & Financial Results at June 30, 2023

Sales Revenues and EBITDA of the Group and by Business Segment

(in millions of euros)	Chapter (*)	First half 2023	First half 2022	Change	% change
Electric Power Operations					
Sales revenues	2	4,374	4,485	(111)	*(2.5%)*
EBITDA	2	452	368	84	*22.8%*
Gas Operations					
Sales revenues	2	6,783	10,331	(3,548)	*(34.3%)*
EBITDA	2	378	295	83	*28.1%*
Corporate (1)					
Sales revenues	2	78	38	40	*105.3%*
EBITDA	2	(1)	(41)	40	*97.6%*
Eliminations					
Sales revenues	2	(1,262)	(1,632)	370	*22.7%*
Edison Group					
Sales revenues		**9,973**	**13,222**	(3,249)	*(24.6%)*
EBITDA		**829**	**622**	207	*33.3%*
as a % of sales revenues		***8.3%***	***4.7%***	-	-

(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 in the first half of 2023 show a trend down compared to the same period last year, to 9,973 million euros, mainly attributable to the Gas Operations, due to both the reduction in the price scenario and the contraction in volumes sold.
EBITDA amounted to 829 million euros, up 33.3% compared to the same period in 2022, thanks to an improved result from the commercial part, a solid performance in sales to the Public Administration in the field of environmental energy services and the contribution of the renewable business.

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 2023	First half 2022	% change
Edison's production:	**8,755**	**10,631**	***(17.6%)***
- thermoelectric	*6,850*	*8,875*	*(22.8%)*
- hydroelectric	*827*	*704*	*17.5%*
- wind power and other renewables	*1,078*	*1,052*	*2.5%*
Other purchases (wholesalers, IPEX, etc.) (2)	**9,344**	**8,032**	***16.3%***
Total sources	**18,099**	**18,663**	***(3.0%)***
EESM activities Production	**345**	**322**	***6.9%***

(1) 1 GWh is equal to 1 million kWh, referred to physical volumes.
(2) Before line losses.

Uses

(GWh) (1)	First half 2023	First half 2022	% change
End customers (2)	**6,685**	**7,050**	*(5.2%)*
Other sales (wholesalers, IPEX, etc.)	**11,414**	**11,613**	*(1.7%)*
Total uses	**18,099**	**18,663**	***(3.0%)***
EESM activities Sales	**345**	**322**	***6.9%***

(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 maximizing their profitability through their optimization.

Within this model, Edison production amounted to 8,755 GWh, down 17.6% from the same period of 2022. The negative trend is mainly dictated by the trend of thermoelectric production, which shows a decrease of 22.8% due to both a delay in the start-up of the Marghera Levante plant and lower production due to a less favorable price scenario than in the first half of 2022, partially offset by hydroelectric production, which shows an increase of 17.5%, mainly attributable to higher hydraulicity; it is recalled that the first half of 2022 was characterized by a much lower rainfall than the historical average. With regard to wind power and other renewables, there was an increase of 2.5% mainly attributable to a change in the scope of consolidation related to the acquisition of Winbis Srl and Cerbis Srl carried out in July 2022 and the commissioning of the Mazara 2 plant in August 2022.

Sales to customers decreased overall by 5.2%, mainly due to a contraction in consumption in the Business segment.

Other purchases are up by 16.3%, while Other sales are down by 1.7% compared to the same period last year; it should be noted, however, that these items include, in addition to purchases and sales on the wholesale market, also purchases and sales on IPEX related to the balancing of portfolios.

There was an increase in volumes related to Energy & Environmental Services Market activities.

Income Statement Data

(in millions of euros)	First half 2023	First half 2022	% change
Sales revenues	4,374	4,485	*(2.5%)*
EBITDA	452	368	*22.8%*

Sales revenues in the first half of 2023 came in at 4,374 million euros, down 2.5% compared to the same period of the previous year.
The EBITDA is 452 million euros, up 84 million euros.
The thermoelectric sector shows a trend down compared to the first half of 2022, due to decreased performance of the MGP/MSD markets as a result of a less favorable price scenario, partially offset by the contribution of the capacity market.
The renewables sector achieved an overall higher result compared to last year:

- hydroelectric power, although benefiting from more favorable prices and slightly higher volumes than last year, has a declining result due to the positive effect in 2022, which cannot be repeated, linked to the waiver by Edison of the option provided for by DL No. 145/2013 (the so-called “Spalma-Incentivi”);
- wind power saw an increase in margins;
- photovoltaics recorded a lower result than the previous year;
- all renewable productions have been penalized by the effects of DL Sostegni-ter (already described in “Legal and Regulatory Framework”);
- the origination activities were contracted on particularly favorable and more remunerative terms than last year.

On the commercial side, there was a marked increase in results, particularly in the Retail and Business segments related to an improvement in unit margins. The results for sales of value-added services (VAS) are also up slightly compared to the same period last year.

Energy services

The economic data of Electric Power Operations include the results of the Energy & Environmental Services Market activities.
Through said operations, Edison interprets its role as an active player towards customers and territories in the path of ecological transition and decarbonization.
Edison addresses, in particular, 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.
Operations showed a 34.7% increase in sales revenues in the first half of 2023 compared to last year, reaching 536 million euros (398 million euros in the first half of 2022). EBITDA increased by 29.2% compared to the same period of the previous year, recording 62 million euros (48 million euros in the first half of 2022) mainly attributable to the entry of the company Citelum Italia Srl (now Edison Next Government) into the Group's perimeter as of May 2022. The activities related to Public Administration recorded, beyond the perimeter effect linked to Citelum, an increase in results, partially offset by the decreased performance of the Industry segment.

Gas Operations

Sources of Gas

(Gas in millions of m^3)	First half 2023	First half 2022(*)	% change
Production (1)	6	5	*27.3%*
Production outside Italy (2)	69	80	*(13.8%)*
Long-Term Purchases and Other Imports	6,151	7,129	*(13.7%)*
Other purchases	1,075	3,839	*(72.0%)*
Change in stored gas inventory (3)	(15)	(37)	*59.5%*
Total sources	**7,286**	**11,016**	***(33.9%)***

(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.
(*) 2022 figure reclassified

Uses of Gas

(Gas in millions of m^3)	First half 2023	First half 2022	% change
Residential use	403	1,242	*(67.5%)*
Industrial use	2,302	2,798	*(17.7%)*
Thermoelectric fuel use	1,751	3,008	*(41.8%)*
Sales of production outside Italy	69	80	*(13.8%)*
Other sales	2,761	3,888	*(29.0%)*
Total uses	**7,286**	**11,016**	***(33.9%)***

Long-term gas purchases and other purchases on the wholesale market were down by 13.7% and 72.0%, respectively, compared to the same period last year; the exposure of the Edison portfolio to imports from Russia was zero.
At 7,286 million cubic meters, sales declined in all segments, particularly in the thermoelectric and civil wholesale segments.

Income Statement Data

(in millions of euros)	First half 2023	First half 2022	% change
Sales revenues	6,783	10,331	*(34.3%)*
EBITDA	378	295	*28.1%*

Sales revenues in the first half of 2023 came in at 6,783 million euros, down 34.3% compared to the same period of the previous year. This reduction is due to both the decline in sales volumes and the price scenario.
EBITDA, which includes the result from regulated activities, amounted to 378 million euros, an increase of 28.1% compared to the same period last year. There was a strong negative impact deriving from the delay in the LNG deliveries from the United States, which led the Company to start an arbitration dispute; excluding this impact, the gas activities benefited significantly from the portfolio optimization actions. As regards the commercial part, the results are up compared to the first half of the previous year, in particular thanks to a recovery in margins in the Business segment.

Corporate

Income Statement Data

(in millions of euros)	**First half 2023**	First half 2022	% change
Sales revenues	78	38	*105.3%*
EBITDA	(1)	(41)	*97.6%*

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.
Sales revenue and EBITDA for the first half of 2023 show an upward trend from the same period last year, mainly driven by an upgrade of service contracts to operating units.

Other Components of the Group's Income Statement

(in millions of euros)	**First half 2023**	First half 2022	% change
EBITDA	**829**	**622**	***33.3%***
Net change in fair value of derivatives (commodities and exchange rate risk)	(148)	(7)	*n.m.*
Depreciation, amortization and write-downs	(231)	(196)	*(17.9%)*
Other income (expense) non-Energy Activities	(140)	(12)	*n.m.*
EBIT	**310**	**407**	***(23.8%)***
Net financial income (expense)	(45)	5	*n.m.*
Income (expense) from equity investments	38	14	*n.m.*
Income taxes	(80)	(198)	*59.6%*
Profit (Loss) from Continuing Operations	**223**	**228**	***(2.2%)***
Profit (Loss) from Discontinued Operations	**-**	**4**	***n.m.***
Minority interest in profit (loss)	36	31	*16.1%*
Group interest in profit (loss)	**187**	**201**	***(7.0%)***

EBIT of 310 million euros includes depreciation, amortization and write-downs totalling 231 million euros, the net change in fair value relating to commodity and foreign exchange hedging transactions amounting to a negative 148 million euros and other environmental regeneration expenses related to non-Energy Activities of 140 million euros.
The Profit (Loss) from Continuing Operations, positive for 223 million euros (228 million euros in the first half of 2022), includes net financial expenses of 45 million euros, net income from equity investments of 38 million euros as well as income taxes of 80 million euros, an improvement compared to the first half of 2022, which included the extraordinary "extra-profits" contribution (effects of DL 21/2022 "Taglia prezzi" and DL 50/2022 "Aiuti") for 74 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 2023	First half 2022
A. Total Financial (Indebtedness) at beginning of period (*)	**(477)**	**(104)**
EBITDA	829	622
Elimination of non-cash items included in EBITDA	401	172
Change in the operating working capital	297	134
Change in non-operating working capital	(381)	(165)
Net investments (-)	(166)	(340)
Other items from operating activities	(40)	(20)
Dividends Collected	-	7
B. Cash Flow from operating activities	**940**	**410**
Net income taxes paid (-)	(361)	(182)
Net financial income (expense) paid	(49)	13
Dividends paid (-)	(137)	(286)
Other changes (**)	(107)	(1)
C. Net Cash Flow for the period	**286**	**(46)**
D. Closing Total Financial (Indebtedness) (*)	**(191)**	**(150)**

(*) 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.

(**) With reference to the first half of 2023, they mainly relate to new leasing payables relating to the entry into service of a new LNG vessel for which there is a long-term lease contract with a shipowner.

The main cash flows for the period derive from EBITDA, discussed above, tax payments, dividend payments to shareholders and net investments.

Net investments amounted to -166 million euros mainly related to:

- thermoelectric generation, mainly for the construction of the Marghera Levante (-7 million euros) and Presenzano (-14 million euros) thermoelectric power plants;
- generation from renewable sources for -25 million euros;
- energy and environmental services for -45 million euros, mainly linked to services for the Public Administration (-8 million euros) and the Industry sector (-22 million euros);
- the commercial sector for -44 million euros, mainly relating to the incremental costs incurred to obtain new contracts.

We also note in the first half of the year the acquisition of the company Felix Dynamics Srl with an overall effect on indebtedness of -10 million euros.

Outlook

Based on the results for the first half of the year and the current market scenario, still characterised by significant economic and geopolitical uncertainties, as well as persistent price volatility, the Group expects EBITDA to grow from 1.1 billion euros in 2022 to at least 1.6 billion euros in 2023

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 2023, 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, Risk and Sustainability 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.

The first half of 2023 was impacted by regulatory interventions launched to find financial resources to mitigate the impact of high energy prices on consumers by applying solidarity levies to national energy companies, in line with and in some cases more stringent than what has been done in the European Union, which impacted the former. In addition, consumption reduction plans and regulatory measures were introduced to reduce the cost of energy for customers, while allowing for deferred payments.

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 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 Law for the Market and for Competition 2021, approved by Parliament on August 3, 2022 (in the Official Journal, Law No. 118 of August 5, 2022) supplements 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 framework, it is stipulated that the allocation procedures are to be started within two years from the date of entry into force of the relevant regional law, and in any case no later than December 31, 2023: after this deadline, the Ministry of Infrastructure and Sustainable Mobility shall promote the exercise of replacement powers. In the case of concessions with an expiry date prior to December 31, 2024, including those that have already expired, the regions may allow the continuation of operations for the time necessary to complete the procedures (no more than three years from the entry into force of this provision; therefore the new deadline is set for August 2025), establishing the amount of the consideration that the former concessionaires must pay to the regional administration as a consequence of the use of the assets and works;
- the modalities for overcoming the protected electricity and gas market for domestic consumers, with particular reference to the implementation of the provisions of Law No. 124 of August 4, 2017 (Annual Market and Competition Law). With the subsequent implementing provisions (Decree-Law No. 91/2018, Decree-Law No. 162/2019, Decree-Law No. 183/2020 and Decree-Law No. 152 of November 6, 2021), from January 1, 2023, the price protection was expected to be superseded for gas customers, while the maximum protection service in place for domestic electricity customers, pending the performance of competitive procedures for the assignment of the gradual protection service, must be completed by January 10, 2024. At the same time, Legislative Decree November 8, 2021, No. 210 was adopted for the transposition of the European Directive 2018/944, which provides for the introduction of a specific tariff mechanism for vulnerable consumers defined on the basis of certain parameters, including age, economic and health hardship; with Decree-Law No. 115 of August 9, 2022, these measures were also extended to vulnerable gas customers; From the regulatory point of view, the

transition framework is already defined for gas customers, with the treatment modalities determined by ARERA in Resolutions 100 and 102 of 2023, which provide for differentiated treatment modalities depending on the vulnerability or otherwise of customers still supplied under protection. With reference to the electricity market, following the publication of the Decree of the Ministry of the Environment and Energy Security (May 18, 2023, No. 169), ARERA is still defining the rules of the tender procedures by which the Gradual Protection Service will be assigned to non-vulnerable customers, while vulnerable customers may temporarily continue to adhere to the greater protection service while waiting for the economic conditions dedicated to them and provided by all sellers to be defined;

- the Capacity Market auction for the delivery period 2025 and beyond. The conduct of the procedures for the 2025 delivery period is still being assessed, based on system adequacy analyses by Terna, following the results of the 2024 auction held in February 2022. The presence of the mechanism, and its modalities, beyond 2025 is therefore uncertain to date. In the absence of new auctions, the "qualification" of existing capacity, which serves as a backup for new plants, would cease to exist;
- 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. In September 2022, the European Court of First Instance rejected the plaintiffs' claims, a decision that makes it less likely that the appeal will be upheld by the TAR. In particular, a number of companies have filed an application to set a hearing on the merits before the TAR, following the EU Court's ruling. The hearing could be scheduled during 2023. During the year, further appeals were filed with the Lombardy TAR (Regional Administrative Court) against the various legislative and regulatory deeds relating to the 2024 auction, as well as against the results of the auction itself.

Market and Competitive Environment

The energy markets in which the Group operates recorded, during the first half of 2023, significant variations in terms of demand, mainly linked to high energy prices on economic activity and government energy saving initiatives, for a more in-depth analysis of which see the section "Performance of the Italian energy market".

In the Italian electricity market, there was a slowdown in consumption in the first half of 2023. The lower demand for electricity was met by lower thermoelectric generation, which constitutes a significant share of the Group's generation mix, offset by higher production from renewable sources, mainly attributable to the recovery of hydroelectric generation, and by an increase in imports from the northern border, given the reduced criticality of the 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, the progress of the process of energy efficiency and reduction of CO_2 emission factors, with the inauguration of the new Marghera plant and the construction, in an advanced stage, of another new generation combined cycle, puts the Group in a condition of competitive advantage.

In the natural gas market, overall demand decreased in the first half of 2023: the contraction occurred in the industrial sector, as a result of the impact of high commodity prices, and in the residential sector, also due to particularly mild weather conditions. Demand from the thermoelectric sector is also decreasing, driven by lower electricity demand. In addition to the demand reduction factors described above, there are government energy saving initiatives. Moreover, there was an increase in exports to foreign countries, which were more affected by supply problems from Russia than

Italy, whose supply was ensured by an increasing supply from the south. 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.
Lower commodity prices during the first half of 2023 helped reduce credit risk exposure. As far as the Business segment is concerned, the main mitigation instrument is credit insurance; insurance contracts to cover credit risk are also in place for wholesale gas counterparties and road SSLNG customers.

Country Risk

The Edison Group's presence in the international markets, involving both the production and marketing of electricity, exposes the Company to risks stemming mainly from political-social, regulatory and economic-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 HELLENiQ ENERGY.
The center-right government is led by Prime Minister Mitzotakis, a member of New Democracy, who won the elections last June 25 with an absolute majority in parliament.
However, voter turnout was very low (approx. 50%), indicating a gradual move away from representative politics by the groups most affected by high inflation and low wages, which should not, however, undermine the country's stability, at least in the short to medium term.
It is expected, however, that the government will continue with a plan to diversify the energy supply, still partially dependent on Russian gas imports, and with support for the development of large infrastructure projects, particularly in the renewable energy sector, although their development is currently limited by shortcomings in the transmission network, self-production and electrochemical storage of electricity.
The current economic context is marked by inflation, which will continue to fall substantially in 2023, thanks to falling energy prices. Fiscal policy will continue to be used to support activity but will be less accommodative with the restoration of EU fiscal rules.
Greece is one of the main beneficiaries of the EU recovery fund, with a potential total amount of 30 billion euros in grants and loans until 2026. This should contribute to significant but gradual improvements in the entrepreneurial context, maintaining a focus on the green transition while supporting the economic recovery thanks also to the more than positive performance of the tourism sector. GDP growth of 2.0% is projected for 2023.
In the first half of the year, the agency Standard&Poor's confirmed the sovereign rating BB+ with stable outlook, in parallel to Moody's, which confirmed Ba3.
To reduce dependence on Russian gas, the phase-out date for coal-fired thermoelectric generation was postponed to 2028 from the previous deadline and the LNG infrastructures are being upgraded.
The TSO expects that up to four new class H CCGTs will be needed (also depending on the retirement schedule of older CCGTs) to ensure the stability of the system during the green transition, and the authorities intend to evaluate in the future the possible introduction of a capacity remuneration mechanism to support flexible programmable plants (hydro basin + CCGTs) if the market is not sufficient to ensure their profitability.

The Company is committed to constant monitoring of the country's political and economic environment, to which the Group is exposed at June 30, 2023, as indicated below:

(in millions of euros)	**06.30.2023**	**12.31.2022**
Guarantees provided	115	115
Equity investments (1)	185	145
Total	**300**	**260**

(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 have potential repercussions on profitability, the impact of which would be amplified by the significant volatility and appreciation of commodities, the efficiency of business activities and/or the Company's reputation. In addition, the increasing focus of regulatory and supervisory authorities on the energy sector leads to growing operational and compliance efforts.

