2023
Financial Report

CONSOLIDATED FINANCIAL STATEMENTS

VOLUME 2

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

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Contents

Consolidated income statement

(in millions of euros)	Chapter	2023	2023 of which related parties	2022 (*)	2022 (*) of which related parties
Sales revenues		18,436	5,857	30,309	6,333
Other revenues and income		216	25	156	21
Total net revenues		**18,652**	**5,882**	**30,465**	**6,354**
Commodity and logistic costs (-)		(15,278)	(1,875)	(28,095)	(2,978)
Other costs and services used (-)		(983)	(48)	(812)	(40)
Labor costs (-)		(420)		(364)	
Receivables (writedowns) / reversals	3	(30)		(32)	
Other costs (-)		(133)		(106)	
EBITDA	2	**1,808**		**1,056**	
Net change in fair value of derivatives (commodity and exchange rate risk)	4	4	697	7	(132)
Depreciation and amortization (-)	5	(451)		(383)	
(Writedowns) and reversals	5	(9)		(56)	
Other income (expense) non-Energy Activities	8	(556)		(68)	
EBIT		**796**		**556**	
Net financial income (expense) on debt	6	16	27	(9)	(3)
Other net financial income (expense)	2	(21)	(25)	32	72
Net financial income (expense) on assigned trade receivables without recourse	3	(54)		(28)	
Income from (Expense on) equity investments	5	53	46	44	44
Profit (Loss) before taxes		**790**		**595**	
Income taxes	7	(208)		(442)	
Profit (Loss) from continuing operations		**582**		**153**	
Profit (Loss) from discontinued operations	2;9	14		29	
Profit (Loss)		**596**		**182**	
Broken down as follows:					
Minority interest in profit (loss)		81		31	
Group interest in profit (loss)		**515**		**151**	

(*) The amounts of 2022 were restated pursuant to IFRS 5.

Other components of the comprehensive income statement

(in millions of euros)	Chapter	2023	2022
Profit (Loss)		**596**	**182**
Other components of comprehensive income:			
A) Change in the Cash Flow Hedge reserve	6	**387**	**(155)**
- Gains (Losses) arising during the year		539	(216)
- Income taxes		(152)	61
B) Differences on the translation of assets in foreign currencies		**2**	**12**
- Gains (Losses) arising during the year not realized		2	-
- Losses (gains) reversal to Income Statement		-	12
- Income taxes		-	-
C) Pro rata interest in other components of comprehensive income of investee companies		-	-
D) Actuarial gains (losses) (*)		**(1)**	**5**
- Actuarial gains (losses)		(1)	5
- Income taxes		-	-
Total other components of comprehensive income net of taxes (A+B+C+D)		**388**	**(138)**
Total comprehensive profit (loss)		**984**	**44**
Broken down as follows:			
Minority interest in comprehensive profit (loss)		81	31
Group interest in comprehensive profit (loss)		**903**	**13**

(*) Items not reclassifiable in Income Statement.

Consolidated balance sheet

(in millions of euros)	Chapter	12.31.2023	of which related parties	12.31.2022	of which related parties
ASSETS					
Property, plant and equipment	5	3,811		3,967	
Intangible assets	5	387		340	
Goodwill	5	2,107		2,228	
Investments in companies valued by the equity method	5	291	291	216	216
Other non-current financial assets	5	89	13	86	15
Deferred-tax assets	7	401		427	
Non-current tax receivables	7	2		2	
Other non-current assets	3	229		162	
Fair Value	4	181	152	468	244
Assets for financial leasing	5	15		8	
Total non-current assets		**7,513**		**7,904**	
Inventories	3	174		387	
Trade receivables	3	2,561	411	4,281	926
Current tax receivables	7	36	23	63	48
Other current assets	3	376	55	372	59
Fair Value	4	1,037	789	3,706	1,528
Current financial assets	5;6	149	5	17	
Cash and cash equivalents	6	1,234	1,201	456	421
Total current assets		**5,567**		**9,282**	
Assets held for sale	9	**547**		**150**	
Total assets		**13,627**		**17,336**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		4,736		4,736	
Reserves and retained earnings (loss carryforward)		1,154		1,105	
Reserve for other components of comprehensive income		55		(333)	
Group interest in profit (loss)		515		151	
Total shareholders' equity attributable to Parent Company shareholders	6	**6,460**		**5,659**	
Shareholders' equity attributable to minority shareholders	6	435		389	
Total shareholders' equity		**6,895**		**6,048**	
Employee benefits	5	33		34	
Provisions for decommissioning and remediation of industrial sites	5	127		192	
Provisions for risks and charges	5	171		195	
Provisions for risks and charges for non-Energy Activities	8	761		300	
Deferred-tax liabilities	7	85		76	
Other non-current liabilities	3;6	116		37	
Fair Value	4	152	117	1,153	721
Non-current financial debt	6	696		709	
Total non-current liabilities		**2,141**		**2,696**	
Trade payables	3	2,246	138	3,778	452
Current tax payables	7	257	176	392	110
Other current liabilities	3	364	3	680	118
Fair Value	4	1,256	316	3,506	1,385
Current financial debt	6	345	23	200	19
Total current liabilities		**4,468**		**8,556**	
Liabilities held for sale	9	**123**		**36**	
Total liabilities and shareholders' equity		**13,627**		**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 2023 and 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 Report on Operations.

	(in millions of euros)	Chapter	2023	of which related parties	2022 (*)	of which related parties
	Profit (Loss) before taxes		**790**		**595**	
	Depreciation, amortization and writedowns	5	460		439	
	Net additions to provisions for risks		431		(19)	
	Interest in the result of companies valued by the equity method (-)	5	(46)	(46)	(44)	(44)
	Dividends received from companies valued by the equity method	5	-		10	10
	(Gains) Losses on the sale of non-current assets		(6)		5	
	Change in employee benefits		(1)		(3)	
	Change in fair value recorded in EBIT	4	(4)		(7)	
	Change in operating working capital		433	201	(83)	(322)
	Change in non-operating working capital		(427)	(111)	70	75
	Change in other operating assets and liabilities		245		(1)	
	Net financial (income) expense		59	(2)	5	(69)
	Net financial income (expense) paid		(65)	1	(2)	69
	Net income taxes paid		(436)	(170)	(265)	(118)
	Operating cash flow from discontinued operations	9	28		43	
A.	**Operating cash flow**		**1,461**		**743**	
	Additions to intangibles and property, plant and equipment (-)	5	(501)		(543)	
	Additions to non-current financial assets (-)	5	(30)	-	(7)	-
	Net price paid on business combinations	1	(84)		(206)	(60)
	Proceeds from the sale of intangibles and property, plant and equipment		76		14	
	Proceeds from the sale of non-current financial assets		-		54	
	Cash used in investing activities from discontinued operations	9	(19)		(17)	
B.	**Cash used in investing activities**		**(558)**		**(705)**	
	Receipt of new medium-term and long-term loans		18		125	
	Redemption of medium-term and long-term loans (-)		(43)		(45)	
	Other net change in financial debt		41	4	(223)	(1)
	Change in current financial assets		5		27	-
	Net liabilities resulting from financing activities (**)	6	21		(116)	
	Capital and reserves contributions (+)		-		-	
	Dividends and reserves paid to controlling companies or minority shareholders (-)	6	(137)	(101)	(350)	(253)
	Cash used in financing activities from discontinued operations	9	(9)		(26)	
C.	**Cash used in financing activities**		**(125)**		**(492)**	
D.	**Net currency translation differences**		**-**		**-**	
E.	**Net cash flow for the year (A+B+C+D)**		**778**		**(454)**	
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 year (E+F)**		**1,234**	**1,201**	**456**	**421**
H.	**Cash and cash equivalents at the end of the year discontinued operations**		**-**		**-**	
I.	**Cash and cash equivalents at the end of the year continuing operations (G-H)**		**1,234**	**1,201**	**456**	**421**

(*) The amounts of 2022 were restated pursuant to IFRS 5.