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 performance and execution of the Company's various activities and business processes are closely dependent on the complex information systems developed over the years. The energy sector, in particular, is characterized by the constant evolution of threats also as a result of geopolitical tensions and the increasing digitalization of infrastructure, processes and services. Risk aspects concern the adequacy and availability of these systems, the integrity and confidentiality of data and information, which may have economic, financial and reputational repercussions. 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 Foro Buonaparte and Rivoli data centers. 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 or service levels. Finally, the review of the Business Impact Analysis (BIA) for the Gas & Power Market, Gas & Power Portfolio Management and Optimization, Gas Asset and Power Asset divisions was completed. Network security risks also affect the sites of EESM activities customers. In order to mitigate the inadequacies identified in the assessment, the EESM Cybersecurity Development (ECD) project was launched in

2022, and a multi-year plan of action was defined to reduce the risk and impact of possible cyber attacks. Progress to date:

- completed the POC on three pilot sites,
- acquired the devices and software for system protection.

The risk relating to the integrity and confidentiality of company data and information and their availability in the event of cyber-attacks remains high and is mitigated through the adoption of strict security standards and solutions developed in accordance with the National Institute of Standards and Technology (NIST) framework as well as through continuous updates and actions to limit exposure; 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. The first four phases were completed (automatic inventory of all networked devices, asset procedures, vulnerability, triage, incident & crisis management, threat intelligence service and CERT (Computer Emergency Response Team)) of the Rex Wannacry project, aimed at increasing the resilience of the company's information system against next-generation attacks. In 2022, the Rex Wannacry program was extended with other project initiatives, aimed at improving the handling of possible ransomware attacks (ISRebuild Project), with a focus on reviewing how data is saved and protecting the active directory and the ability to restore systems in the face of attacks. The project to strengthen the way employees' digital identities are managed was completed in the first quarter of 2023, through multi-factor authentication systems, conditional authentication and new systems access control mechanisms. Training courses and an awareness program on security issues continued to promote and enhance the cybersecurity culture within the company, including monthly simulations of phishing attacks, news and semi-annual webinars, among other activities.

In the current market context characterized by significant volatility and appreciation of commodities, the unavailability of data and/or systems to support downstream (e.g. for the billing cycle), as a result of cyber attacks capable of circumventing the safeguards in place, could have significant consequences on the Company's working capital. With particular reference to the security of sensitive IT data for Edison Energia's business, a program is underway that envisages the implementation of a Data Classification, the revision of profile users for access to critical applications, the implementation of Data Loss Prevention (DLP) tools and the updating of policies and procedures.

Compliance with GDPR 2016/679 is a major issue given the attention of the regulator and the public to the protection of personal data. The multi-year project for the safety upgrade of production facilities in accordance with the dictates of DL 105/2019 managed by ACN (National Cybersecurity Authority) is underway.

With regard to enhancing systems adequacy, in the first half of 2023, some important projects continued and/or were completed and new ones started; in particular:

- for the Energy & Environmental Services Market activities:
  - following the merger of ENG, the consolidation of the corporate systems is underway;
  - the project to extend the data platform to the various divisional application areas (Salesforce.com, maintenance management systems, invoicing) is underway;
  - the project to manage the economic volume forecast is underway;
  - the project to extend Salesforce to after-sales and contract management is underway;
  - the centralized system for managing PECs and protocols was released;
- for the Gas & Power Market Division:
  - o the Kairos project is being released, with the upgrade of billing, CRM and credit systems with cloud porting for Retail customers;
    - the Offering and CRM system dedicated to B2B customer management is being released, with the automation of numerous activities that were historically handled manually;
    - the project of allocations to SAP is being implemented;
    - the revamping of the Edison Energia site is underway, with an initial release within the year;
    - the GAXA corporate integration is being completed and the Energia Etica and Sorrento Power & Gas merger project into Edison Energia is underway;

        - the B2C collective self-consumption project is underway with a roadmap with several release waves;
        - the e-mobility B2C and B2B project is underway for the downstream divisions (Edison Energia and Edison Next)
- for the Gas & Power Portfolio Management & Optimization Division:
    - as part of the diversification of gas portfolio sources, analysis is underway to define the application map to support the processes introduced by the new LNG Venture Global long-term supply contract;
    - the risk model revision program is underway, which also impacts the downstream divisions on several business processes (pricing & sales, portfolio management, costing, short term & medium-long term forecast, hedging). The program includes 12 IT initiatives classified into 24 project sites, of which 2 have been completed;
- for the Power Asset Division:
    - the GUIDE System for the Management of Plant Processes (Asset Master, Maintenance, Scheduling, HSE Themes, etc.) was implemented on all thermoelectric power plants;
    - the anomaly detection module for thermo maintenance models is being implemented;
    - the DBUNICO/certified data system for the 3 hydroelectric poles is being implemented;
    - a division-wide HSE (health, safety and environment) event management application is under development.

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 recognised over the years adequate accruals to special provisions for risks and charges listed among the liabilities in the financial statements (see also the 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 2022 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 Milan-Bicocca, 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. At the Workshops in Milan and Turin, many students from the Milan and Turin Polytechnics prepare their dissertations: the link between Edison and the academic world is consequently closer and more lively.

Since 2022, Edison has been part of MUSA s.c.a.r.l (Multilayered Urban Sustainability Action), an innovation ecosystem funded by the Ministry of University and Research as part of the PNRR initiatives and promoted by the University of Milan-Bicocca. The MUSA project involves the collaboration of public and private stakeholders and aims to transform the Milan metropolitan area into a hub for sustainability, urban redevelopment and innovation.

In particular, Edison actively participates on two working tables.

The first, Urban regeneration (City of tomorrow), dedicated to the redesign of the city and the development of smarter renewable energy solutions, land waste management systems and new mobility models.

The second table, Innovation for Sustainable and Inclusive Societies with the direct involvement of FONDAZIONE EOS - Edison Orizzonte Sociale, aims to strengthen inclusiveness in society by tackling inequalities and promoting public commitment to individual and social well-being.

The main fields of study and research of the RD&TI Department are as follows:

Electric mobility

The topic concerns the study and testing of innovative charging technologies for electric vehicles, including one-way charging products, and in particular those with smart charging functionality, which are of interest to support the immediate needs of Edison's business units, and on the other hand, products with a two-way mode of operation (V2X), which are of strong interest for medium- to long-term prospects. In this research area, the tests we carry out serve to understand how to control and drive the chargers under different operating conditions and to master the communication protocols between the vehicle, the charging infrastructure and the network, especially with the aim of ensuring safe, reliable and cost-effective modes of operation.

Storage

This regards the study and experimentation of storage technologies for stationary applications on various scales, or up to long duration 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 second life and recycling processes, as well as within hybrid storage systems. The area of interest covers conventional and innovative technologies, including electrochemical, thermal, mechanical.

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 one hand, on the evaluation of hydrogen generation options, including through laboratory tests of innovative electrolysis systems, and, on the other hand, on the scouting of carbon dioxide capture technologies to be applied to the combined cycle.

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 in utility scale applications 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 2023 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 2023 closed with the overall accident frequency index which stands in aggregate terms between company personnel and personnel of external companies on a value of 1.3, an improvement on the figure of 2.1 in the same period of 2022 (1.9 at year-end).

The total seriousness rate at the end of the first half of 2023 was 0.07, substantially in line with the same period in 2022, confirming the limited severity of our accidents.

During the first half of 2023, there were no fatal accidents.

The figures confirm a virtuous level when compared to the national industrial scenario, which is even more appreciable when considered in the current phase of change in the company's business, characterized also in this period by the enlargement of the perimeter due to new acquisitions related to a higher level of risk of the activities carried out and the context in which it operates.

Activities Concerning Health, Safety and the Environment

The main activities and processes carried out in the first half of 2023 are reviewed below.

Compared to the last three years, the period was not affected by the pandemic emergency, which formally ended on March 31, 2023. On January 9, 2023 the Edison Group COVID Committee formalised Revision 9 of the "Guidelines for the safe management of work activities", which were also communicated to all employees following discussions with the workers' representatives. In general terms of the approach to health prevention, the measures envisaged in the Guidelines still remain valid in their practical application in light of the revised health framework, even though as a result of the general scenario, the Health Authorities have now defined the pandemic emergency as over.

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 road map related to the health, safety, environment and sustainable energy policy issued in 2021, and in particular:

- innovation initiatives focused on the digitalization of the work permit, training and support through virtual and augmented reality tools, the project to measure mental fatigue of wind energy operators, and software to ensure the reliability of our organizations in the management of deadlines and authorization requirements;
- training interventions, with a particular focus on mentoring projects in the field and reporting on good conduct and situations extended to the staff of external companies;

- sharing of in-depth analyses of events with high damage potential collected within the EDF Group and of near misses arising during operations at Edison sites.

In addition to continuing activities to standardize practices within the company perimeter, which took the form of the development of transversal processes such as the review of the portal for checking the documentation of external companies accessing company sites or the use of the digital platform for health surveillance, the half-year was marked by the participation on the part of Edison in the work to update the EDF Group's health and safety policy, which will be issued in the second half of the year. Consequently, the Edison Group's integrated Health, Safety, Environment and Sustainable Energy Policy will also be revised, accompanied by the 2024 - 2027 operational road map that will gather the main strategic actions on these issues.
Lastly, the contribution made in the area of sustainability projects was significant, particularly with regard to the construction of the platform for collecting data for non-financial reporting and performance indicators also for financial ratings, the contribution to the “Sustainable Procurement” project and to the government's assessment of the supply chain on environmental and social issues, and the systemic approach provided in focusing the impact of the company's activities on Diversity and Inclusion and Human Rights issues.

Human Resources and Industrial Relations

Human Resources

The headcount at June 30, 2023 was 5,955 compared to 5,818 at December 31, 2022, with an overall growth of 137 employees in the first half of the year, generating an increase in headcount of +2.4%, attributable both to organic growth in the first months of 2023 and to the entry of orders in the Public Administration sector in the Energy & Environmental Services Market activities.

Industrial relations

Main events of general significance for the Edison Group that occurred in the first half of 2023.

1. **Signing of Edison SpA Results Bonus - Metalworkers’ Collective Labor Agreement**

On June 13, 2023, an Agreement was signed to define the Results Bonus for employees of Edison Spa whose employment contract is governed by the Metalworkers' CCNL (National Collective Labor Agreement) for the years 2023 and 2024.

2. **Edison Group RSU elections (Electricity and Gas Water Collective Labor Agreement)**

The agreement of May 26 with the National Trade Union Secretaries defined the territorial areas of the Edison Group's RSU and the election procedures were started to allow the elections to be held on June 26/27/28, 2023. On these days, the electoral operations took place regularly, for which recourse was made, for some RSU and individual situations provided for in the agreement, to electronic voting using a specific IT platform.

3. **Merger by incorporation of Ecologica Marche Srl into Edison Next Recology Srl**

On February 10, 2023, the union procedure concerning the merger by incorporation of Ecologica Marche into Edison Next Recology Srl was opened.

The reasons for the merger are to be found in the intention to concentrate, in order to manage them more effectively and efficiently in a single dedicated company, all activities related to the transport, management, storage and waste-to-energy of civil and industrial waste from reclamation activities, industrial cleaning services, large suction, sewer and pipeline cleaning.
The merger took effect from May 1, 2023 and involved a total of 68 employees who retained all the overall accrued economic and regulatory treatments in force at their workplace, including the National Collective Agreement for Environmental Hygiene.

4. **Framework agreement for the management of reorganization of Operating Units/Sites of Edison Next Spa**

On March 29, 2023, a framework agreement was signed with the National Metalworkers' Trade Union Secretariats that defines the principles to which local union agreements must adhere in managing the reorganizations of Edison Next Spa Operating Units/Sites dedicated to the industry market. In particular, the agreement stipulates that any surplus staff will be managed through incentivized exits of workers who do not object to the redundancies. Following the signing of the framework agreement, negotiations began at the local sites in Turin, Brescia and Cassino. With regard to the latter location, a trade union agreement on the new work organization was reached on May 17, 2023, which was implemented as of May 29.

5. **Merger of Ambyenta Srl, Ambyenta Campania Spa and CEA Biogas Srl into Edison Next Environment Srl**

On May 10, 2023, the union procedure concerning the merger by incorporation of Ambyenta Srl and CEA Biogas Srl into Edison Next Environment Srl was opened.
The reasons for the merger were the intention to concentrate the entire environmental services and waste management market business into one dedicated company in order to manage it more effectively and efficiently.
The merger, which also involved Ambyenta Campania Spa, took effect from July 1, 2023 and involved a total of 21 employees who retained all the overall accrued economic and regulatory treatments in force at their workplace, including the National Collective Labor Agreements.

Organization

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

- as part of the company's activities to revise its market risk governance processes and models, following approval by the relevant corporate bodies, a thorough revision of the “Energy Risk Policy” was formalized, which regulates the management of the main sources of risk relating to the energy commodities markets for the Edison Group, particularly in connection with power generation, the import of natural gas, the sale of electricity and natural gas, energy and environmental services and the production of green gas, which can have an economic impact on the Group's margins. At the same time, a revision of the “Exchange Rate Risk” Policy was approved and formalized to take into account the changes introduced by the new Energy Risk Policy in terms of risk organization and governance, and a procedure was adopted to regulate the process of activating and functioning of the Hedging Pricing and Counterparty Committee, whose constitution and purpose were defined by the Energy Risk Policy;
- to complete the changes made in the second half of 2022, in the organizational model of the Finance Division, with the decentralization to the Business Divisions of certain responsibilities for Planning and Performance Analysis, Accounting and first-tier market risk assessment, the organizational structure of the Risk Office Department, the Planning, Performance & Investments Department and the Accounting Tax &

Finance Operations Department at corporate level was reviewed, redefining the perimeter and detailed responsibilities of the latter;

- consistent with the Group's strategic guidelines and in line with the achievement of energy transition objectives, the hydroelectric development and management activities assigned to the Power Asset Division were integrated within a single “Hydroelectric Business Unit” in order to better integrate homogeneous business segments within the hydroelectric value chain. Similarly, the Thermoelectric Business Unit was created to better integrate homogeneous business segments within the value chain of the thermoelectric sector, which are functional to the development of the thermoelectric production and plant operation business;
- in May, the deed of merger of Ecologica Marche into Edison Next Recology was signed with effect from May 1, 2023, thus completing the process of concentrating the operating companies under the Waste Management Division of the Circular Economy Business Unit. Similarly, the new integrated organizational structure of the Department was defined;
- during the first half of the year, within the Gas & Power Market Division, the structures and responsibilities of the Departments dedicated to sales and service provision for the retail segment were partially redefined, with the aim of concentrating responsibilities and specializing in the development and management of both digital and physical/territorial channels;
- in February, with the aim of rationalizing and adopting an integrated organizational model across all Group companies and organizational units, the activities and responsibilities previously identified in the audit and compliance oversight of EESM activities were integrated and centralized in the Internal Audit, Privacy & Ethics Department, partially modifying its structure and responsibilities.

Employee services

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. During the first half of 2023, the extension of welfare services to the companies acquired during 2022 was finalized.

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. 21 students were awarded this year. On the level of initiatives focusing on health issues and the gender gap, a new collaboration with the ONDA Foundation was also initiated for the provision of specific training and educational interventions. Finally, initiatives to convert company productivity bonuses into Welfare Credits, also thanks to incentives defined by Edison, involved almost 40% of employees.

Training and Development

Human Capital Training and Development

During the first half of the year, managerial training was mainly carried out in person 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, innovation, sustainable entrepreneurship, authenticity, and people development.

The sessions involved both senior managers and middle managers, also with the aim of encouraging networking and stimulating discussion on management issues.

A new management training initiative was launched for all Group Executives and Subject Matter Experts on the topics of “Innovation and Openness to Change”; the training sessions, held at Officine Edison in Milan, were designed together with colleagues from the Business Innovation Department and are enriched by testimonials from managers both inside and outside the company.

In continuity with the past, both young talents and senior managers were involved in the international leadership development training initiatives promoted through the support and service of the EDF Group Corporate University.

The Ambrosetti Permanent Update network initiative was re-launched, which 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.

With regard to talent management issues, twenty-five senior resources were involved in the potential assessment process and individual development plans were drawn up in line with the aptitudes and motivations that emerged.

Finally, training is underway for the newly created community of Subject Matter Experts, the first pool of resources who have been granted professional leadership both inside and outside the company and who possess skills relevant to the organization. The training focuses on strengthening teaching, communication and knowledge sharing skills within the organizational context.

In 2023, training continued on the digital platform “Cookies”: webinars aimed at facilitating everyday professional life and personal well-being, delivered synchronously through the e-learning platform “MYLA” to be made available to all colleagues. In the first part of the year, Cookies on effective communication, customer focus, memory and emotional intelligence were delivered.

The Edison Talks, the appointments for Edison management to read about the current context of the energy world live from the Shareholders' Room, have resumed. Two talks were given in the first half of 2023: the first on the future of energy prices and the second on the company's commitment to climate change.

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.

The seventh edition of the Master Corporate in Energy & Business utilities in cooperation with POLIMI GSOM, aimed at 30 young business professionals, was launched in 2023. The objective of the one-year course is to provide participants with the fundamental skills of the energy world and the transversal skills that are essential for business growth.

As part of the corporate onboarding process, a new information, training and engagement program was launched in the first half of 2023 for new colleagues joining the Edison Group in 2022. In a hybrid mode, the program aims to introduce the group through games, presentations of the company's projects and professions, bits of history in honour of the Group's 140th anniversary, visits to the plants and a meeting with the Edison Executive Committee. It will conclude at the end of 2023.

The digital skills development program also continued. Alongside the Digital Academy, digital fundamentals continued: as part of the Digital Empowerment project, training to colleagues continued by Digital Sherpas, a community made up of seventy colleagues belonging to all company divisions and distributed throughout the country, 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.

The orientation of the younger generation towards technical-scientific studies

Edison took part in the tenth 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 commitment on STEM also continued with the “School/Enterprise System” project by Elis and Valore D. The objective is to accompany schools and students through Edison STEM professionals who, through their testimony, can inspire, motivate and orient young people to the skills and professions of the future, counteracting the gender stereotype.

Digital Academy: digital training

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. The programme, now in its second year, has so far involved over 450 colleagues (about one tenth of the company population), with over 30 courses organised.

The EDA has as its primary objective the widespread dissemination of a robust digital culture within the company, i.e. a cultural terrain shared by all on which innovative initiatives can be born and developed in all areas in which Edison is engaged.

Secondly, it aims to strengthen employees' skills in 8 areas of competence linked to the digital transformation, considered strategic for the coming years: these include big data and artificial intelligence, advanced digital technologies, agile project management and innovative product development methods and new organisational and leadership models. To this end, eight development paths were built around these areas of competence, enabling each participant to strengthen the specific set of skills most relevant and useful to his or her activities.

Finally, in parallel with classroom activities, a community was created both physically and digitally (through the social collaboration channels used internally), which recorded a high degree of employee participation with over 95% active average users. Its function is central to the Edison Digital Academy: it facilitates learning, internal contamination and the sharing of experiences, as well as the concrete application of the skills learnt to the company's projects.

Professional training for commercial areas

In the area of professional training for the Edison Energia sales area managed through the Market Academy platform, the focus for the first half of 2023 was mainly on the sales world, both for Edison Energia colleagues and external partners: Agencies, Direct, Installer Technicians, and Physical Point Entrepreneurs.

Within the business area of energy and environmental efficiency services, during the first half of the year, dedicated training initiatives were implemented, designed to meet the specific needs reported by the professional families of the Division personnel, both with reference to the blue-collar and white-collar components.