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

Changes in consolidated shareholders' equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income				Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
			Cash Flow Hedge reserve	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses)				
Balance at December 31, 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)**	(64)	**(350)**
Changes in the scope of consolidation	-	(1)	-	-	-	-	-	**(1)**	2	**1**
Other changes	-	(1)	-	-	-	-	-	**(1)**	1	**-**
Total comprehensive profit (loss)	**-**	**-**	**(155)**	**12**	**-**	**5**	**151**	**13**	**31**	**44**
of which:										
- Change in comprehensive income	-	-	(155)	12	-	5	-	**(138)**	-	**(138)**
- Profit (loss) for 2022	-	-	-	-	-	-	151	**151**	31	**182**
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)**
Changes in the scope of consolidation	-	2	-	-	-	-	-	**2**	(5)	**(3)**
Other changes	-	3	-	-	-	-	-	**3**	-	**3**
Total comprehensive profit (loss)	**-**	**-**	**387**	**2**	**-**	**(1)**	**515**	**903**	**81**	**984**
of which:										
- Change in comprehensive income	-	-	387	2	-	(1)	-	**388**	-	**388**
- Profit (loss) for 2023	-	-	-	-	-	-	515	**515**	81	**596**
Balance at December 31, 2023	**4,736**	**1,154**	**49**	**8**	**-**	**(2)**	**515**	**6,460**	**435**	**6,895**

(*) The amount relating to Shareholders' equity attributable to Parent Company shareholders 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 relating to Shareholders' equity attributable to minority shareholders 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.

Reclassified consolidated balance sheet

This schedule, prepared on a voluntary basis, reclassifies the Balance Sheet items in order to allow a quicker reconciliation with the information provided in the following chapters.

(in millions of euros)	Chapter	12.31.2023	12.31.2022
Net Working Capital	3	**653**	**734**
Trade receivables		2,561	4,281
Inventories		174	387
Trade payables		(2,246)	(3,778)
Other assets (liabilities) (*)		164	(156)
Fair Value commodity	4	**(190)**	**(486)**
Fixed assets, Financial assets and Provisions	5	**6,386**	**6,439**
Property, plant and equipment, intangible assets and goodwill		6,305	6,535
Investments in companies valued by the equity method		291	216
Other non-current financial assets		89	86
Assets for financial leasing		15	8
Current financial assets		17	15
Employee benefits		(33)	(34)
Provisions for decommissioning and remediation of industrial sites		(127)	(192)
Provisions for risks and charges		(171)	(195)
Tax assets (liabilities)	7	**97**	**24**
Current and non-current tax receivables (payables)		(219)	(327)
Deferred-tax assets (Deferred-tax liabilities)		316	351
NET INVESTED CAPITAL (°)		**6,946**	**6,711**
Provisions for risks and charges for non-Energy Activities	8	**(761)**	**(300)**
Net assets (liabilities) held for sale (excluding financial items)	9	**550**	**114**
TOTAL NET INVESTED CAPITAL		**6,735**	**6,525**
SHAREHOLDERS' EQUITY	6	**6,895**	**6,048**
Shareholders' equity attributable to Parent Company shareholders		6,460	5,659
Shareholders' equity attributable to minority shareholders		435	389
TOTAL FINANCIAL INDEBTEDNESS (**)	6	**(160)**	**477**
Current financial assets (-)		(132)	(2)
Cash and cash equivalents (-)		(1,234)	(456)
Financial debts (current and non current) (+)		1,041	909
Fair Value (current and non current) (+/-)		-	(1)
Other non-current liabilities (+)		39	27
Net financial debt Assets held for sale (+/-)		126	-

	12.31.2023	12.31.2022
(°) NET INVESTED CAPITAL - by business segment	**6,946**	**6,711**
Electric Power Operations	5,875	5,611
Gas Operations	615	998
Corporate / Eliminations	456	102

(*) The item does not include Other non-current liabilities for 39 million euros (27 million euros at December 31, 2022) which are part of Total financial indebtedness

(**) The item incorporates the ESMA Guidelines on financial debt and therefore includes Other non-current liabilities.

1. Introduction

The Consolidated Financial Statements of the Edison Group at December 31, 2023 comply 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 February 12, 2024, authorized the publication of these Consolidated Financial Statements, which were audited 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 in the preparation of these Consolidated Financial Statements are consistent with those adopted for the 2022 Consolidated Financial Statements.

A number of amendments to IFRS were adopted during the year. 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 recognized at gross values.

With reference to IFRS 17 "Insurance Contracts", which came into force in 2023 to replace IFRS 4 "Insurance Contracts" and which defines how to account for insurance contracts issued and reinsurance contracts held, it should be noted that the Edison Group has never applied IFRS 4 and, as a continuation, does not apply IFRS 17. In the valuation of financial guarantees provided on behalf of Group companies and in favour of third parties, Edison will continue to apply IFRS 9 Financial Instruments, as it has done to date.

For more information on the standards, criteria and methods adopted by the Group, refer to the comments in chapter 10. Criteria and methods.

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.

With reference to the effects related to application of accounting standard IFRS 5 please see the following paragraph 1.4 and chapter 9. Other notes – paragraph 9.2 Information pursuant to IFRS 5.
For the reconciliation between the comparative values presented in the statements and those published in the previous year, please refer to paragraph 10.1 Comparability.

The mandatory presentation formats utilized have the following characteristics:

- the **Consolidated Income Statement** is a step-by-step income statement, with the different components broken down by nature. It includes a schedule of Other Components of the Comprehensive Income Statement, which shows the components of net profit or loss provisionally recognized in equity;
- in the **Consolidated Balance Sheet**, assets and liabilities are analyzed by maturity. Current and non-current items, which are due within or after 12 months from the end of the reporting period, respectively, are shown separately;

- the **Cash Flow Statement** is prepared reporting the cash flows in accordance with the “indirect method”, as permitted by IAS 7;
- the Statement of **Changes in Consolidated Shareholders’ Equity** shows separately the flows from component of the reserve for other components of comprehensive income.

As an integration of the previous formats, a **Reclassified Consolidated Balance Sheet** was prepared on a voluntary basis in order to allow a quicker reconciliation with the information provided in the following chapters.

1.3 Main changes in the scope of consolidation compared with December 31, 2022

The main changes in the year 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;
- the acquisition, executed on July 27, 2023, by Edison Rinnovabili, of 100% of the company **Tes Development**, dedicated to development projects in the photovoltaic sector, for a consideration of about 10 million euros, in addition to the payment of earn-outs for about 3 million euros. The company has been valued as Group of assets acquisition pursuant to IFRS 3 revised;
- the acquisition, executed on October 23, 2023, by Edison Next, of 100% of the company **Prometheus Energia**, operating in the district heating sector, for a consideration of about 17 million euros;
- the acquisition, executed on December 19, 2023 by Edison Spa, of 100% of the companies **Nuove Iniziative Energetiche N.I.E**. and **Cuorgnè**, operating in the mini-hydro sector, for a consideration of about 41 million euros, in addition to the repayment on the same date of existing loans contracted by the aforementioned companies for about 6 million euros; the company Cuorgnè holds 100% of the company **Idro Ressia**.

The company **Deposito GNL Brindisi – DGB**, 100% owned by Edison Spa, was also established in the year.

With reference to the companies valued by the equity method, it should be noted that, on September 12, 2023, Edison Next acquired 49% of **Nyox**, a company that operates in the construction of photovoltaic plants for industrial customers and owned by Polytec for the remaining stake of 51%. The acquisition occurred for a consideration of about 23 million euros, including a price adjustment; some earn-outs are also envisaged, subject to the fulfilment of certain conditions precedent.

It should also be noted the following operations which do not have effects on the scope of consolidation:

- the merger, on April 1, 2023, of the company **Bonorva Windenergy** into **Edison Rinnovabili**;
- the merger, on May 1, 2023, of the company **Ecologica Marche** into **Edison Next Recology**;
- 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;
- the merger, on July 1, 2023, of the companies **Ambyenta**, **Ambyenta Campania** and **CEA Biogas** into **Edison Next Environment**;
- the merger, on October 1, 2023, of the companies **Aerochetto** and **MS Energy** into **Edison Rinnovabili** and **Energia Italia**, respectively;
- the changes, occurred in July and September 2023, to the shareholding structure of the company **Gaxa**, as a result of which Edison Energia, that previously owned 70% of the capital, holds a shareholding stake of 95% at December 31, 2023, while the remaining 5% is owned by Italgas; therefore, the valuation of the options to purchase the minority stake of the capital is now referred to the remaining 5% not pertaining to Edison Energia.

Please note that in October, further to Algerian authorities’ approval, the agreements signed in 2022 to sell the 11.25% stake in the North Reggane licence in Algeria became effective.

For further information, please refer to paragraphs 1.4 Application of accounting standard IFRS 5 and 9.2 Information pursuant to IFRS 5.

The following table shows a summary of the balance sheet impacts deriving from the valuation of the business combinations' transactions at the date of acquisition.