Among the main objectives, these pathways therefore aimed, on the one hand, at consolidating acquired skills and enhancing development potential and, on the other hand, at ensuring opportunities to explore and develop innovative topics.

In particular, the environmental area was characterized by training activities on waste management, characterization, classification and ADR (70 participants approx.) and eco-toxicological tests for monitoring and control activities pursuant to MD 173/2016 (10 participants approx.); for the PA area, on the other hand, the main focus was on activities such as "plant engineers engaged in the installation and maintenance of refrigeration and air conditioning systems using fluorinated gases (FGAS) (20 participants approx.) and the new public contracts code (30 participants approx.).

Finally, in the industry area, the activities focused on maintaining the qualification for the surveillance of natural gas distribution systems, according to UNI CIG 11632:2016 (45 participants approx.), the maintenance and optimization of photovoltaic systems (70 participants approx.), and in parallel a training course for engineers with expertise in design (5 participants approx.).

Lastly, the second year of the three professional technical training courses for thermo-hydraulic installers of the Scuola dei Mestieri dell'Energia in partnership with the AFORISMA Business School and the installers in the Apulia region already partners with the Group, which will end in autumn 2024, started in the half-year, young people will have the opportunity to begin their first professional experiences at installers already working for Edison.

Other Information

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

- at June 30, 2023, 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 INTENTIONALLY LEFT BLANK

Condensed Consolidated Semiannual Financial Statements

AT JUNE 30, 2023

Consolidated Income Statement

(in millions of euros)	Chapter	1st half 2023	of which related parties	1st half 2022	of which related parties
Sales revenues		9,973	3,388	13,222	2,579
Other revenues and income		93	17	46	8
Total net revenues		**10,066**	**3,405**	**13,268**	**2,587**
Commodity and logistic costs (-)		(8,562)	(1,156)	(12,097)	(1,337)
Other costs and services used (-)		(427)	(21)	(345)	(8)
Labor costs (-)		(203)		(174)	
Receivables (writedowns) / reversals	3	6		(9)	
Other costs (-)		(51)		(21)	
EBITDA	2	**829**		**622**	
Net change in fair value of derivatives (commodity and exchange rate risk)	4	(148)	970	(7)	(955)
Depreciation and amortization (-)	5	(231)		(191)	
(Writedowns) and reversals	5	-		(5)	
Other income (expense) non-Energy Activities	8	(140)		(12)	
EBIT		**310**		**407**	
Net financial income (expense) on debt	6	5	10	(3)	(1)
Other net financial income (expense)	2	(23)	(21)	17	55
Net financial income (expense) on assigned trade receivables without recourse	3	(27)		(9)	
Income from (Expense on) equity investments	5	38	38	14	14
Profit (Loss) before taxes		**303**		**426**	
Income taxes	7	(80)		(198)	
Profit (Loss) from continuing operations		**223**		**228**	
Profit (Loss) from discontinued operations	9	-		4	
Profit (Loss)		**223**		**232**	
Broken down as follows:					
Minority interest in profit (loss)		36		31	
Group interest in profit (loss)		**187**		**201**	

Other Components of the Comprehensive Income Statement

(in millions of euros)	Chapter	1st half 2023	1st half 2022
Profit (Loss)		**223**	**232**
Other components of comprehensive income:			
A) Change in the Cash Flow Hedge reserve	6	**458**	**(337)**
- Gains (Losses) arising during the period		635	(470)
- Income taxes		(177)	133
B) Differences on the translation of assets in foreign currencies		**2**	**-**
- Gains (Losses) arising during the period not realized		2	-
- Losses (Gains) reversal to Income Statement		-	-
- Income taxes		-	-
C) Pro rata interest in other components of comprehensive income of investee companies		-	-
D) Actuarial gains (losses) (*)		**-**	**(1)**
- Actuarial gains (losses)		-	(1)
- Income taxes		-	-
Total other components of comprehensive income net of taxes (A+B+C+D)		**460**	**(338)**
Total comprehensive profit (loss)		**683**	**(106)**
Broken down as follows:			
Minority interest in comprehensive profit (loss)		36	31
Group interest in comprehensive profit (loss)		**647**	**(137)**

(*) Items not reclassificable in Income Statement.

Consolidated Balance Sheet

(in millions of euros)	Chapter	06.30.2023	of which related parties	12.31.2022	of which related parties
ASSETS					
Property, plant and equipment	5	4,015		3,967	
Intangible assets	5	353		340	
Goodwill	5	2,233		2,228	
Investments in companies valued by the equity method	5	253	253	216	216
Other non-current financial assets	5	80	13	86	15
Deferred-tax assets	7	397		427	
Non-current tax receivables	7	2		2	
Other non-current assets	3	208		162	
Fair Value	4	306	233	468	244
Assets for financial leasing	5	9		8	
Total non-current assets		**7,856**		**7,904**	
Inventories	3	249		387	
Trade receivables	3	2,236	421	4,281	926
Current tax receivables	7	18	7	63	48
Other current assets	3	397	40	372	59
Fair Value	4	2,377	1,457	3,706	1,528
Current financial assets	5;6	22	4	17	
Cash and cash equivalents	6	933	907	456	421
Total current assets		**6,232**		**9,282**	
Assets held for sale	9	**138**		**150**	
Total assets		**14,226**		**17,336**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		4,736		4,736	
Reserves and retained earnings (loss carryforward)		1,151		1,105	
Reserve for other components of comprehensive income		127		(333)	
Group interest in profit (loss)		187		151	
Total shareholders' equity attributable to Parent Company shareholders	6	**6,201**		**5,659**	
Shareholders' equity attributable to minority shareholders	6	390		389	
Total shareholders' equity		**6,591**		**6,048**	
Employee benefits	5	33		34	
Provisions for decommissioning and remediation of industrial sites	5	193		192	
Provisions for risks and charges	5	396		195	
Provisions for risks and charges for non-Energy Activities	8	403		300	
Deferred-tax liabilities	7	112		76	
Other non-current liabilities	3;6	38		37	
Fair Value	4	468	257	1,153	721
Non-current financial debt	6	752		709	
Total non-current liabilities		**2,395**		**2,696**	
Trade payables	3	1,892	132	3,778	452
Current tax payables	7	164	118	392	110
Other current liabilities	3	388	3	680	118
Fair Value	4	2,411	727	3,506	1,385
Current financial debt	6	350	116	200	19
Total current liabilities		**5,205**		**8,556**	
Liabilities held for sale	9	**35**		**36**	
Total liabilities and shareholders' equity		**14,226**		**17,336**	

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 2023 and in the first half of 2022. 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 2023		1st half 2022	
	(in millions of euros)	Chapter		of which related parties		of which related parties
	Profit (Loss) before taxes		**303**		**426**	
	Depreciation, amortization and writedowns	5	231		196	
	Net additions to provisions for risks		87		(41)	
	Interest in the result of companies valued by the equity method (-)	5	(38)	(38)	(14)	(14)
	Dividends received from companies valued by the equity method	5	-	-	7	7
	(Gains) Losses on the sale of non-current assets		(2)		1	
	Change in employee benefits		(1)		(1)	
	Change in fair value recorded in EBIT	4	148		7	
	Change in operating working capital		297	185	134	(49)
	Change in non-operating working capital		(381)	(96)	(165)	11
	Change in other operating assets and liabilities		414		208	
	Net financial (income) expense		45	11	(5)	(54)
	Net financial income (expense) paid		(49)	(14)	13	54
	Net income taxes paid		(361)	(108)	(182)	(85)
	Operating cash flow from discontinued operations		-		-	
A.	**Operating cash flow**		**693**		**584**	
	Additions to intangibles and property, plant and equipment (-)	5	(158)		(202)	
	Additions to non-current financial assets (-)	5	(4)		-	
	Net price paid on business combinations	1	(10)		(111)	
	Proceeds from the sale of intangibles and property, plant and equipment		-		-	
	Proceeds from the sale of non-current financial assets		-		-	
	Cash used in investing activities from discontinued operations		-		-	
B.	**Cash used in investing activities**		**(172)**		**(313)**	
	Receipt of new medium-term and long-term loans		-		94	
	Redemption of medium-term and long-term loans (-)		(23)		(27)	
	Other net change in financial debt		110	97	218	161
	Change in current financial assets		6		3	-
	Net liabilities resulting from financing activities (*)	6	93		288	
	Capital and reserves contributions (+)		-		-	
	Dividends and reserves paid to controlling companies or minority shareholders (-)	6	(137)	(101)	(286)	(253)
	Cash used in financing activities from discontinued operations		-		-	
C.	**Cash used in financing activities**		**(44)**		**2**	
D.	**Net currency translation differences**		**-**		**-**	
E.	**Net cash flow for the period (A+B+C+D)**		**477**		**273**	
F.	**Cash and cash equivalents at the beginning of the year**		**456**	**421**	**910**	**850**
G.	**Cash and cash equivalents at the end of the period (E+F)**		**933**	**907**	**1,183**	**1,143**
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)**		**933**	**907**	**1,183**	**1,143**

(*) 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: Cash Flow Hedge reserve	Reserve for other components of comprehensive income: Differences on the translation of assets in foreign currencies	Reserve for other components of comprehensive income: Interest in other components of comprehensive income of investee companies	Reserve for other components of comprehensive income: Actuarial gains (losses)	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
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**
Dividends and reserves distributed (**)	-	-	-	-	-	-	-	**-**	(64)	**(64)**
Change in the scope of consolidation	-	3	-	-	-	-	-	**3**	(1)	**2**
Other changes	-	(2)	-	-	-	-	-	**(2)**	2	**-**
Total comprehensive profit (loss)	**-**	**-**	**182**	**12**	**-**	**6**	**(50)**	**150**	**-**	**150**
of which:										
- Change in comprehensive income	-	-	182	12	-	6	-	**200**	-	**200**
- Profit (loss) from 07.01.2022 to 12.31.2022	-	-	-	-	-	-	(50)	**(50)**	-	**(50)**
Balance at December 31, 2022	**4,736**	**1,105**	**(338)**	**6**	**-**	**(1)**	**151**	**5,659**	**389**	**6,048**
Appropriation of the previous year's profit (loss)	-	151	-	-	-	-	(151)	**-**	-	**-**
Dividends and reserves distributed (***)	-	(107)	-	-	-	-	-	**(107)**	(30)	**(137)**
Change in the scope of consolidation	-	2	-	-	-	-	-	**2**	(5)	**(3)**
Other changes	-	-	-	-	-	-	-	**-**	-	**-**
Total comprehensive profit (loss)	**-**	**-**	**458**	**2**	**-**	**-**	**187**	**647**	**36**	**683**
of which:										
- Change in comprehensive income	-	-	458	2	-	-	-	**460**	-	**460**
- Profit (loss) from 01.01.2023 to 06.30.2023	-	-	-	-	-	-	187	**187**	36	**223**
Balance at June 30, 2023	**4,736**	**1,151**	**120**	**8**	**-**	**(1)**	**187**	**6,201**	**390**	**6,591**

(*) The item refers to the payment of a portion of 2021 profit as per resolution of Edison Spa Shareholders' Meeting, held on March 31, 2022.

(**) The amount refers to minority shareholders' dividends distributed by the subsidiary Edison Rinnovabili in December 2022

(***) The amount relating to Shareholders' equity attributable to Parent Company shareholders refers to the payment of a portion of 2022 profit, as per resolution of Edison Spa Shareholders' Meeting, held on April 5, 2023; the amount relating to Shareholders' equity attributable to minority shareholders refers to minority shareholders' dividends distributed by the subsidiary Edison Rinnovabili in March 2023.

1. Introduction

The Edison Group's Condensed Consolidated Semiannual Financial Statements at June 30, 2023 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 25, 2023, 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 2022 Consolidated Financial Statements, which should be referenced for additional details.

A number of amendments to IFRS were adopted during the period. In particular, the amendment to **IAS 12 "Income Taxes"** should be noted: a transaction that is not a business combination may result in the initial recognition of an asset and a liability and, at the time of the transaction, affect neither accounting profit nor taxable income. This may be the case when recognising assets/liabilities for leasing or decommissioning. Depending on the applicable tax law, taxable and deductible temporary differences may arise in such transactions that are equal at the time of initial recognition of the asset and liability. The amendment clarifies that the exemption from recognising the deferred tax assets and liabilities provided by paragraphs 15 and 24 of IAS 12 does not apply to such temporary differences, therefore, any resulting deferred tax liabilities and deferred tax assets need to be recognised at gross values.

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, 2023 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 2022 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 to December 31, 2022

The main changes in the period involved:

- the acquisition, executed on March 6, 2023 by Edison Spa, of 100% of the company **Felix Dyanmics**, operating in the mini-hydro sector, for a consideration of about 5 million euros, including the price adjustment, in addition to the repayment of a loan granted to the company by its previous shareholders for about 6 million euros; some earn-outs are also envisaged, subject to the fulfilment of certain conditions precedent;
- the sale, executed on June 19, 2023, of the 65% shareholding in the company **Termica Cologno**, operating in the thermoelectric sector, with a proceed of about 6 million euros; the sale determined the booking of a gain on disposals of about 2 million euros included in the EBITDA.

It should also be noted:

- the merger, on April 1, 2023, of the company **Bonorva Windernergy** into **Edison Rinnovabili**;
- the acquisition, on June 21, 2023 of a further stake of about 11.3% of the company **Sistemi di Energia** by Edison Spa, which now owns about 99.5% of the company.

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 transaction relating to **Felix Dynamics**. The values booked should be viewed provisional since, pursuant to IFRS 3 revised, the valuation becomes final within 12 months from the acquisition.

Fair value of acquired assets and liabilities (in millions of euros)	Felix Dynamics
Goodwill	-
Other non-current assets	14
Total current assets	2
Total assets	**16**
Total non-current liabilities	3
Total current liabilities	8
Total liabilities	**11**
Fair value of net acquired assets	**5**
% attributable to Edison	100%
Fair value attributable to Edison	**5**
Goodwill	-
Price of acquisition	**5**
Cash and cash equivalents acquired	(1)
Financial debt reimbursed	6
Net price paid on business combination	**10**

The contribution of the company to Group's income statement from the acquisition date is not material.

Finalization of PPA processes referred to 2022 acquisitions

During the first half of 2023, the PPA process relating to the acquisition of **Gaxa** was completed, which was carried out by Edison Energia in May 2022 and for which, at December 31, 2022, goodwill of approximately 8 million euros had been preliminarily recognised. At June 30, 2023, the following is registered: (i) intangible assets of approximately 5 million euros related to the valuation of the customer list, on which amount deferred taxation was calculated; (ii) goodwill of approximately 13 million euros reflecting, inter alia, the valuation of the realisation of certain earn-outs provided by contract. The valuation also includes the recognition of the options to purchase the remaining 30% share of the company's capital.

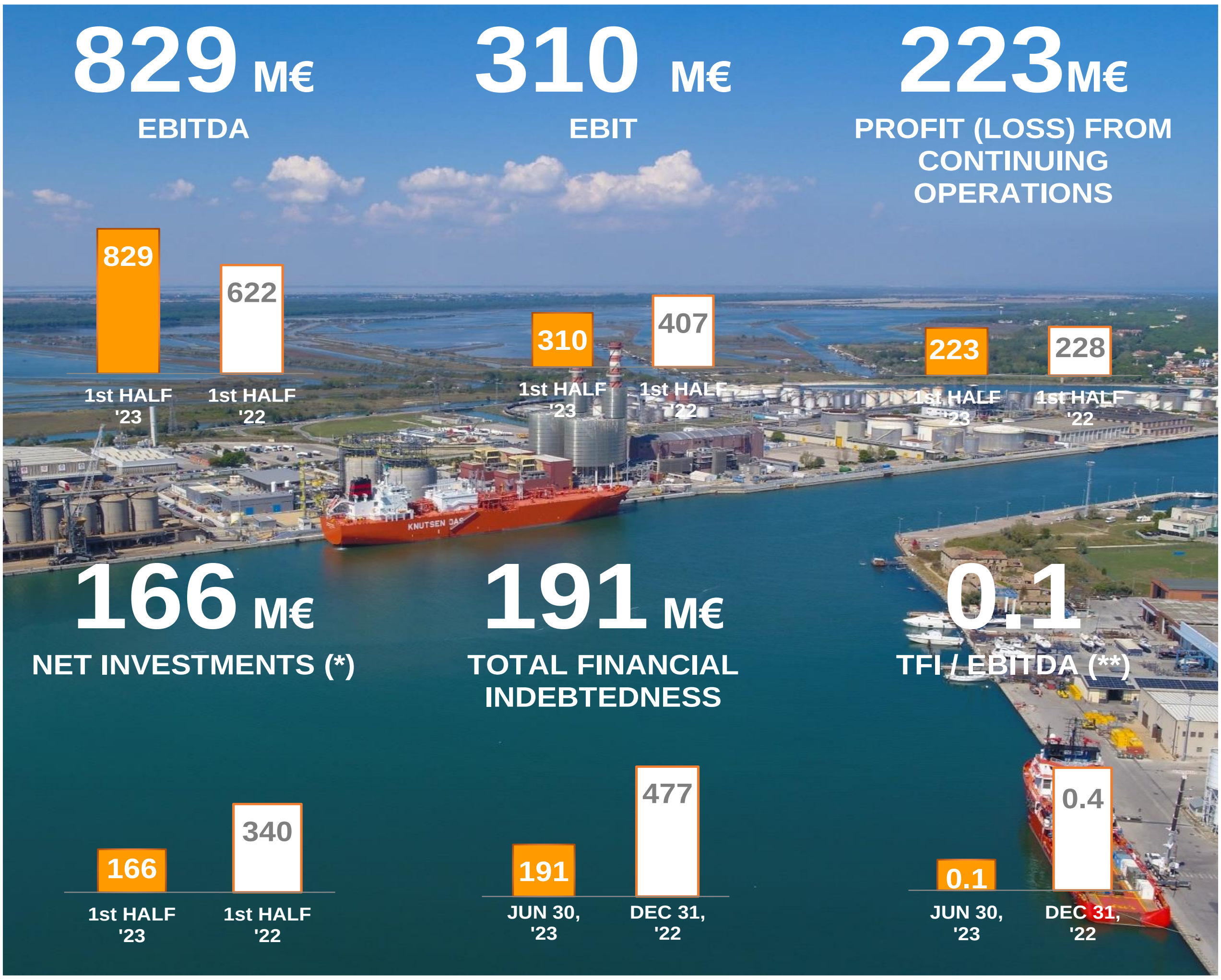
During the semester the PPA processes relating to the acquisitions of **Energia Italia** and **Sistrol**, executed in the first half of 2022, have also been completed confirming the values booked during the preliminary allocation of the purchase prices of each acquisition.

For further information please refer to the 2022 Consolidated Financial Statements.