Acquired assets and liabilities (in millions of euros)	Felix Dynamics	Prometheus Energia	Tes Development	N.I.E, Cuorgnè and Idro Ressia	Total business combinations
Total non-current assets	14	13	22	57	106
Total current assets	2	4	-	5	11
Total assets (A)	**16**	**17**	**22**	**62**	**117**
Total non-current liabilities	9	5	9	20	43
Total current liabilities	2	1	-	1	4
Total liabilities (B)	**11**	**6**	**9**	**21**	**47**
Net acquired assets (A-B)	**5**	**11**	**13**	**41**	**70**
% attributable to Edison	100%	100%	100%	100%	
Net assets attributable to Edison (C)	**5**	**11**	**13**	**41**	**70**
Goodwill (D-C)	-	6	-	-	6
Price of acquisition (D)	**5**	**17**	**13**	**41**	**76**
Cash and cash equivalents acquired (E)	(1)	(1)	-	(2)	(4)
Financial debt reimbursed (F)	6	-	-	6	12
Net price paid on business combination (D+E+F)	**10**	**16**	**13**	**45**	**84**

Please note that for companies subject to the so-called Purchase Price Allocation (PPA) the values booked should be viewed provisional since, pursuant to IFRS 3 revised, the valuation becomes final within 12 months from the acquisition. For more information, please refer to the comments contained in chapter 9. Other notes – paragraph 9.1 Information on business combinations.

1.4 Application of accounting standard IFRS 5

Discontinued Operations – Edison Stoccaggio

As more detailed in paragraph 9.2 Information pursuant to IFRS 5, in these Consolidated Financial Statements the gas storage activities, pertaining to the company Edison Stoccaggio, were treated as Assets held for sale (discontinued operations) in accordance with IFRS 5; therefore:

- in the income statement for 2023 and, for comparative purposes, for 2022, the revenues and income and costs and expenses, starting from January 1st, of the activities that constitute discontinued operations have been reclassified under the item **Profit (Loss) from discontinued operations** (net income for 14 million euros in 2023 and for 23 million euros in 2022); the expected sale price is higher than the book value of the business under disposal, which includes the allocation, in compliance with the IAS 36 par. 86, of a part of the indistinct goodwill of Gas Operations;
- in the balance sheet the assets and liabilities attributable to the business under disposal have been reclassified to **Assets** and **Liabilities held for sale**; balance sheet balances at December 31, 2022 have not been restated;
- in the cash flow statement for 2023 and, for comparative purposes, for 2022, the cash flows generated by the activities that constitute the discontinued operations have been reclassified to specific dedicated items.

Disposal Group – sale of E&P activities in Algeria

Please remember that on May 4, 2022 and June 29, 2022 Edison signed agreements to sell the 11.25% stake in the North Reggane licence in Algeria, held by its subsidiary **Edison Reggane,** to Wintershall Dea Algeria Gmbh (4.50%) and Repsol (6.75%). Further to Algerian authorities' approval of the aforementioned agreements, by decree published in the Official Journal on October 12, 2023, the sale transaction became effective.

As early as the date of the agreements, 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:

- in the income statement and flows the representation of the contribution to Group values of E&P activities located in Algeria, until the sale, is included under continuing operations;
- in the balance sheet at December 31, 2023, the balances related to activities in Algeria are deconsolidated, while at December 31, 2022, exposed for comparative purposes, these assets and liabilities were classified under Assets and Liabilities held for sale.

The definitive consideration relating to the sale, considering the locked-box date at January 1, 2022, amounts to about 56 million euros.

Other amounts recognized under Assets and Liabilities held for sale

It should be noted that some amounts, always pertaining to the E&P business, linked to the sale transaction concluded in 2020 with Energean, are still recognized under Assets held for sale and Liabilities held for sale at December 31, 2023; during the year, the deferred consideration provided for by the contract for the sale of Edison Norge to Sval Energi, linked to the Dvalin field production start-up, was collected for about 12 million euros, with closure of the disposal executed in March 2021.

For more information regarding the application of IFRS 5 accounting standard and the related effects on these Consolidated Financial Statements, see paragraph 9.2 Information pursuant to IFRS 5.

2. Performance

2.1 Highlights

It should be noted that the income statement and flow figures for 2022 have been restated in accordance with IFRS 5 to reflect the classification of gas storage activities as Discontinued Operations.

(*) Effect on indebtedness as described in paragraph 6.3 Total financial indebtedness and cost of debt.

Highlights 2023 (in millions of euros)	Electric Power Operations	Gas Operations (*)	Corporate	Eliminations	**Edison Group**
EBITDA	966	863	(21)	-	1,808
EBIT	612	745	(607)	46	796
Gross Investments (**)	459	39	28	-	526

(*) Excluding gas storage activities, under disposal; including E&P business activities in Algeria until the sale
(**) Relating to increase of property, plant and equipment and of intangible assets during the year

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, the latter exposed under Assets and Liabilities held for sale (discontinued operations); ii) downstream gas: sale to wholesalers and end consumers (industrial and residential); during the year, with the finalization of the sale of the residual hydrocarbon exploration, development and production assets in Algeria, shown at December 31, 2022 under Assets and Liabilities held for sale, the Group completed its exit from upstream activities.

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 2023					
Sales revenues	**8,335**	**12,132**	**164**	**(2,195)**	**18,436**
- Third parties	8,321	10,110	5	-	18,436
- Intra-Group	14	2,022	159	(2,195)	-
Commodity and logistic costs	(6,200)	(11,101)	-	2,023	(15,278)
Other costs and services used	(920)	(130)	(111)	178	(983)
Labor costs	(295)	(37)	(88)	-	(420)
Other revenues and income (costs) and receivables (writedowns)/reversals	46	(1)	14	(6)	53
EBITDA	**966**	**863**	**(21)**	**-**	**1,808**
Net change in fair value of derivatives	10	(52)	-	46	4
Depreciation and amortization	(360)	(61)	(30)	-	(451)
(Writedowns) and reversals	(4)	(5)	-	-	(9)
Other income (expense) non Energy activities	-	-	(556)	-	(556)
EBIT	**612**	**745**	**(607)**	**46**	**796**
Balance Sheet at 12.31.2023					
Current and non-current assets	8,561	3,448	5,269	(4,198)	13,080
Assets held for sale	-	609	65	(127)	547
Total assets	8,561	4,057	5,334	(4,325)	13,627
Current and non-current liabilities	3,563	2,915	2,680	(2,549)	6,609
Liabilities held for sale	-	222	28	(127)	123
Total liabilities	3,563	3,137	2,708	(2,676)	6,732
Total shareholders' equity					6,895
Total financial indebtedness (liquidity)					(160)
Other information and ratios					
Number of employees	4,733	454	770	-	5,957
Employees in activities held for sale	-	57	-	-	57
EBITDA/Sales revenues	11.6%	7.1%	n.m.	n.m.	9.8%
EBIT/Sales revenues	7.3%	6.1%	n.m.	n.m.	4.3%
TFI/EBITDA					n.m.
Income statement 2022 (*)					
Sales revenues	**9,933**	**23,258**	**77**	**(2,959)**	**30,309**
- Third parties	9,926	20,377	6	-	30,309
- Intra-Group	7	2,881	71	(2,959)	-
Commodity and logistic costs	(8,356)	(22,621)	-	2,882	(28,095)
Other costs and services used	(732)	(63)	(98)	81	(812)
Labor costs	(257)	(34)	(73)	-	(364)
Other revenues and income (costs) and receivables (writedowns)/reversals	8	10	4	(4)	18
EBITDA	**596**	**550**	**(90)**	**-**	**1,056**
Net change in fair value of derivatives	(8)	68	-	(53)	7
Depreciation and amortization	(312)	(46)	(25)	-	(383)
(Writedowns) and reversals	(28)	(28)	-	-	(56)
Other income (expense) non Energy activities	-	-	(68)	-	(68)
EBIT	**248**	**544**	**(183)**	**(53)**	**556**
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 (liquidity)					477
Other information and ratios					
Number of employees (**)	4,636	477	705	-	5,818
EBITDA/Sales revenues	6.0%	2.4%	n.m.	n.m.	3.5%
EBIT/Sales revenues	2.5%	2.3%	n.m.	n.m.	1.8%
TFI/EBITDA					0.4

(*) Values restated pursuant to IFRS 5
(**) Including employees in activities held for sale

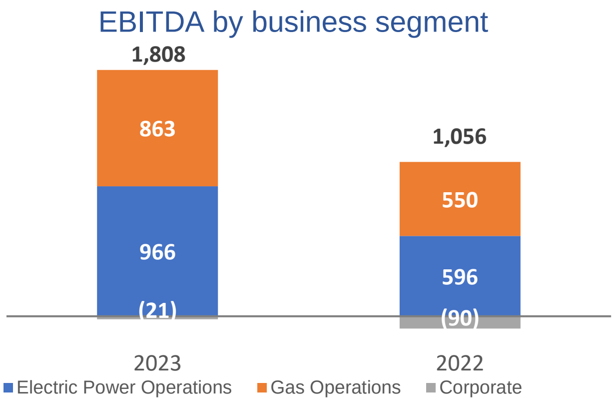
The Group does not view geographic area segment information as meaningful, since it is essentially concentrated in Italy.