1.7 Temporary solidarity contribution (effects Budget Law 2023)

Please remember that the Budget Law 2023 (Law 197/2022), in article 1, paragraphs 115 to 119, introduced, with effect on 2022 financial statements, a “temporary solidarity contribution” to be borne by entities that carry out in the territory of the State, for the subsequent sale of goods, the activity of electricity production, methane gas production or natural gas extraction, entities that sell electricity, methane gas and natural gas, and entities that carry out the activity of production, distribution and trade of petroleum products. Entities that permanently import, or bring into the territory of the State from other EU countries, electricity, natural gas or methane gas or petroleum products are also liable for the contribution.
In any case, the contribution is only due if at least 75% of the 2022 revenues derives from the activities listed.
The amount of the contribution is set at 50% on the portion of total income, determined for corporate income tax purposes, relating to the financial year ending before January 1, 2023, that exceeds the average income of the previous four tax periods by at least 10%. The contribution may not in any case exceed 25% of the equity for the year ending December 31, 2021.
In the 2022 Consolidated Financial Statements the overall amount of the contribution was estimated at 240 million euros and was recognised in the income statement under “Income taxes”. At June 30, 2023, the due date for payment of the contribution, also following the clarifications provided by the Revenue Agency to date, a total amount of approximately 217 million euros had been paid; the difference between the amount actually paid and the amount estimated and recorded at December 31, 2022 under “Current tax payables”, therefore amounts to a positive value of approximately 23 million euros and is recognised as income under “Income taxes”.
Please also 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.

(**) TFI Total Financial Indebtedness; the ratio at June 30, 2023 was calculated using an EBITDA based on the last twelve months.

Highlights 1st half 2023 (in millions of euros)	Electric Power Operations	Gas Operations (*)	Corporate	Eliminations	**Edison Group**
EBITDA	452	378	(1)	-	**829**
EBIT	283	167	(155)	15	**310**
Gross Investments (**)	133	19	10	-	**162**

(*) 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 and reclassified under Assets and Liabilities held for sale.

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 2023					
Sales Revenues	**4,374**	**6,783**	**78**	**(1,262)**	**9,973**
- Third parties	4,366	5,606	1	-	9,973
- Intra-Group	8	1,177	77	(1,262)	-
Commodity and logistic costs	(3,412)	(6,333)	-	1,183	(8,562)
Other costs and services used	(399)	(64)	(46)	82	(427)
Labor costs	(145)	(20)	(38)	-	(203)
Other revenues and income/(costs) and receivables (writedowns)/reversals	34	12	5	(3)	48
EBITDA	**452**	**378**	**(1)**	**-**	**829**
Net change in fair value of derivatives	5	(168)	-	15	(148)
Depreciation and amortization	(174)	(43)	(14)	-	(231)
(Writedowns) and reversals	-	-	-	-	-
Other income (expenses) non Energy activities	-	-	(140)	-	(140)
EBIT	**283**	**167**	**(155)**	**15**	**310**
Balance Sheet at 06.30.2023					
Current and non current assets	8,087	5,379	4,686	(4,064)	14,088
Assets held for sale	-	73	65	-	138
Total assets	8,087	5,452	4,751	(4,064)	14,226
Current and non current liabilities	3,543	4,395	2,162	(2,500)	7,600
Liabilities held for sale	-	6	29	-	35
Total liabilities	3,543	4,401	2,191	(2,500)	7,635
Total shareholders' equity					6,591
Total financial indebtedness					191
Other information and ratios					
Number of employees	4,724	499	732	-	5,955
EBITDA/Sales revenues	10.3%	5.6%	n.m.	n.m.	8.3%
EBIT/Sales revenues	6.5%	2.5%	n.m.	n.m.	3.2%
TFI/EBITDA					0.1
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) and receivables (writedowns)/reversals	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 12.31.2022					
Current and non current assets	8,185	8,608	3,993	(3,600)	17,186
Assets held for sale	-	85	65	-	150
Total assets	8,185	8,693	4,058	(3,600)	17,336
Current and non current liabilities	3,741	7,794	1,756	(2,039)	11,252
Liabilities held for sale	-	7	29	-	36
Total liabilities	3,741	7,801	1,785	(2,039)	11,288
Total shareholders' equity					6,048
Total financial indebtedness					477
Other information and ratios					
Number of employees	4,636	477	705	-	5,818
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					0.4

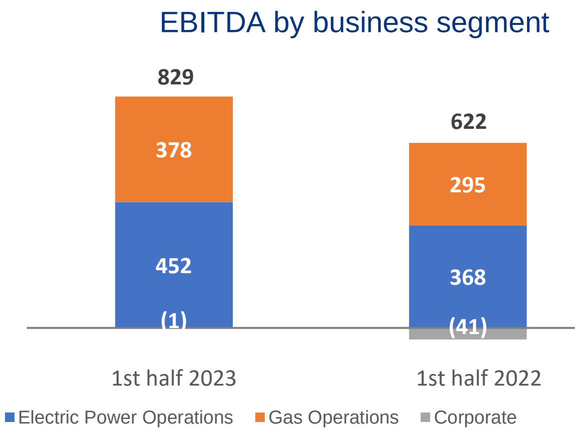
The Group does not view geographic area segment information as meaningful, since it is essentially concentrated in Italy.

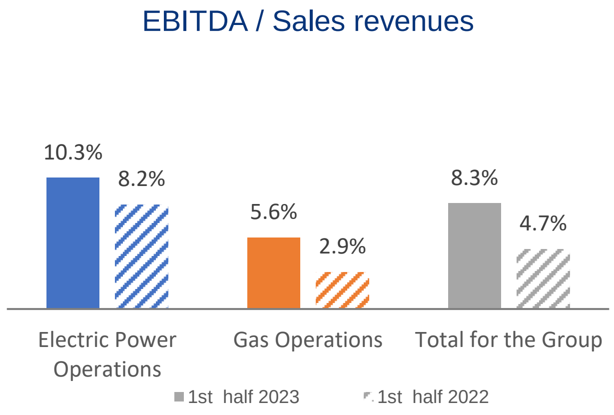
Major customers as defined by IFRS 8

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 3,362 million euros in the first half of 2023, mainly referred to Electric Power Operations (corresponding to about 45% of sales revenues of the segment and about 34% of Group’s sales revenues).

2.3 EBITDA

EBITDA (in millions of euros)	1st half 2023	1st half 2022	Change	Change %
Electric Power Operations	452	368	84	22.8%
Gas Operations	378	295	83	28.1%
Corporate	(1)	(41)	40	97.6%
Total for the Group	**829**	**622**	**207**	**33.3%**





Within a context of a sharp decrease in energy commodity prices compared to the record levels of 2022, Group EBITDA was positive for 829 million euros, a significant increase compared to the same period of 2022 (622 million euros).

Electric Power Operations reported in particular a downward trend in the thermoelectric sector compared to the same period of the previous year, due to a lower performance of the MGP/MSD markets, following a less favourable price scenario, partially offset by the contribution of the capacity market. The renewables sector achieved, instead, an increased result compared to the same period of 2022, which in addition benefited of a positive one-off component linked to the so called 'Spalma-incentivi', mainly thanks to more favourable contractual prices. Also on the commercial side, there was a sharp increase in results, particularly in the Retail and Business segments, linked to an improvement in unit margins; sales of value-added services (VAS) slightly increased compared to the same period of last year.

Electric Power Operations also benefited from the contribution of the Energy & Environmental Services Market activities, which totalled 62 million euros (48 million euros in the first half of 2022); this increase is mainly attributable to the contribution of the company Citelum Italia Srl (now Edison Next Government), consolidated from May 2022. Public Administration activities, net of the Citelum perimeter effect, recorded an increase in results; Industry activities declined.

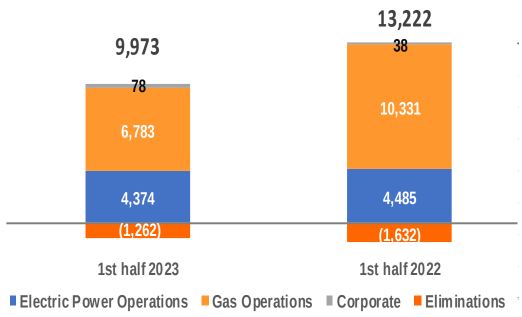
The EBITDA of Gas Operations increased compared to the same period of 2022. It was recorded a strong negative impact deriving from the postponement of the start of a long-term gas import contract from the United States; the gas activities, excluding such impact, significantly benefited from portfolio optimization actions. On the commercial side, an increase in results was recorded, particularly due to the higher margins of the Business segment. E&P activities, which include the contribution of activities in Algeria, in the process of being sold, showed a result of 13 million euros (18 million euros in the first half of 2022), a decrease mainly due to the price scenario.

The EBITDA of Corporate recorded an upward trend compared to the same period last year, mainly due to an update of service contracts to operating units.

The main components of EBITDA are analyzed below.

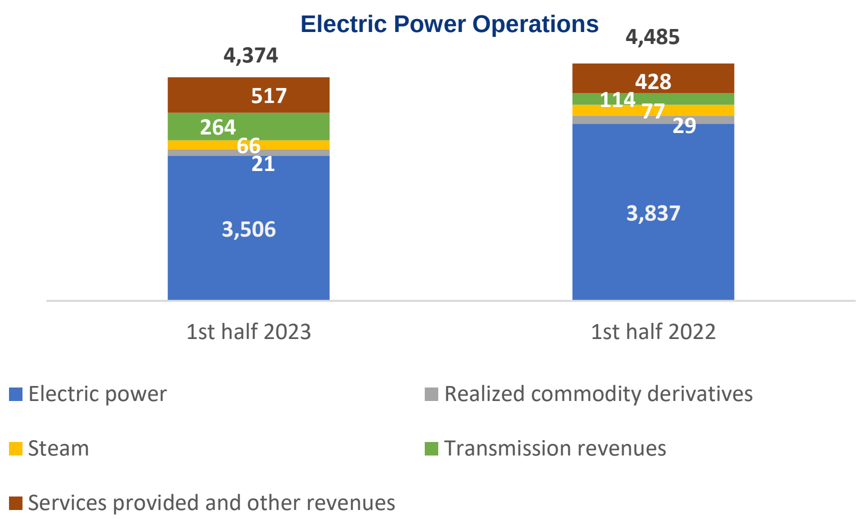
2.3.1 Sales revenues

Sales revenues (in millions of euros)	1st half 2023	1st half 2022	Change	Change %
Electric power	3,501	3,827	(326)	(8.5%)
Natural gas	3,648	8,034	(4,386)	(54.6%)
Realized commodity derivatives	1,940	612	1,328	217.0%
Steam	66	77	(11)	(14.3%)
Transmission revenues	253	180	73	40.6%
Storage services	44	46	(2)	(4.3%)
Revenues from services provided	296	364	(68)	(18.7%)
Other revenues	225	82	143	174.4%
Total	**9,973**	**13,222**	**(3,249)**	**(24.6%)**



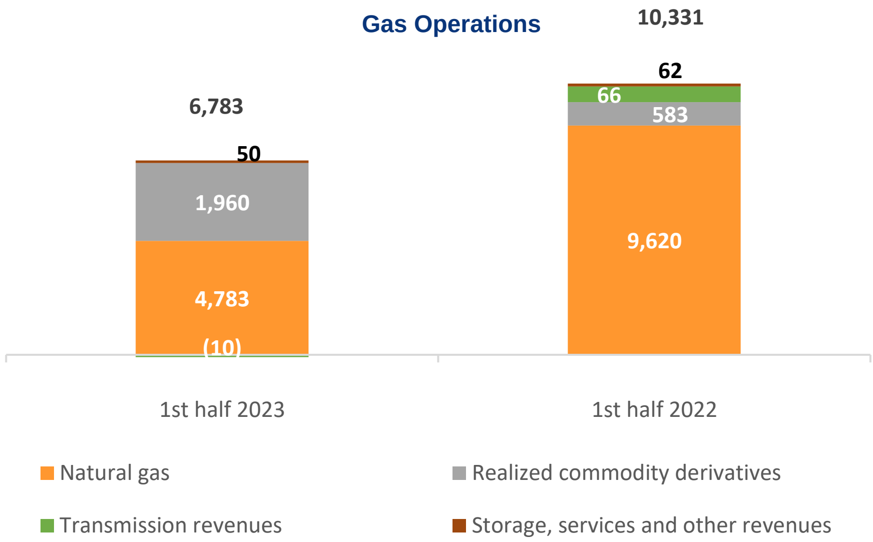
Revenues from the sale of electric power slightly decreased mainly due to the contraction in thermoelectric power generation.

Revenues from services provided include the energy services of Energy and Environmental Services Market activities (194 million euros in the first half of 2023, 286 million euros in the same period of 2022).



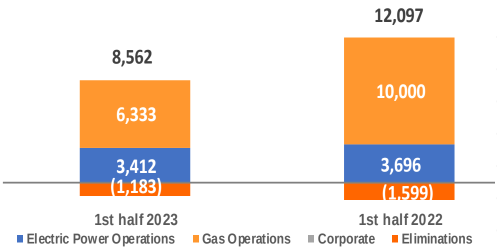
Group revenues from the sale of natural gas recorded a sharp decrease, as a result of the reduction in energy commodity prices, as well as the decrease in volumes sold. Please note that gas sales of Gas Operations also include the sales to Electric Power Operations to satisfy thermoelectric needs.

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.



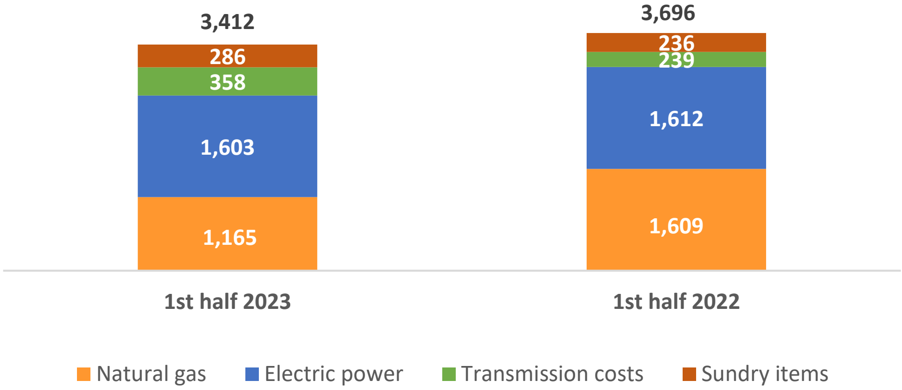
2.3.2 Commodity and logistic costs

Commodity and logistic costs (in millions of euros)	1st half 2023	1st half 2022	Change	Change %
Natural gas	4,116	8,889	(4,773)	(53.7%)
Realized commodity derivatives	1,834	695	1,139	163.9%
Electric power	1,603	1,612	(9)	(0.6%)
Transmission costs	718	619	99	16.0%
Regasification fee	50	50	-	0.0%
Sundry items	241	232	9	3.9%
Total	**8,562**	**12,097**	**(3,535)**	**(29.2%)**

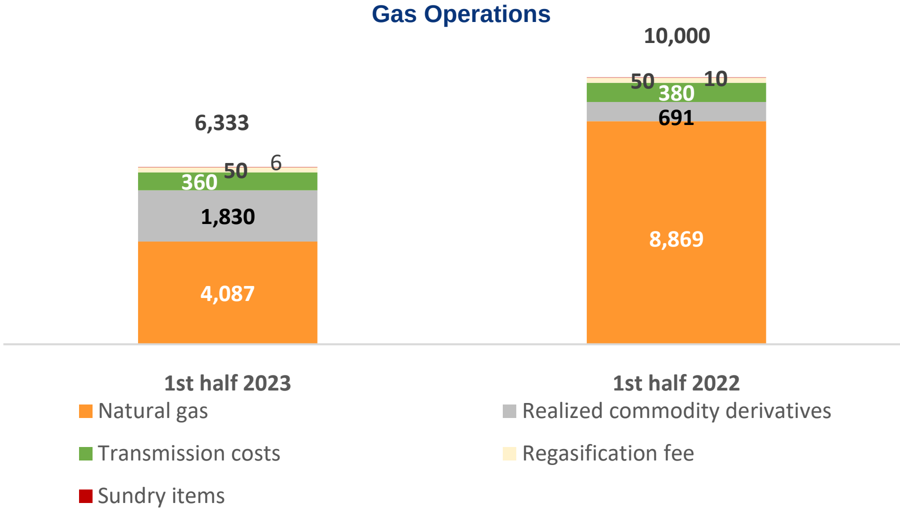


Commodity and logistic costs show a decrease and reflect the issues already commented on the previous section.

Electric Power Operations



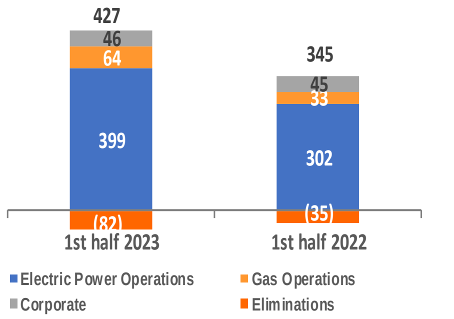
Gas Operations



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

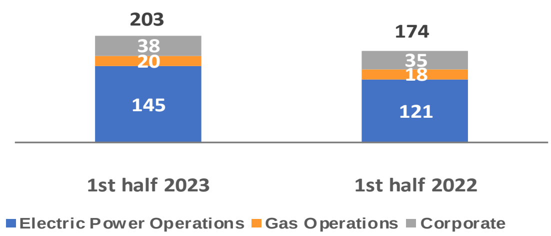
Other costs and services used (in millions of euros)	1st half 2023	1st half 2022	Change	Change %
Maintenance	100	118	(18)	(15.3%)
Professional services	77	64	13	20.3%
Use of property not owned	72	49	23	46.9%
Insurance costs	18	14	4	28.6%
Advertising and communication costs	7	10	(3)	(30.0%)
Sundry items	153	90	63	70.0%
Total	**427**	**345**	**82**	**23.8%**



During the first half of the year there was an increase in costs for the use of property not owned, mainly due to fees on hydroelectric concessions. The sharp increase in Sundry items is partially attributable to changes in the scope of consolidation in the Energy & Environmental Services Market activities and, to a lesser extent, to higher sales volumes of value-added services (VAS).

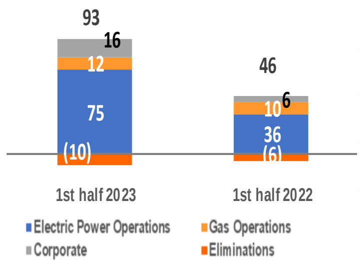
2.3.4 Labor costs

These costs recorded an increase of 29 million euros compared to the same period of the previous year, mainly linked to the Energy & Environmental Services Market activities, which reflected, in particular, the changes in the scope of consolidation.



2.3.5 Other revenues and income and Other costs

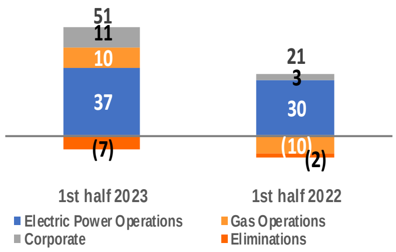
Other revenues and income (in millions of euros)	1st half 2023	1st half 2022	Change	Change %
Net reversals in earnings of provisions for sundry risks	7	12	(5)	(41.7%)
Gains on disposals	3	-	3	n.s.
Insurance indemnities	4	3	1	33.3%
Out of period and other income	79	31	48	n.s.
Total	**93**	**46**	47	102.2%



The item Gains on disposals includes for about 2 million euros the income resulting from the sale of the company Termica Cologno.