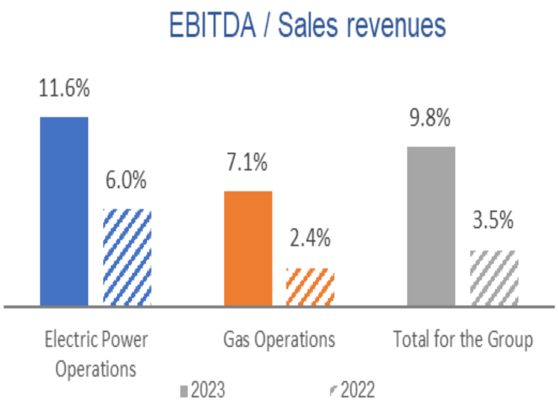
Major customers as defined by IFRS 8

Sales revenues of the Group are usually not concentrated; there is only one major customer (related party) with total sales revenues amounting to about 5,793 million euros in the year, mainly referred to Electric Power Operations (corresponding to about 41% of sales revenues of the segment and about 31% of Group's sales revenues).

2.3 EBITDA

EBITDA (in millions of euros)	2023	2022	Change	Change %
Electric Power Operations	966	596	370	62.1%
Gas Operations	863	550	313	56.9%
Corporate	(21)	(90)	69	76.7%
Total for the Group	**1,808**	**1,056**	**752**	**71.2%**





Within a context of a sharp decrease in energy commodity prices compared to the record levels of 2022, Group EBITDA was positive for 1,808 million euros, a significant increase compared to 2022 (1,056 million euros).

Electric Power Operations reported in particular a downward trend in the thermoelectric sector compared to 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, a sharp increase in results compared to 2022, which in addition benefited of a positive one-off component linked to the so called 'Spalma-incentivi', mainly thanks to the recovery of hydroelectric production after the severe drought of 2022 and to the buying and selling activities of renewable energy, including on the medium-long term basis. Also on the commercial side, there was a sharp increase in results, after the decrease in 2022, particularly in the Retail and Business segments, linked to an improvement in unit margins; sales of value-added services (VAS) slightly decreased compared to the last year.

Electric Power Operations also benefited from the contribution of the Energy & Environmental Services Market activities, which totalled 115 million euros (106 million euros in 2022); this growth is mainly attributable to an increase in results of the Public Administration activities and to the entry of the company Citelum Italia Srl (now Edison Next Government), in the scope of consolidation from May 2022.

The EBITDA of Gas Operations increased compared to 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, which led the Company to initiate an arbitration proceeding; the gas activities, excluding such impact, significantly benefited from portfolio optimization actions. On the commercial side, an increase in results was recorded, due to the higher margins of all the served segments. E&P activities, which include the contribution of activities in Algeria until the sale, showed a result of 20 million euros (32 million euros in 2022), a decrease also due to the price scenario.

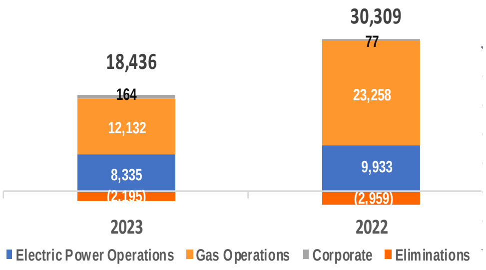
It should be remembered that gas storage activities are not included in the values commented above, as they are classified as discontinued operations pursuant to IFRS 5.

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

The main components of EBITDA are analyzed below.