It should be noted that the item Out of period and other income includes 12 million euros (6 million euros in the first half of 2022) from the operations managed in compliance with MASA joint venture agreement with EDF Trading.

Other costs (in millions of euros)	1st half 2023	1st half 2022	Change	Change %
Indirect taxes and duties	11	9	2	22.2%
Additions to provisions for risks	5	3	2	66.7%
Out of period and sundry items	35	9	26	n.s.
Total	**51**	**21**	30	142.9%



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 231 million euros (191 million euros in the first half of 2022); for further information please refer to chapter 5. Fixed assets, Financial assets and Provisions.

The net change in fair value of derivatives (commodities and exchange rate risk), negative for about 148 million euros, is related to the ineffectiveness of some hedges.

Net expense on non-Energy Activities, which include the adjustment of some provisions for risks linked to environmental regeneration, amounted to 140 million euros (12 million euros in the first half of 2022); for further detail please refer to chapter 8. Non-Energy Activities.

EBIT amounted to 310 million euros (407 million euros in the first half of 2022).

Financial items recorded a total of 45 million euros in net expense, a worsening compared to the first half of 2022 (net income of 5 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 2023	1st half 2022	Change
Financial expenses on provisions	(5)	(5)	-
Net foreign exchange translation gains (losses) (*)	(15)	28	(43)
Other	(3)	(6)	3
Other net financial income (expense)	**(23)**	**17**	**(40)**

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

The trend of the item Net foreign exchange translation gains (losses) is affected in particular by the results of hedging derivatives linked to the exchange rate between euro and U.S. dollar.
After including the effect of **income taxes** (net expense for 80 million euros, compared to net expense for 198 million euros in the first half of 2022; please see chapter 7. Taxation) and net income from equity investments (38 million euros; reviewed in paragraph 5.2 Equity investments and Other financial assets), the **Profit (Loss) from continuing operations is 223 million euros in profit, 228 million euros in the first half of 2022**.

2.5 Minority interest in profit (loss) and Group interest in profit (loss)

Minority interest in profit (loss) is 36 million euros in profit (a profit for 31 million euros in the first half of 2022) and essentially reflects the positive performance of Edison Rinnovabili (owned by Edison at 51%) and its subsidiaries.
The **Group interest in profit (loss) is equal to 187 million euros in profit** (a profit for 201 million euros in the first half of 2022).

3. Net working capital

Net working capital (in millions of euros)	06.30.2023	12.31.2022	Change
Trade receivables	2,236	4,281	(2,045)
Inventories	249	387	(138)
Trade payables	(1,892)	(3,778)	1,886
Operating working capital (A)	**593**	**890**	**(297)**
Other non-current assets	208	162	46
Other current assets	397	372	25
Other non-current liabilities (*)	(10)	(10)	-
Other current liabilities	(388)	(680)	292
Other assets (liabilities) (B)	**207**	**(156)**	**363**
Net working capital (A+B)	**800**	**734**	**66**

(*) It should be noted that the item 'Other non-current liabilities' here exposed does not include the liabilities belonging to 'Total financial indebtedness', amounting to 28 million euros (27 million euros at December 31, 2022); reference should be made to paragraph 6.3 Total financial indebtedness and cost of debt.

Overall, Operating working capital decreased compared to December 31, 2022. The first half of 2023 was characterised by a contraction of the commodity price scenario after the significant rises seen during 2022.

3.1 Credit risk management

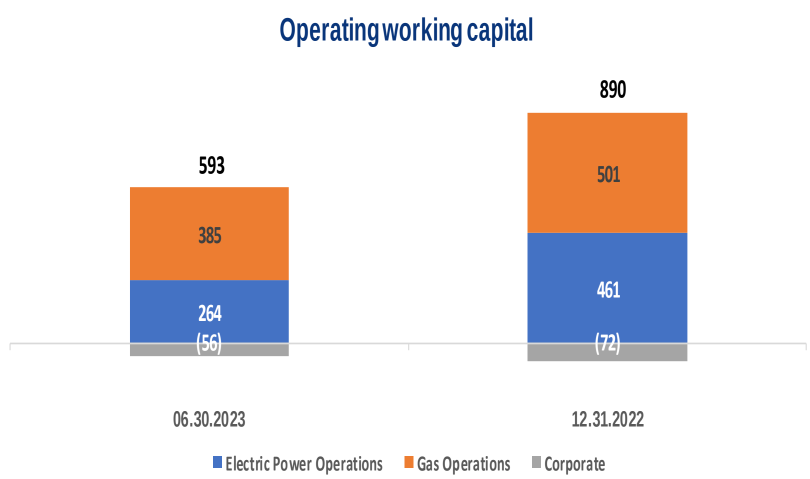
The credit risk represents Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.

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 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, 2023, 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



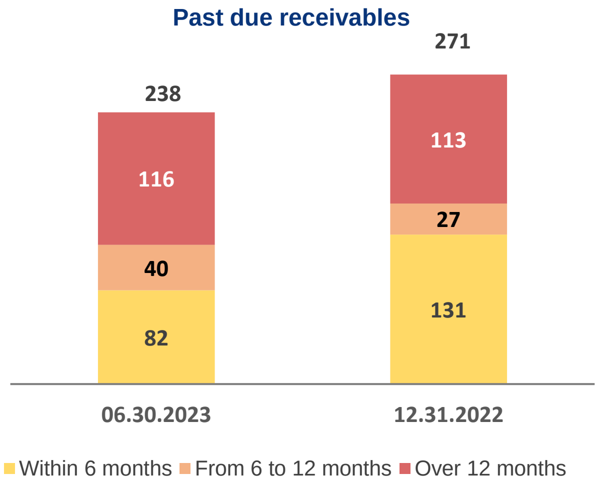
The operating working capital shows a significant decrease compared to December 31, 2022, both for the Electric Power Operations and Gas Operations. Such reduction is mainly related to the decrease in energy commodity prices.

3.2.1 Trade receivables

Trade receivables (in millions of euros)	06.30.2023	12.31.2022	Change
Electric Power Operations	1,196	1,756	(560)
Gas Operations	1,060	2,571	(1,511)
Corporate and eliminations	(20)	(46)	26
Trade receivables	**2,236**	**4,281**	**(2,045)**
of which allowance for doubtful accounts	**(157)**	**(171)**	**14**
Guarantees owned	70	38	32

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas, and Power Exchange transactions and reflect in particular the significant decrease in price scenario.

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 2023 the receivables assigned with such transactions totalled 3,800 million euros (4,985 million euros in the first half of 2022). These receivables were not exposed to the risk of recourse at June 30, 2023. The costs related to managing these activities are recorded under financial items and amount to 27 million euros (9 million euros in the first half of 2022), increased mainly for the rise in interest rates.



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. Compared to December 31, 2022, there was a decrease in the band within 6 months, mainly due to the improvement of the economic context and the reduction in the value of commodities, which had affected the average payment delay of customers and the increase in deferment requests, in particular for the Business segment.

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

(in millions of euros)	12.31.2022	Additions	Utilizations	Other	06.30.2023
Allowance for doubtful accounts (*)	**(171)**	**(9)**	**21**	**2**	**(157)**

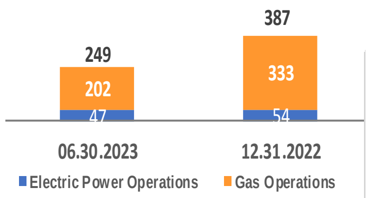
(*) Including default interests.

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. EBITDA for the period shows net income related to writedowns and reversals on receivables for 6 million euros (9 million euros of net charges in the first half of 2022).

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 be noted that there are in effect three insurance contracts, one of which stipulated during the semester, on the receivables related to a part of the Business customers and to other types of customers; these contracts are aimed at reducing the credit risk on the customers concerned.

3.2.2 Inventories

Inventories (in millions of euros)	06.30.2023	12.31.2022	Change
Stored natural gas	200	331	(131)
Engineering consumables	35	43	(8)
Other	14	13	1
Inventories	**249**	**387**	**(138)**



The inventories include for about 39 million euros (177 million euros at December 31, 2022) stored natural gas the use of which is restricted either as a strategic reserve or to secure performance under the balancing system.

3.2.3 Trade payables

Trade payables (in millions of euros)	06.30.2023	12.31.2022	Change
Electric Power Operations	979	1,349	(370)
Gas Operations	877	2,403	(1,526)
Corporate and eliminations	36	26	10
Trade payables	**1,892**	**3,778**	**(1,886)**

Trade payables are mainly related to purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance. The significant decrease of the balances compared to December 31, 2022 reflects the issues already commented above.

3.3 Other assets and liabilities

Other assets and liabilities (in millions of euros)	06.30.2023	12.31.2022	Change
VAT credit	84	69	15
Other tax receivables	25	27	(2)
Deposits	18	18	-
Advances to suppliers	68	48	20
Other	410	372	38
Total Other assets (A)	**605**	**534**	**71**
Amount owed to employees	56	49	7
Payables owed to social security institutions	28	31	(3)
VAT debt	-	43	(43)
Other	314	567	(253)
Total Other liabilities (B)	**398**	**690**	**(292)**
Other assets and liabilities (A-B)	**207**	**(156)**	**363**

The increase in the item Other of Other assets reflects mainly the increase 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. The decrease in the item Other of Other liabilities is attributable, among other things, to liabilities recognized for charges on derivatives realized at December 31, 2022, however settled financially at the beginning of January 2023, as well as the amount paid to Solvay during the semester in the context of the arbitration promoted on the sale of the Agorà equity investment.

Commitments

At June 30, 2023, guarantees of about 259 million euros (338 million euros at December 31, 2022) were recognized to the Revenue Agency, provided mainly by Edison Spa and referred to VAT credit refunds related to the periods from 2018 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, 2023 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 2022 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 2027.
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 to the fair value determined at June 30, assuming constant ineffective portions.

Value at Risk (VaR) (*) (in millions of euros)	**06.30.2023**	**06.30.2022**
Maximum negative variance in the fair value of derivatives	1,331	7,087
Maximum negative variance in the fair value including the change in the fair value of the contracts object of hedge	296	1,640

(*) 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.

The decrease in maximum variance in the fair value compared to the level measured at June 30, 2022 is mainly attributable to the reduction of the volatility in commodity prices.

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 Economic Capital absorbed	1st half 2023		1st half 2022	
	without derivatives	with derivatives	without derivatives	with derivatives
Average absorption of the approved limit of Economic Capital	137%	59%	457%	83%
Maximum absorption	221% - Jan. '23	80% - Jan. '23	568% - Apr. '22	97% - Jan. '22

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 to December 31, 2022.

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, 2023, one category is classified at this level which fair value is negative for about 19 million euros (one category at December 31, 2022 which fair value was negative for about 38 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, 2023

4.3.1. Effects of derivatives transactions on Income Statement at June 30, 2023

(in millions of euros)	Realized (A)	Change in Fair Value in the period (B)	Amounts recognized in earnings at 06.30.2023 (A+B)	Realized (A)	Change in Fair Value in the period (B)	Amounts recognized in earnings at 06.30.2022 (A+B)
Result from price risk and exchange risk hedges for commodities of which:						
Total definables as hedges pursuant to IFRS 9 (CFH) (*)	**72**	**(24)**	**48**	**(262)**	**(14)**	**(276)**
Price risk hedges for energy products	75	(24)	51	(268)	(14)	(282)
Exchange risk hedges for commodities	(3)	-	(3)	6	-	6
Total definables as hedges pursuant to IFRS 9 (FVH)	**714**	**(9)**	**705**	**206**	**17**	**223**
Price risk hedges for energy products	702	673	1,375	194	(1,225)	(1,031)
Exchange risk hedges for commodities	12	(24)	(12)	12	57	69
Fair value physical contracts	-	(658)	(658)	-	1,185	1,185
Total not definables as hedges pursuant to IFRS 9	**(680)**	**(115)**	**(795)**	**(26)**	**(10)**	**(36)**
Price risk hedges for energy products	(694)	(118)	(812)	(25)	(9)	(34)
Exchange risk hedges for commodities	14	3	17	(1)	(1)	(2)
Total price risk and exchange risk hedges for commodities	**106**	**(148)**	**(42)**	**(82)**	**(7)**	**(89)**
TOTAL INCLUDED IN EBIT	**106**	**(148)**	**(42)**	**(82)**	**(7)**	**(89)**
Result from interest rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	-	-	-	(2)	-	(2)
Not definables as hedges pursuant to IFRS 9	-	-	-	-	-	-
Total interest rate hedges (A)	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Result from exchange rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	(21)	1	(20)	55	1	56
Not definables as hedges pursuant to IFRS 9	(2)	-	(2)	-	(1)	(1)
Total exchange rate hedges (B)	**(23)**	**1**	**(22)**	**55**	**-**	**55**
TOTAL INCLUDED IN FINANCIAL ITEMS (A+B)	**(23)**	**1**	**(22)**	**53**	**-**	**53**

(*) Includes the ineffective portion.

Specifically with regard to the changes that occurred in the first half of 2023, the general decrease in the prices of all of the commodities had a positive effect on the value of hedging financial derivatives.

On the results of the first half of 2023 had also a negative impact the effects deriving from the postponement of the start of a long-term gas import contract from the United States.

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 12 million euros in the first half of 2023; about 6 million euros in the first half of 2022).

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 148 million euros in the first half of 2023 and negative for 7 million euros in the first half of 2022 (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) (in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
2023				
Hedges of price risk on energy products	(24)	673	(118)	**531**
Hedges of foreign exchange risk on commodities	-	(24)	3	**(21)**
Change in fair value in physical contracts (FVH)	-	(658)	-	**(658)**
1st half 2023	**(24)**	**(9)**	**(115)**	**(148)**
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)**

(*) It refers to the ineffective portion.

The amount relating to the first half of 2023 reflects the ineffectiveness of some hedges.
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, 2023

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

(in millions of euros)	06.30.2023			12.31.2022		
Broken down as follows:	**Receivables**	**Payables**	**Net**	**Receivables**	**Payables**	**Net**
- Financial assets (liabilities)	1	-	1	1	-	1
- Non-current assets (liabilities)	306	(468)	(162)	468	(1,153)	(685)
- Current assets (liabilities)	2,376	(2,411)	(35)	3,705	(3,506)	199
Fair Value recognized as assets or liabilities (a)	**2,683**	**(2,879)**	**(196)**	**4,174**	**(4,659)**	**(485)**
of which of (a) related to:						
- Interest Rate Risk Management	1	-	1	1	-	1
- Exchange Rate Risk Management	59	(14)	45	102	(27)	75
- Commodity Risk Management	2,105	(2,015)	90	2,739	(3,626)	(887)
- Fair value on physical contracts	518	(850)	(332)	1,332	(1,006)	326
Broken down on fair value hierarchy:						
- Level 1	96	(35)	61	188	(12)	176
- Level 2	2,587	(2,825)	(238)	3,986	(4,609)	(623)
- Level 3 (*)	-	(19)	(19)	-	(38)	(38)
IFRS 7 potential offsetting (b)	**(731)**	**731**		**(1,720)**	**1,720**	
Net Fair Value including potential offsetting (a+b)	**1,952**	**(2,148)**	**(196)**	**2,454**	**(2,939)**	**(485)**

(*) The fair value classified at level 3 is recognized for 1 million euro in change in fair value of derivaitves and for 18 million euros in Cash Flow Hedge reserve (at December 31, 2022 6 million euros negative recognized in change in fair value of derivatives and 32 million euros in Cash Flow Hedge reserve)

It is worth of mentioning that, as a counterpart of receivables and payables shown above, a positive Cash Flow Hedge reserve by 163 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.

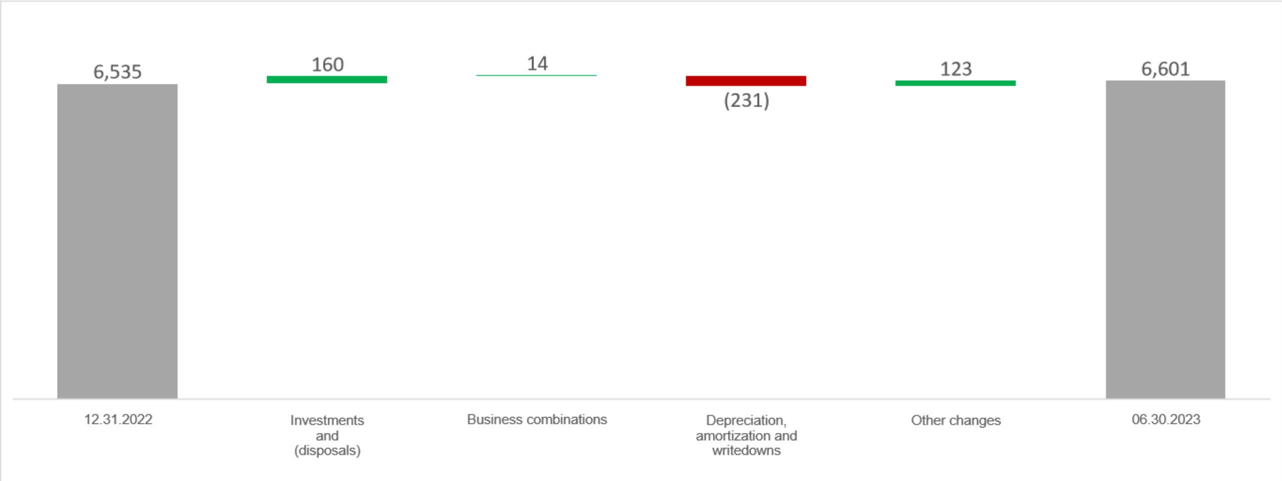
5. Fixed assets, Financial assets and Provisions

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 12.31.2022 (A)	**3,967**	**340**	**2,228**	**6,535**
Changes in 1st half 2023:				
- investments (*)	96	66	-	162
- business combinations	14	-	-	14
- disposals (-)	(2)	-	-	(2)
- depreciation and amortizations (-) (*)	(181)	(50)	-	(231)
- other changes (*)	121	(3)	5	123
Total changes (B)	**48**	**13**	**5**	**66**
Balance at 06.30.2023 (A+B)	**4,015**	**353**	**2,233**	**6,601**

(*) Include E&P activites in Algeria

Tangible, intangible assets and goodwill changes (M€)



Commitments on fixed assets

Total commitments amount to 152 million euros (186 million euros at December 31, 2022) and mainly include investments in progress in Italy, of which 68 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 51 million euros linked to minor extraordinary maintenance interventions to be carried out in the coming years on existing hydroelectric and thermoelectric power plants.

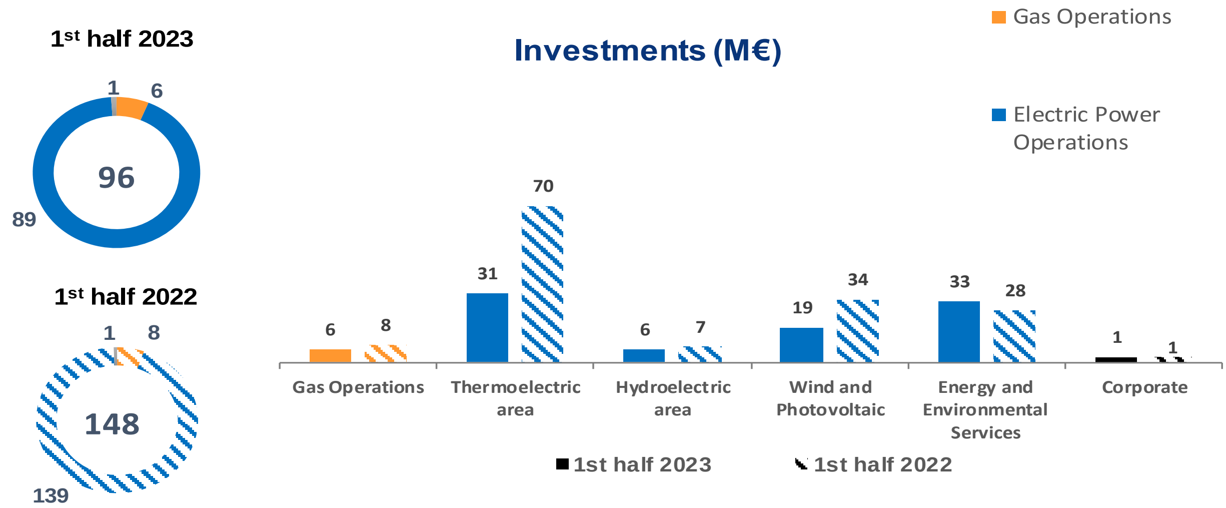
5.1.1 Property, plant and equipment

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 12.31.2022 (A)	**337**	**2,642**	**87**	**320**	**16**	**565**	**3,967**
Changes in 1st half 2023:							
- investments (*)	1	13	-	-	1	81	96
- business combinations	3	11	-	-	-	-	14
- disposals (-)	(1)	(1)	-	-	-	-	(2)
- depreciation (-) (*)	(7)	(138)	(6)	(27)	(3)	-	(181)
- other changes (*)	(1)	20	-	108	-	(6)	121
Total changes (B)	**(5)**	**(95)**	**(6)**	**81**	**(2)**	**75**	**48**
Balance at 06.30.2023 (A+B)	**332**	**2,547**	**81**	**401**	**14**	**640**	**4,015**

(°) Recorded as required by IFRS 16; related financial debt is exposed in "Non-current financial debt" (304 million euros) and in "Current financial debt" (51million euros)

(*) Including E&P activities in Algeria

Investments



Investments related to **Electric Power Operations** mainly refer to:

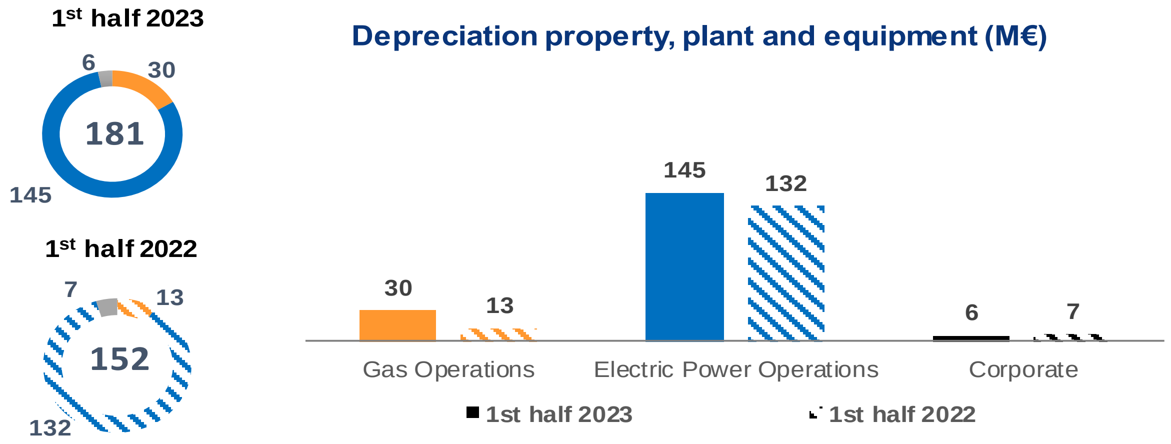
- the combined-cycle gas turbines of the thermoelectric plants of Presenzano and Marghera Levante;
- the construction of new plants in the wind and photovoltaic sectors;
- the investments of Energy & Environmental Services Market activities, mainly related to the construction of industrial plants at customers' premises (Stellantis, CNHI, Iveco and Avio) and cogeneration, trigeneration and photovoltaic plants; in addition two biomethane plants are under construction.

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

The item business combinations refers to the acquisition of the company Felix Dynamics, as previously described in paragraph 1.6 Information related to business combinations.
The item Other changes of the Assets under leases IFRS 16 is mainly referred to a LNG vessel entered into operation for which there is a 7 years long term lease contract stipulated with a shipowner.

The borrowing costs capitalized as part of property, plant and equipment, as allowed by IAS 23 revised, amounted to about 5 million euros.

Depreciation



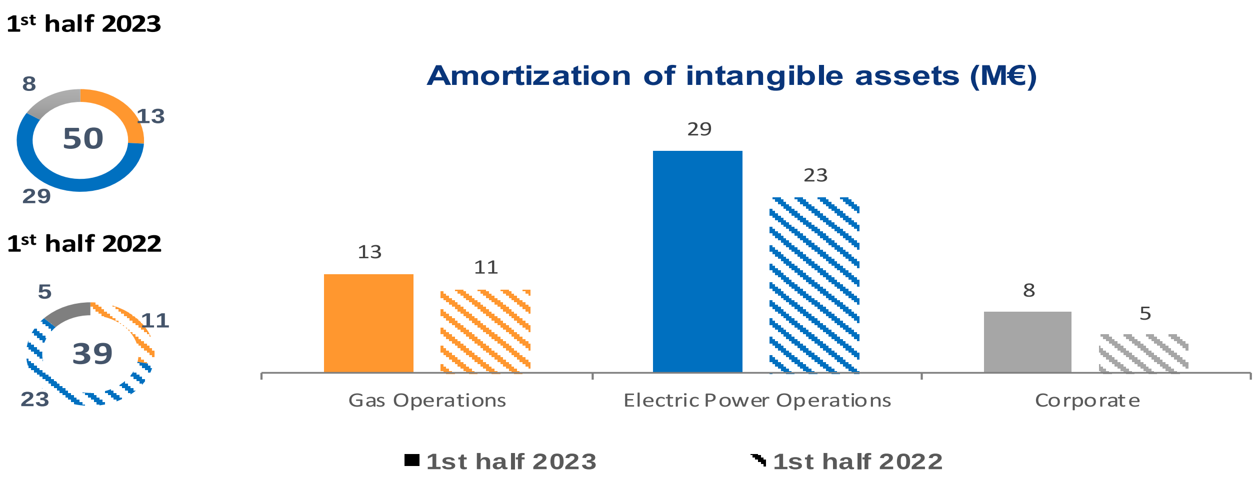
5.1.2 Intangible assets

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 12.31.2022 (A)	**3**	**47**	**230**	**60**	**340**
Changes in 1st half 2023:					
- investments	-	10	41	15	66
- amortization (-)	(1)	(13)	(36)	-	(50)
- other changes	-	15	6	(24)	(3)
Total changes (B)	**(1)**	**12**	**11**	**(9)**	**13**
Balance at 06.30.2023 (A+B)	**2**	**59**	**241**	**51**	**353**

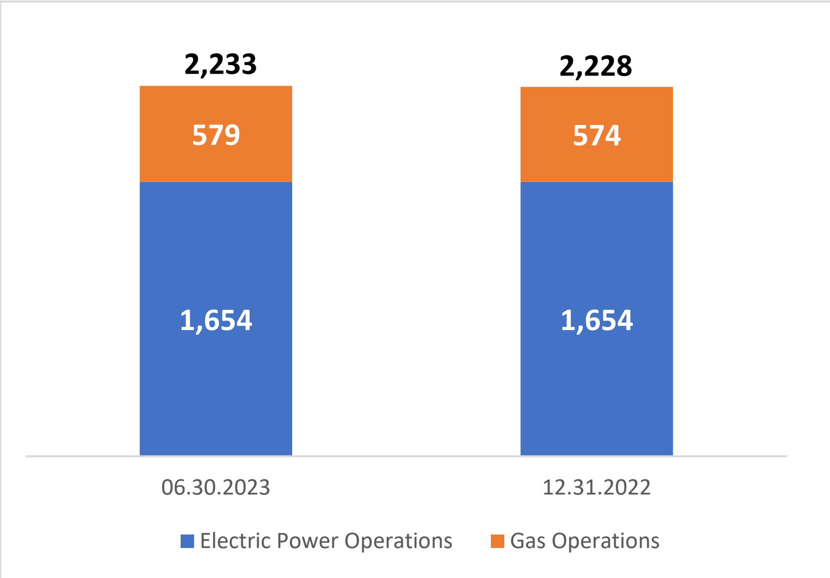
Investments mainly concern:

- the capitalization under the item Other intangible assets of incremental costs incurred for obtaining new contracts in the commercial sector for about 39 million euros;
- interventions of the Energy & Environmental Services Market activities for energy efficiency measures for orders relating to the Public Administration.

Amortization



5.1.3 Goodwill



The increase of goodwill in Gas Operations is due to the completion of the PPA process related to the acquisition of the company Gaxa. As described in detail in the paragraph 1.6, the goodwill booked provisionally for 8 million euros was increased to about 13 million euros.

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.

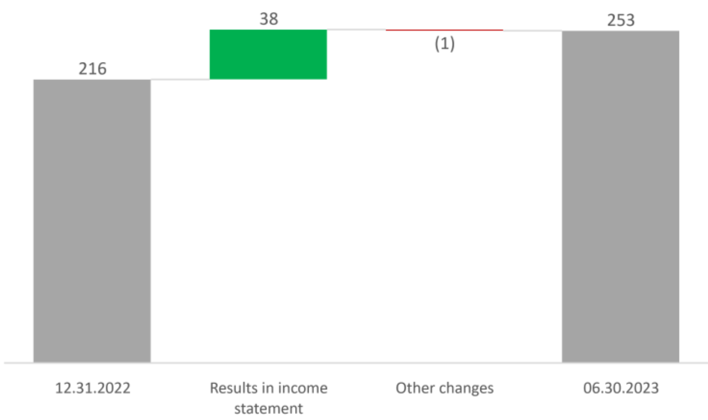
5.1.4 Impairment Test in Accordance with IAS 36

As required by IAS 36, in the first half of 2023 the Group performed analysis to identify potential impairment indicators which may change the Cash Generation Units (CGUs) and goodwill's recoverable value.
Specifically, the short/medium-term economic and scenario variables, the financial performance of the first half and the probable evolutions of the regulatory framework were analyzed. The analysis hasn't shown any triggers to require a semiannual impairment test.

5.2 Equity investments and Other 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 company Elpedison Sa.

5.2.2 Other financial assets and Assets for financial leasing

Other non-current financial assets amount to 80 million euros (86 million euros at December 31, 2022) and include mainly:

- for 51 million euros (56 million euros at December 31, 2022) assets booked by Edison Next Government in accordance with IFRIC 12 (financial asset model);
- for 10 million euros (unchanged compared to December 31, 2022) the financial receivable of Edison towards the company Depositi Italiani GNL (DIG) referring to a shareholders loan granted in 2020 expiring in 2036;
- for 7 million euros (8 million euros at December 31, 2022) 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 2 million euros has been booked in the income statement;
- for 1 million euros (3 million euros at December 31, 2022) the financial receivable of the subsidiary Energia Italia towards the associated Idroelettrica Restituzione, partially repaid in the semester.

The **Assets for financial leasing** amount to 9 million euros (8 million euros at December 31, 2022).

Furthermore, at June 30, 2023, an additional amount of 17 million euros (15 million euros at December 31, 2022), relating to the current portion of the assets booked by Edison Next Government in accordance with IFRIC 12, was recognized in **Current financial assets**.

Commitments

Guarantees amounting to approximately 115 million euros (unchanged compared to December 31, 2022), 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)	12.31.2022	Changes in the scope of consolidation	Additions	Utilizations	Financial expenses	Other changes / reclassifications	06.30.2023
Employee benefits	34	-	-	(1)	-	-	33
Provisions for decommissioning and remediation of industrial sites	192	(1)	-	(2)	4	-	193
Provisions for risks and charges	195	(1)	5	(18)	-	215	396
Total	**421**	**(2)**	**5**	**(21)**	**4**	**215**	**622**

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: (i) the increase for the discounting effect, under the income statement item ‘Other net financial income (expense): (ii) the decrease due to the change in the scope of consolidation, relating to the sale of the company Termica Cologno.

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, 2023 these include, for about 215 million euros the valuation of the need for CO_2 emission rights referred to the first half 2023,

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.

No significant changes occurred during the first half of the year.

5.4 Contingent assets and liabilities

Contingent assets

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

At June 30, 2023 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.

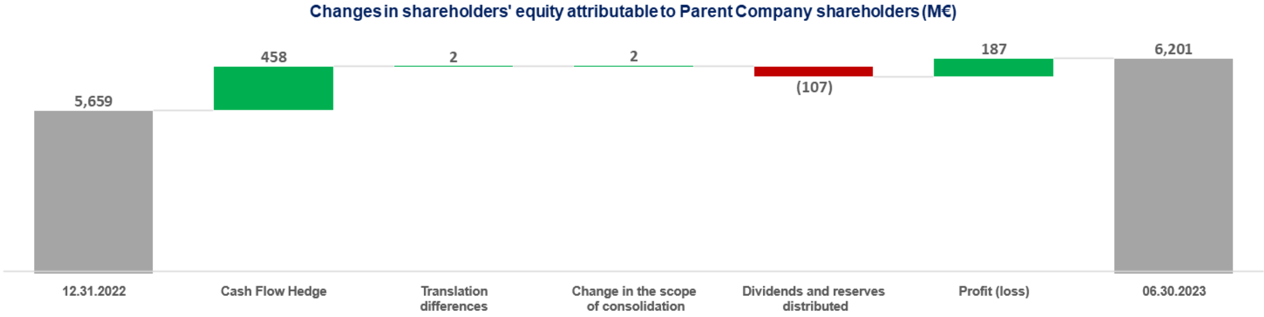
There are no significant updates.

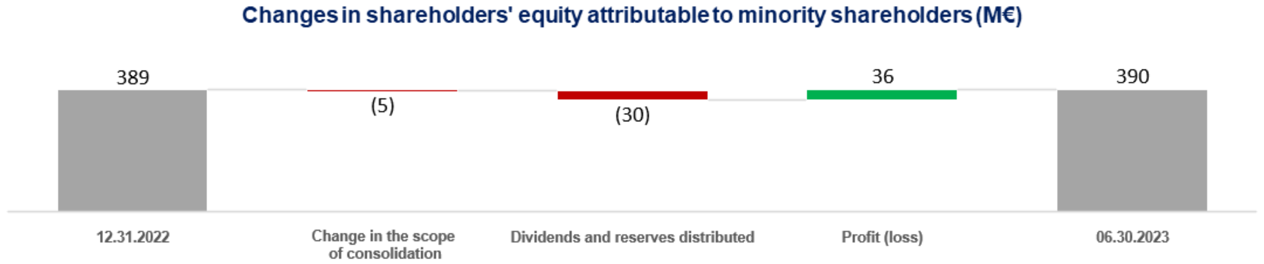
6. Shareholders’ equity, Financial debt and cost of debt

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 April 5, 2023 resolved to distribute dividends to saving and ordinary shares on the result of 2022 for a total amount of 107 million euros. This amount, showed in the item ‘Dividends and reserves distributed’ was paid on April 26, 2023.





Regarding the changes in shareholders’ equity attributable to minority shareholders, the item ‘**Dividends and reserves distributed**’ refers almost exclusively to the distribution of dividends from the company Edison Rinnovabili to minority shareholders, paid in March 2023. The item change in scope of consolidation refers to the acquisition of an additional 11% of the equity stake in Sistemi di Energia, in which the Group owned already 88% of equity stake, and the effects of the sale of the company Termica Cologno in which minorities owned 35% of equity stake.

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 12.31.2022	(472)	134	(338)
Change in the period	635	(177)	458
Reserve at 06.30.2023	**163**	**(43)**	**120**

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. This does not prevent the recourse to the market as better described below.
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 centralized at the level of Edison Spa, which directly manages the treasury of its Italian subsidiaries and coordinates the foreign subsidiaries, in both cases through intercompany current accounts and intra-group loans.
To support investment activities and cover working capital needs, Edison resorts to the market whenever specifically attractive opportunities of financing arise; for example, to cover investments Edison largely resorted to the loans granted by the European Investment Bank (EIB) which offers particularly convenient market conditions and period terms.

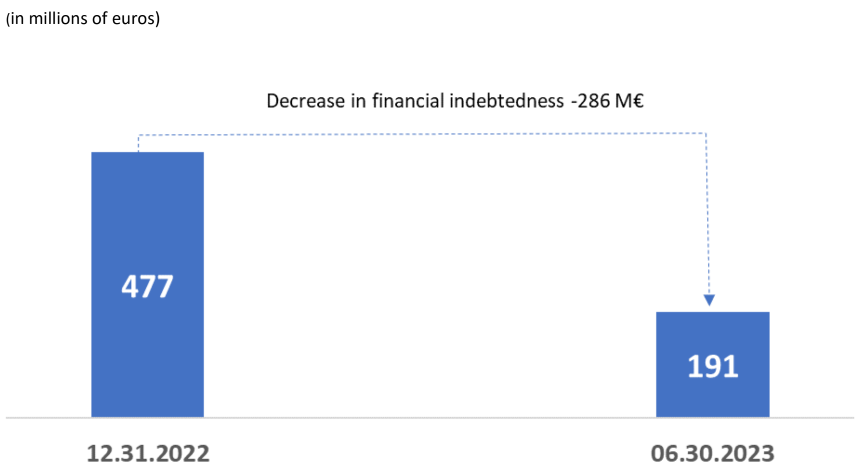
In March 2023 Edison also subscribed a revolving credit line for 1 billion euros dedicated to covering working capital needs with a pool of banks (BNL BNP Paribas, BPER Banca Spa, Intesa Sanpaolo Spa and UniCredit Spa) which became effective as of June 20, 2023 following the issuance of a specific decree by the Ministry of Economy and Finance. The credit line is backed by a guarantee from the national export credit agency SACE Spa for 70% of the amount. The guarantee was provided in the context of the measures to protect the Italian energy sector in line with the SupportItalia program, pursuant to the terms of the “Aiuti Decree”.

At June 30, 2023 Edison’s credit rating is BBB with a stable outlook for Standard & Poor’s and Baa3 with a stable outlook for Moody’s.

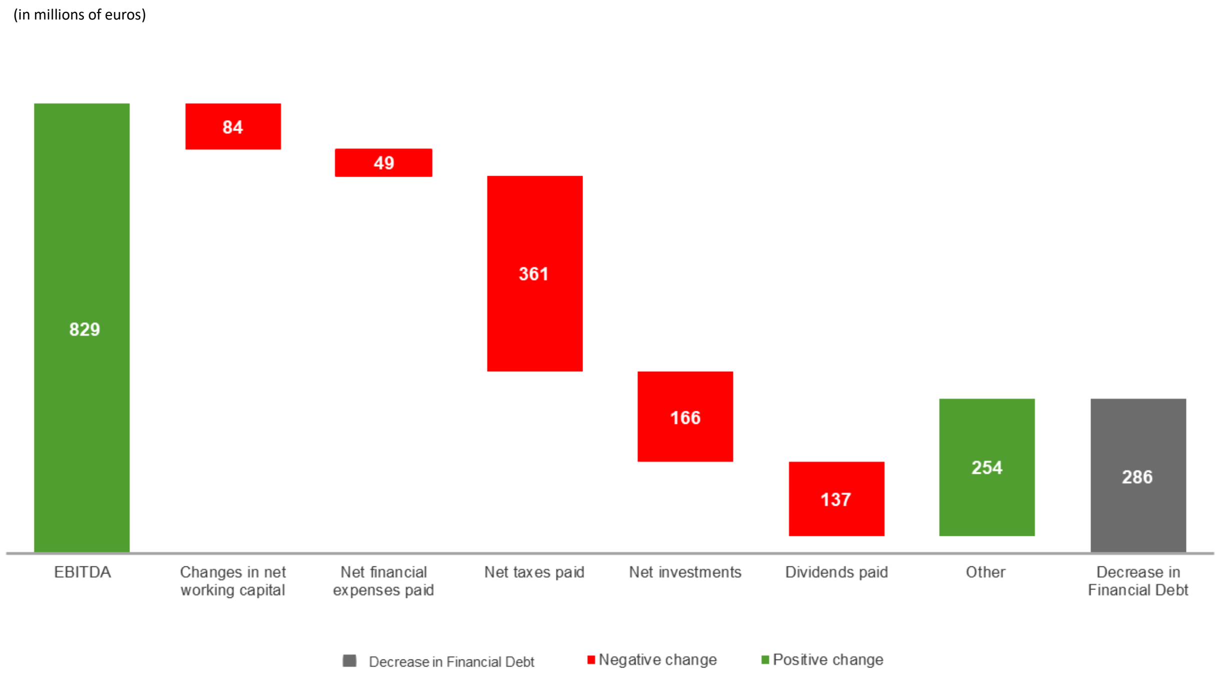
6.3 Total financial indebtedness and cost of debt

Total financial indebtedness at June 30, 2023 amounts to 191 million euros (477 million euros at December 31, 2022).

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 taxes (see Chapter 7. Taxation), the payment of dividends to shareholders already described and net investments for 166 million euros, which include:

- net capital expenditures (156 million euros), mainly referred to the environmental and energy services (45 million euros), to thermoelectric sector (27 million euros), to wind and photovoltaic sectors (19 million euros), as well as to the commercial sector (44 million euros) mainly related to incremental costs incurred to obtain new contracts;
- the already mentioned acquisition of 100% of the company Felix Dynamics, with an overall effect on indebtedness of 10 million euros;
- the sale of the equity investment in Termica Cologno, which determined the proceed of about 6 million euros and the deconsolidation of the net liquidity for about 8 million euros;
- net divestments of financial assets for 2 million euros.

The item Other derives mainly from the elimination of costs and the recognition of liabilities without monetary effect.

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.
Please note that balances at June 30, 2023 include for about 95 million euros the debt for leasing referred to a LNG vessel entered into operation for which there is a 7 years long term lease contract stipulated with a shipowner.

Total financial indebtedness (in millions of euros)	06.30.2023	12.31.2022	Change
Non-current financial debt	752	709	43
- Due to banks	447	462	(15)
- Due to EDF Group companies	-	-	-
- Debt for leasing	304	234	70
- Due to other lenders	1	13	(12)
Other non-current liabilities	28	27	1
Non-current financial indebtedness	**780**	**736**	**44**
Current financial debt (excluding current portion of non-current financial debt)	267	126	141
- Due to banks	72	15	57
- Due to EDF Group companies	104	7	97
- Debt for valuation of Cash Flow Hedge derivatives	-	-	-
- Due to other lenders	91	104	(13)
Current portion of non-current financial debt	83	74	9
- Due to banks	32	35	(3)
- Debt for leasing	51	39	12
Current financial assets	(6)	(3)	(3)
- Current financial assets from EDF Group companies	(3)	-	(3)
- Credit for valuation of Cash Flow Hedge derivatives	(1)	(1)	-
- Other current financial assets	(2)	(2)	-
Cash and cash equivalents	(933)	(456)	(477)
Net current financial indebtedness	**(589)**	**(259)**	**(330)**
Net financial debt Assets held for sale	**-**	**-**	**-**
Total financial indebtedness	**191**	**477**	**(286)**
of which:			
Gross financial indebtedness	**1,130**	**936**	**194**
of which Other non-current liabilities	28	27	1
Liquidity	**(939)**	**(459)**	**(480)**

The decrease during the semester in total financial indebtedness is due to the significant cash generation, which benefits from the positive operating performance, while the gross debt is slightly increasing.

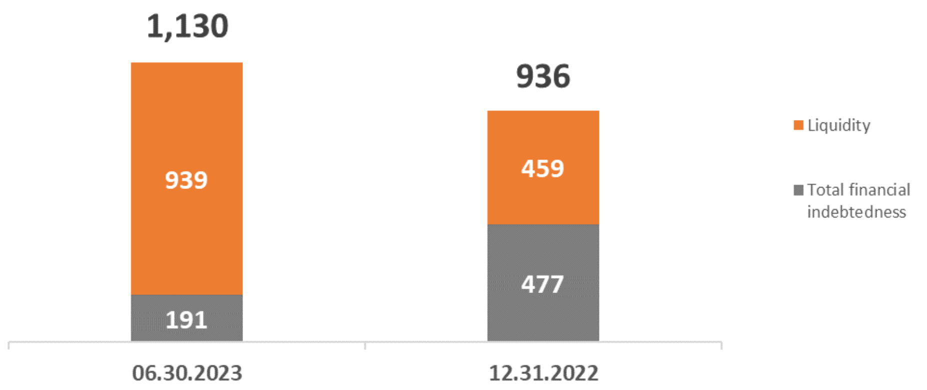
The increase in **non-current financial indebtedness**, compared to December 31, 2022, is due to the recognition of the non-current portion of the debt for leasing for the new LNG vessel, which is partially offset by the reclassification to current financial debt of the maturing portion of debts.

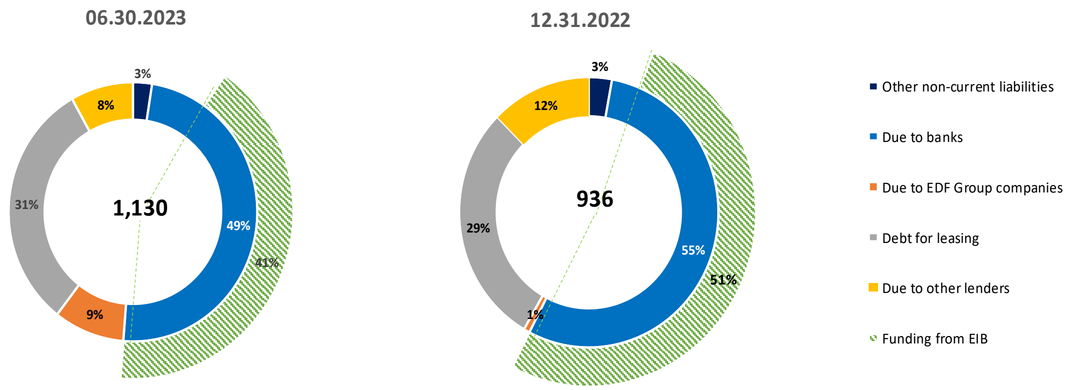
The increase in **current financial debt**, compared to December 31, 2022, is mainly due to the temporary increase in the deposit of the controlling company Transalpina di Energia (TdE) with Edison.

Cash and cash equivalents, amounting to 933 million euros (456 million euros at December 31, 2022) are mainly represented by available funds held in the current account with EDF Sa for 907 million euros (421 million euros at December 31, 2022). It should be noted that treasury current account overdraft with EDF Sa, amounting to 199 million euros, was not used at June 30, 2023.

Gross financial indebtedness and breakdown by financial source

(in millions of euros)

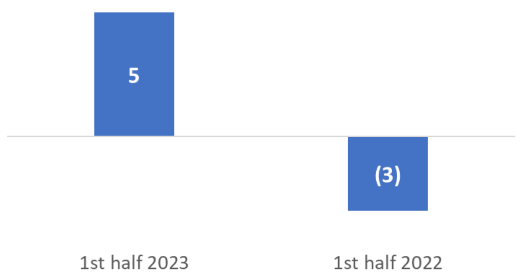




The composition of gross financial indebtedness compared to December 31, 2022 reflects, inter alia, the recognition of new debt for leasing described above, in addition to the temporary increase in the deposit of TdE with Edison.

Net financial income (expense) on debt

(in millions of euros)



Net financial income on debt amount to 5 million euros (net expense of 3 million euros in the first half of 2022) and benefit, among other things, from the positive effect of rising interest rates on cash and cash equivalents.
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)		12.31.2022	Cash Flow (*)	Non-cash flows: Changes in scope of consolidation (**)	New IFRS 16 leases (***)	Currency differences	Changes in fair value (°)	Other changes	06.30.2023
Financial debt (non-current and current)		909	87	-	108	-	-	(2)	1,102
Fair value on interest rate derivatives		(1)	-	-	-	-	-	-	(1)
Current financial assets		(2)	6	-	-	-	-	(9)	(5)
Net liabilities resulting from financing activities	**(a)**	**906**	**93**	**-**	**108**	**-**	**-**	**(11)**	**1,096**
Cash and cash equivalents (*)	**(b)**	**(456)**	**(484)**	**7**	**-**	**-**	**-**	**-**	**(933)**
Net financial debt Assets held for sale	(c)	-	-	-	-	-	-	-	-
Subtotal net financial debt	(d)=(a+b+c)	450	(391)	7	108	-	-	(11)	163
Other non-current liabilities	(e)	27	-	1	-	-	-	-	28
Total financial indebtedness	**(f)=(d+e)**	**477**	**(391)**	**8**	**108**	**-**	**-**	**(11)**	**191**

(*) Flows shown in the Cash Flow Statement.
(**) Related to the acquisition of the company Felix Dynamics and to the sale of Termica Cologno.
(***) Related mainly to the entry into operation of the new LNG vessel.
(°) 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 and by drawdowns for 260 million euros on EIB funds. The variable rate debts (primarily the Euribor rate), in slight increase compared to December 31, 2022, is mainly composed of short-term debt positions and some EIB loans. The increase in temporary debt components, first and foremost the TdE deposit with Edison, explains the relative growth in the portion of variable-rate debt (from 42% at December 31, 2022 to 45% at June 30, 2023).

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	06.30.2023			12.31.2022		
Mix fixed and variable rate: (in millions of euros)	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (*)	565	611	55%	480	531	58%
- variable rate portion	537	491	45%	429	378	42%
Total gross financial indebtedness (*)	**1,102**	**1,102**	**100%**	**909**	**909**	**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 to the rates actually applied in the first half of 2023 and provides a comparison with the corresponding data for 2022.

Sensitivity analysis (in millions of euros)	1st half 2023 Impact on financial expense			1st half 2022 Impact on financial expense		
	+50 bps	**base**	**-50 bps**	+50 bps	base	-50 bps
Edison Group	**9**	**8**	**6**	5	4	4

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 to the existing cash and cash equivalents, without considering other assets (e.g. trade receivables).

Cash flow projections (*) (in millions of euros)	06.30.2023			12.31.2022		
	1 to 3 months	More than 3 months and up to 1 year	After 1 year	1 to 3 months	More than 3 months and up to 1 year	After 1 year
Financial debt (**)	214	92	861	54	83	813
Trade payables	1,732	160	-	3,593	185	-
Total debt	**1,946**	**252**	**861**	**3,647**	**268**	**813**
Guarantees provided to third parties (***)	**-**	**115**	**-**	**-**	**115**	**-**
Cash and cash equivalents	**933**	**-**	**-**	**456**	**-**	**-**

(*) 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 to available resources below.

The **financial debt due within one year** amounts to 306 million euros at June 30, 2023 (137 million euros at December 31, 2022) and relates mainly to temporary deposit of the controlling company TdE within Edison and to temporary overdrafts on current accounts due to normal operations management.
Financial debt due after one year, amounting to 861 million euros, increased compared to December 31, 2022 (813 million euros) mainly for the new debt for leasing of the LNG vessel.

The maturity structure of the Edison Group's financial debt, with a strong prevalence of medium-long term debt, is a crucial protection factor against the liquidity risk.

At June 30, 2023, the Edison Group also had cash and cash equivalents of 933 million euros, of which 907 million euros on the treasury current account with EDF Sa.

At June 30, 2023, Edison Group had unused committed lines of credit totalling 1,180 million euros, represented:

- by the revolving credit line (1 billion euros), previously described in paragraph 6.2, dedicated to covering working capital needs in a still uncertain and volatile market scenario. The credit line will expire in May 2025 and is backed by a guarantee from the national export credit agency SACE Spa for 70% of the amount;
- by the Green Framework Loan (180 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 until June 2024.

Commitments on credit lines

The revolving credit line of 1 billion euros subscribed with a pool of banks (BNL BNP Paribas, BPER Banca Spa, Intesa Sanpaolo Spa and UniCredit Spa) is guaranteed by the national export credit agency SACE Spa for 70% of the amount or 700 million euros. The guarantee issued by SACE, provided in the context of the measures to protect the Italian energy sector in line with the SupportItalia program, pursuant to the terms of the "Aiuti Decree", came into effect in June 2023 following the publication of the relevant decree by the Ministry of Economy and Finance.

6.4.3 Risk of anticipated reimbursement of loans

The financial covenants apply to certain bank loans granted to energy and environmental services and renewables sectors, related to acquired financial debt due to some extraordinary operations, for not material amounts. Their non-compliance can entail an early repayment of the loan.

At June 30, 2023, the covenants were adequately respected by Edison's subsidiaries.

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 2022 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 preparation of this Semiannual Report, there are no situations of default.

7. Taxation

7.1 Tax risk and tax management

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 Taxes

7.2.1. Income taxes and tax rate

Income taxes (in millions of euros)	**1st half 2023**	1st half 2022	Change
Current taxes	(220)	(193)	(27)
Net deferred-tax assets / liabilities	116	63	53
Other	24	(68)	92
Total	**(80)**	**(198)**	**118**
Tax rate	**26.4%**	**46.5%**	**n.a.**

Current taxes include IRES for 169 million euros (177 million euros in June 2022) and IRAP for 57 million euros (31 million euros in June 2022).

Income taxes of the first six months 2023 include under the item "Other" the positive impact of 23 million euros deriving from the difference between the estimated value of the temporary solidarity contribution pursuant to the Budget Law 2023 for 240 million euros, accounted for under income taxes in 2022, and the amount determined for the payment of the contribution of 217 million euros. This amount, which payment took place within the legal deadlines by June 30, 2023, was thus calculated following the updating of the tax provisions and the tax bases of the companies concerned.
For further information please see paragraph 1.7.
It should be noted that, instead, the first half of 2022 included the application of the extraordinary "extra-profits" contribution (pursuing D.L 21/2022 "Taglia prezzi" and D.L. 50/2022 "Aiuti") for a negative amount of 74 million euros.
In absence of these extraordinary contributions, the tax rate would have been about 34% in the first half of 2023 and about 29% in the first half of 2022.

7.2.2. Income taxes paid

Net income taxes paid during the first half of 2023 amounted to 361 million euros and include the following payments:

- 108 million euros as net amount of IRES to controlling company TdE in the Consolidated Income Tax Return;
- 15 million euros for IRAP;
- 3 million euros for IRES (from the companies of the Group excluded from the Consolidated Income Tax Return);
- 217 million euros for temporary solidarity contribution;
- 17 million euros for the third and last tranche of the substitute tax at 3% on higher tax values realigned to statutory values in 2021 (Law 126 of 2020).

7.3 Tax assets and liabilities

7.3.1. Current and non-current tax receivables and payables

At June 30, 2023, net payables of 144 million euros were recognized (327 million euros at December 31, 2022); details are provided in the following table.

Current and non-current tax receivables and payables (in millions of euros)	06.30.2023	12.31.2022	Change
Non-current tax receivables	2	2	-
Current tax receivables	11	15	(4)
Receivables owed by the controlling company in connection with the filing of the consolidated income tax return	7	48	(41)
Total tax receivables (A)	**20**	**65**	**(45)**
Current tax payables	46	282	(236)
Liabilities owed to the controlling company in connection with the filing of the consolidated income tax return	118	110	8
Total tax payables (B)	**164**	**392**	**(228)**
Current and non-current tax receivables (payables) (A-B)	**(144)**	**(327)**	**183**

Current tax receivables include 8 million euros for the amount requested as reimbursement relating to the extraordinary ‘extra-profits’ contribution already paid in excess in 2022.

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)

In 2022 the main companies of the Group renewed, for the three-year period 2022-2024, the option 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.
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.

7.3.2. Deferred-tax assets and deferred-tax liabilities

At June 30, 2023, net assets of 285 million euros were recognized (net assets of 351 million euros at December 31, 2022); details are provided below.

Deferred-tax asset (in millions of euros)	06.30.2023	01.01.2023 (*)	Change
Tax losses carryforward	1	1	-
Taxed provision for risks	198	117	81
Application of accounting standard on financial instruments:			
- on Income Statement	46	13	33
- on Shareholders' equity	7	151	(144)
Valuation differences of fixed assets	156	157	(1)
Others	7	5	2
Gross Deferred-tax assets	**415**	**444**	**(29)**
Offset IAS 12	(18)	(17)	(1)
Deferred-tax assets	**397**	**427**	**(30)**

(*) Amendment IAS 12 applicable since January 1, 2023 on December 31, 2022 amounts.

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.

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

Deferred-tax liabilities (in millions of euros)	06.30.2023	01.01.2023 (*)	Change
Valuation differences of fixed assets	80	76	4
Application of accounting standard on financial instruments:			
- on Income Statement	1	-	1
- on Shareholders' equity	49	17	32
Gross Deferred-tax liabilities	**130**	**93**	**37**
Offset IAS 12	(18)	(17)	(1)
Deferred-tax liabilities	**112**	**76**	**36**

(*) Amendment IAS 12 applicable since January 1, 2023 on December 31, 2022 amounts

Deferred-tax liabilities for valuation differences of fixed assets increased for 3 million euros as result of business combination transactions that took place in the first half of 2023 (please refer to the paragraph 1.6 Information related to business combinations).

8. Non-Energy Activities

The Edison Group is involved in various processes for environmental remediation and decontamination of polluted areas deriving from its own industrial history. Edison Spa, in fact, represents the universal successor of Montedison Spa, merged in it. As a result, in the financial statements are recognized charges for environmental activities and risk provisions related 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.

There are several legal disputes related to these remediation and decontamination 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 140 million euros (net expenses of 12 million euros in the same period of the previous year).

The risk provisions totalled 403 million euros (300 million euros at December 31, 2022).

(in millions of euros)	12.31.2022	Additions	Utilizations	Financial expenses	06.30.2023
A) Risks for disputes, litigations and contracts	90	2	(14)	1	79
B) Charges for contractual guarantees on sale of equity investments	60	25	-	-	85
C) Environmental risks	150	107	(18)	-	239
Provisions for risks and charges for non Energy activities	**300**	**134**	**(32)**	**1**	**403**

With regard to the changes during the period, there was in particular an adjustment to the provisions for risks related to environmental issues as a result of new assessments relating to the increase in market costs and the change in the perimeter of the work to be carried out on certain sites.

For further information, please refer to the 2022 Consolidated Financial Statements.

9. Other notes

9.1 Disclosure pursuant to IFRS 5

Disposal Group – agreement for the sale of E&P activities in Algeria

Please note that in May 2022 Edison signed an agreement to sell the 11.25% stake in the North Reggane licence in Algeria, held by its subsidiary **Edison Reggane** to Wintershall Dea Algeria Gmbh, subsequently amended to provide for the sale of the shareholding, partly to Repsol (6.75%) and partly to Wintershall Dea (4.50%).

Please note that at the date of preparation of the 2022 Consolidated Financial Statements, the finalization of the sale transaction was deemed highly probable, although it was still subject to some approvals. Consequently, the E&P assets located in Algeria were treated as disposal group pursuant to IFRS 5, as alone they do not represent a significant autonomous business unit for the Edison Group and as such it is not possible to classify them as discontinued operations; therefore, while in the income statement and flows the representation of the contribution to Group values is included under continuing operations, the balance sheet balances, aligned with the presumed realizable value, are exposed under Assets and Liabilities held for sale.

More in detail, the activities under disposal of Edison Reggane contribute to Group EBITDA for 14 million euros and to EBIT for a negative amount of 1 million euros; moreover in the Balance Sheet at June 30, 2023 are recorded:

- **Assets held for sale** for 62 million euros (74 million euros at December 31, 2022), represented by property, plant and equipment for 51 million euros (62 million euros at December 31, 2022) and by trade receivables for 11 million euros (12 million euros at December 31, 2022);
- **Liabilities held for sale** for 5 million euros (6 million euros at December 31, 2022), mainly consisting of provisions for decommissioning and remediation of industrial sites.

At June 30, 2023 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 76 million euros (76 million euros at December 31, 2022) and include:

- for 65 million euros (unchanged compared to December 31, 2022), 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;
- for 11 million euros (unchanged compared to December 31, 2022) 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, 2022), 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)	06.30.2023	12.31.2022	Change
Guarantees provided	2,389	2,520	(131)
Other commitments and risks	31	163	(132)
Total for the Group	**2,420**	**2,683**	**(263)**

Guarantees provided were determined based on the undiscounted amount of contingent commitments at 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 the bank guarantee provided by the parent company EDF Sa, in favor of AGSC, in the interest of its subsidiary Edison for an amount of 682 million dollars at December 31, 2022, renewed in the period for 627 million dollars, following the improvement in Edison's rating, was considered by the counterparty no longer necessary during the month of June. At June 30, 2023, the value was still included in the commitments pending the formalization of the extinction subsequently occurred during the month of July.

Please also note that decrease in **other commitments and risks** is referred mainly to the delivery of the LNG vessel leased under a 7-year long-term contract signed with a shipowner; at December 31, 2022 a commitment of 116 million euros was booked.

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 12.6 billion cubic meters a year. These contracts typically have an extended duration (at June 30, 2023 up to 21 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	12.0	47.2	58.0	**117.2**

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 tons 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.

Furthermore, based on the outstanding contract in place with Terminale GNL Adriatico, Edison benefits from 76% of the terminal's regasification capacity until 2025 and from 72% of the terminal's regasification capacity from 2026 to 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, 2023 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	253	-	-	**253**	**253**	**100.0%**
Other non-current financial assets	13	-	-	**13**	**80**	**16.3%**
Trade receivables	12	-	409	**421**	**2,236**	**18.8%**
Current tax receivables	-	7	-	**7**	**18**	**38.9%**
Other current assets	2	5	33	**40**	**397**	**10.1%**
Current financial assets	1	3	-	**4**	**22**	**18.2%**
Cash and cash equivalents	-	907	-	**907**	**933**	**97.2%**
Trade payables	8	4	120	**132**	**1,892**	**7.0%**
Current tax payables	-	118	-	**118**	**164**	**72.0%**
Other current liabilities	-	1	2	**3**	**388**	**0.8%**
Current financial debt	12	104	-	**116**	**350**	**33.1%**
Income Statement transactions:						
Sales revenues	11	15	3,362	**3,388**	**9,973**	**34.0%**
Other revenues and income	2	-	15	**17**	**93**	**18.3%**
Commodity and logistic costs	(10)	-	(1,146)	**(1,156)**	**(8,562)**	**13.5%**
Other costs and services used	(3)	(15)	(3)	**(21)**	**(427)**	**4.9%**
Net financial income (expense) on debt	-	10	-	**10**	**5**	**n.s.**
Other net financial income (expense)	-	(21)	-	**(21)**	**(23)**	**91.3%**

(*) 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, Financial 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, 2023, the current account established by Edison Spa with TdE had a debit balance of about 104 million euros (debit balance of 7 million euros at December 31, 2022).

Dividend payment

It should be noted that following the resolution of the Shareholders' Meeting of April 5, 2023, the company Edison Spa on April 26, 2023 paid dividends to TdE for about 101 million euros.

B.2 Transactions with EDF Sa

Cash-pooling

At June 30, 2023 the Edison Spa current account, dedicated to cash-pooling with EDF Sa, had a credit balance of 907 million euros (credit balance of 421 million euros at December 31, 2022); in the first half of 2023 interests matured for about 11 million of euros.

Credit Lines

During the period, the revolving credit line entered into between EDF Sa and Edison in April 2021 with a two-year term expired and was not renewed.

Other transactions

Considering the economic transactions, it should be noted:

- costs of period for 15 million euros referred mainly to insurance costs, 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 for a total of 3 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 negative balance for about 21 million euros (net positive balance for about 55 million euros in the first half of 2022), booked in Other net financial income (expense). In the same area, an income of about 12 million euros, referred to hedge exchange rate risk on commodities, was booked in Sales revenues.

At the date the Condensed Consolidated Semiannual Financial Statements are prepared the fair value on Cash Flow Hedge and Economic Hedge derivatives outstanding with EDF Sa is estimated for a net positive amount of about 35 million euros, booked in the item Fair Value (41 million euros among Assets and 6 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 (*)	Others	Total
Balance Sheet transactions:			
Trade receivables	409	-	**409**
Other current assets	29	4	**33**
Trade payables	119	1	**120**
Other current liabilities	1	1	**2**
Income Statement transactions:			
Sales revenues	**3,362**	**-**	**3,362**
Electric power and natural gas	2,167	-	2,167
Realized commodity derivatives	1,195	-	1,195
Other revenues	-	-	-
Other revenues and income	**12**	**3**	**15**
Commodity and logistic costs	**(1,146)**	**-**	**(1,146)**
Electric power and natural gas	(542)	-	(542)
Realized commodity derivatives	(603)	-	(603)
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.

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 12 million euros (6 million euros in the first half of 2022).

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 assets for 671 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 3 million euros were obtained by Wagram Insurance Company.

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 2023, 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 2023 as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

Significant events occurring after June 30, 2023

No significant events occurred after June 30, 2023.

Milan, July 25, 2023
The Board of Directors
By Nicola Monti
Chief Executive Officer

Scope of Consolidation at June 30, 2023

List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2023	Consolidated Group interest (a) 12.31.2022	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 (single shareholder)	Milan (IT)	EUR	2,000,000	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ambyenta Campania Spa (single shareholder)	Rivoli (TO) (IT)	EUR	195,397	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Ambyenta Lazio Srl	Rivoli (TO) (IT)	EUR	10,000	70.00	70.00	70.00	Edison Next Environment Srl (single shareholder)	S	-
Ambyenta Srl (single shareholder)	Rivoli (TO) (IT)	EUR	10,000	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Assistenza Casa Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Biotech Srl	Naples (IT)	EUR	1,050,000	55.00	55.00	55.00	Edison Next Environment Srl (single shareholder)	S	(8)
CEA Biogas Srl (single shareholder)	Caivano (NA) (IT)	EUR	1,000,000	100.00	100.00	100.00	Edison Next Environment Srl (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)
Cerbis Srl (single shareholder)	Milan (IT)	EUR	20,000	51.00	51.00	100.00	Winbis Srl (single shareholder)	S	(1)
Citelum Servicios Energeticos Sl	Madrid (E)	EUR	3,100	100.00	100.00	100.00	Edison Next Government 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 - Electric Power Activities	Milan (IT)	EUR	5,300	94.34	94.34	1.89 92.45	Attiva Spa (single shareholder) Edison Energia Spa (single shareholder)	S	-
Covedi Compagnia Veneziana d'illuminazione Scarl	Milan (IT)	EUR	1,000,000	60.00	60.00	60.00	Edison Next Government Srl (single shareholder)	S	-
Don Diego Solar Sl	Barcelona (E)	EUR	3,100	97.80	97.80	89.00 11.00	Edison Next Government Srl (single shareholder) Esigman Soluciones Sl	S	-
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 0.03	Edison Next Spain Sl Edison Next Spa (single shareholder)	S	-
Edison Energia Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	40,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison Next Environment Srl (single shareholder) - ex 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)
Edison Next Government Srl (single shareholder) ex Citelum Italia Srl (single shareholder)	Milan (IT)	EUR	64,900,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	(2)
Edison Next Government Napoli Scarl	Milano (IT)	EUR	260,000	99.50	99.50	99.50	Edison Next Government Srl (single shareholder)	S	-
Edison Next Poland Sp.z.o.o. ex 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	-
Edison Next Recology Srl (single shareholder) ex Rendina Ambiente Srl (single shareholder)	Rivoli (TO) (IT)	EUR	50,000	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Edison Next Services Poland Sp.z.o.o. ex Fenice Services Polska	Bielsko Biala (PL)	PLZ	600,000	100.00	100.00	100.00	Edison Next Poland Sp.z.o.o.	S	-
Edison Next Services Slu	Madrid (E)	EUR	6,010	100.00	100.00	100.00	Edison Next Spain Sl	S	-
Edison Next Spa (single shareholder)	Rivoli (TO) (IT)	EUR	330,500,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison Next Spain Sl	Madrid (E)	EUR	12,000,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	-
Edison Rinnovabili Spa (single shareholder)	Milan (IT)	EUR	4,200,000	51.00	51.00	51.00	Edison 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 Rinnovabili 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	100.00	Edison Spa	S	(1)
Energie Rinnovabili Arpitane Srl - 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 (IT)	EUR	135,000	55.00	55.00	55.00	Edison Next Government Srl (single shareholder)	S	(3)
Esigman Soluciones Sl	Barcelona (E)	EUR	3,100	80.00	80.00	80.00	Edison Next Government Srl (single shareholder)	S	-
Felix Dynamics Srl (single shareholder)	Aosta (IT)	EUR	20.000	100,00	-	100,00	Edison Spa	S	(1)
Fenice Assets Iberica Sl	Madrid (E)	EUR	10,000	100.00	100.00	100.00	Edison Next Spain Sl	S	-

List of equity investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 06.30.2023	Consolidated Group interest (a) 12.31.2022	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (c)	Notes
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	Barcellona (E)	EUR	3,100	97.60	97.60	88.00	Edison Next Government Srl (single shareholder)	S	-
						12.00	Esigman Soluciones Sl		
Hinojo Certero Sl	Barcelona (E)	EUR	3,100	97.00	97.00	85.00	Edison Next Government Srl (single shareholder)	S	-
						15.00	Esigman Soluciones Sl		
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	Milan (IT)	EUR	10,000	70.00	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	97.20	86.00	Edison Next Government Srl (single shareholder)	S	-
						14.00	Esigman Soluciones Sl		
Jesi Energia Spa	Milan (IT)	EUR	3,148,900	70.00	70.00	70.00	Edison Spa	S	(1)
Magnoli & Partners Srl (single shareholder)	Rivoli (TO) (IT)	EUR	10,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	(2)
Margarita Alternativa Sl	Barcelona (E)	EUR	3,100	97.40	97.40	87.00	Edison Next Government Srl (single shareholder)	S	-
						13.00	Esigman Soluciones Sl		
MF Energy Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ms Energy Srl (single shareholder)	Milan (IT)	EUR	20,000	100.00	100.00	100.00	Edison Spa	S	(1)
Ren 141 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ren 143 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ren 144 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ren 145 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ren 147 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ren 153 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Salamandra Nitida Sl	Barcelona (E)	EUR	3,100	96.80	96.80	84.00	Edison Next Government Srl (single shareholder)	S	-
						16.00	Esigman Soluciones Sl		
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	99.52	88.28	99.52	Edison Spa	S	(1)
Sistrol Sa	Madrid (E)	EUR	1,496,094	75.00	55.00	75.00	Edison Next Spain Sl	S	(8)
Sorrento Power and Gas Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Tabacchi Srl (single shareholder)	Milan (IT)	EUR	298,488	100.00	100.00	100.00	Edison Next Government Srl (single shareholder)	S	(3)
Triton Cristalino Sl	Barcelona (E)	EUR	3,100	98.00	98.00	90.00	Edison Next Government Srl (single shareholder)	S	-
						10.00	Esigman Soluciones Sl		
Winbis Srl (single shareholder)	Milan (IT)	EUR	120,000	51.00	51.00	100.00	Edison Rinnovabili 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	94.34	1.89	Attiva Spa (single shareholder)	S	-
						92.45	Edison Energia Spa (single shareholder)		
Deposito Gnl Brindisi Srl - Dgb Srl (single shareholder)	Milan (IT)	EUR	1.000.000	100,00	-	100,00	Edison Spa	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	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									
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	Edison Spa	S	-
						5,00	Edison Next Environment Srl (single shareholder)		

List of equity investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2022	Interest held in share capital % (b)	by	Carring value (in millions of euros) (d)	Type of investment relationship (c)	Notes
B) Investments in companies valued by the equity method									
Alboran Hydrogen Brindisi Srl	Bari (IT)	EUR	2,750,471		50.00	Edison Spa	1	JV	(5)
Elpedison Bv (*)	Amsterdam (NL)	EUR	1,000,000		50.00	Edison International Shareholdings Spa (single shareholder)	128	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)	57	JV	(5)
Chioggia Servizi Scarl	Chioggia (VE) (IT)	EUR	20,000		25.00	Edison Next Government 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	7	AC	-
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000		49.00	Edison Spa	24	AC	-
Enllumenats Costa Brava Sociedad Limitada	Girona (E)	EUR	6,010		50.00	Edison Next Government Srl (single shareholder)	-	AC	-
Idroelettrica Restituzione Srl	Novara (IT)	EUR	10,000		50.00	Energia Italia Srl (single shareholder)	5	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	5	AC	-
Italia Servizi Integrati Spa	Milan (IT)	EUR	1,000,000		40.00	Edison Next Government Srl (single shareholder)	-	AC	-
Kalamaki Energeiaki Single Member Private Company	Amaroussion, Attica (GR)	EUR	61,000		100.00	Elpedison Sa	-	AC	-
Korisos I Energeiaki Single Member Private Company	Amaroussion, Attica (GR)	EUR	45,000		100.00	Elpedison Sa	-	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison International Shareholdings Spa (single shareholder)	24	AC	-
Lekka Energeiaki Single-Member Private Company	Amaroussion, Attica (GR)	EUR	19,000		100.00	Elpedison Sa	-	AC	-
Melagrana Srl	Vigevano (PV) (IT)	EUR	20,000		22.15	Edison Next Government Srl (single shareholder)	-	AC	-
Prometeo Spa	Ancona (IT)	EUR	2,826,285		20.91	Edison Energia Spa (single shareholder)	2	AC	(6)
San Gerardo Servizi Scarl	Zola Predosa (BO) (IT)	EUR	10,000		40.00	Edison Next Government Srl (single shareholder)	-	AC	-
T.E.S.I. Engineering Srl	Trento (IT)	EUR	104,000		24.00	Edison Next Government Srl (single shareholder)	-	AC	-
Triferr Ambiente	Rivoli (TO) (IT)	EUR	10,200		33.33	Edison Next Environment Srl (single shareholder)	-	AC	-
Trireme Srl	Rivoli (TO) (IT)	EUR	10,000		48.00	Edison Next Environment Srl (single shareholder)	-	AC	-
Total investments in companies valued by the equity method							**253**		

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2022	Interest held in share capital % (b)	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) 12.31.2022	Interest held in share capital % (b)	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									
Esco Brixia Srl (in liquidation)	Bovegno (BS) (IT)	EUR	45,000		10.00	Edison Next Government Srl (single shareholder)	-	NG	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	2	S	(1)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	L in Euros	150,000,000 77,468,53		33.33	Edison Spa	-	AC	-
Palmanova Servizi Energetici Scarl (in liquidation)	Zola Predosa (BO) (IT)	EUR	10,000		40.00	Edison Next Government Srl (single shareholder)		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)
Prima Aviv Energy Technologies Ltd (in liquidation)	Ramat Gan (IL)	ILS	1,000		100.00	Edison Next Government Srl (single shareholder)	-	S	-
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)	L in Euros	300,000,000 154,937,07		59.33	Edison Spa	-	S	-
Total investments in companies in liquidation or subject to permanent restrictions							**2**		
D) Investments in other companies valued at fair value through profit and loss									
Amsc-American Superconductor	Devens (MA) (USA)	USD	295.954		0.05	Edison Spa	-	NG	-
Bake Two Srl	Milan (IT)	EUR	13,889		8.00	Edison Spa	-	NG	-
Città Salute Ricerca Milano Spa	Milan (IT)	EUR	5,000,000		10.00	Edison Next Government Srl (single shareholder)	1	NG	-
European Energy Exchange Ag - Eex	Lipsia (D)	EUR	60,075,000		0.50 (*)	Edison Spa	1	NG	-
Hydrogen Park - Marghera per l'idrogeno Scrl	Venezia (VE) (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 Next Government Srl (single shareholder)	-	NG	-
Synchron Nuovo San Gerardo Spa	Zola Pedrosa (BO) (IT)	EUR	8,160,000		6.85	Edison Next Government Srl (single shareholder)	1	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							**3**		
Total equity investments							**258**		

(*) 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 Next Government Srl (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 consolidated financial statements is entirely attributable to parent company shareholders for the companies Gaxa Spa and Sistrol Sa, and for a quota of 80% for Biotech Srl.

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

BGL Bulgarian lev
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, 2023.

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 25, 2023

The Chief Executive Officer

Nicola Monti

The "Dirigenti Preposti alla redazione dei documenti contabili societari"

Ronan Lory
Roberto Buccelli

Report of the independent auditors

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 2023.

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 2023 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, 27 July 2023

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi
Director of Audit