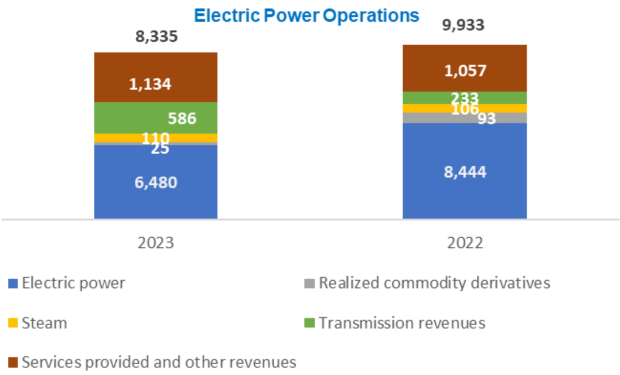
2.3.1 Sales revenues

Sales revenues (in millions of euros)	2023	2022	Change	Change %
Electric power	6,479	8,442	(1,963)	(23.3%)
Natural gas	6,687	19,555	(12,868)	(65.8%)
Realized commodity derivatives	3,393	801	2,592	n.s.
Steam	110	106	4	3.8%
Transmission revenues	630	325	305	93.8%
Revenues from services provided	674	843	(169)	(20.0%)
Other revenues	463	237	226	95.4%
Total	**18,436**	**30,309**	**(11,873)**	**(39.2%)**



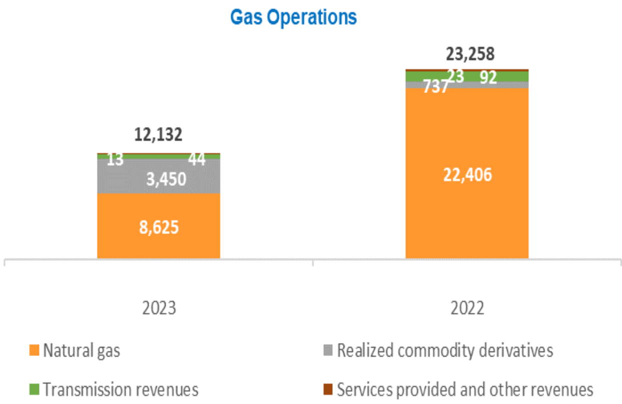
Revenues from the sale of electric power decreased mainly due to the contraction in thermoelectric power generation.

Revenues from services provided include the energy services of Energy and Environmental Services Market activities (450 million euros in 2023, 654 million euros in 2022).



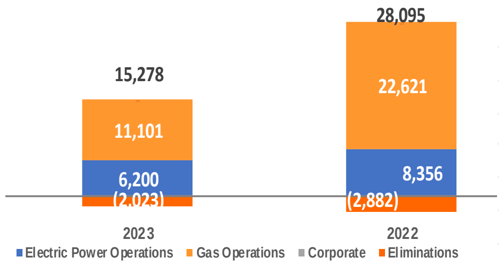
Group revenues from the sale of natural gas recorded a sharp decrease due to both the reduction in energy commodity prices and the decrease in volumes sold. Please note that gas sales of Gas Operations also include the sales to Electric Power Operations to satisfy thermoelectric needs.

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.



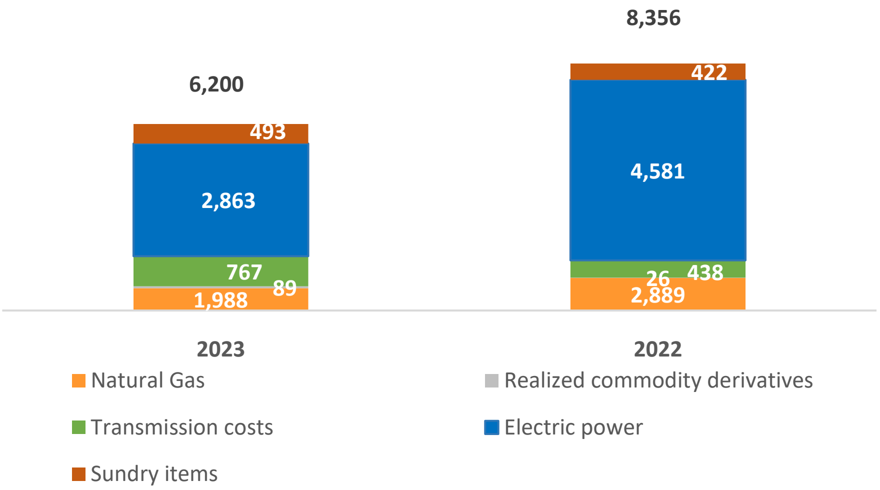
2.3.2 Commodity and logistic costs

Commodity and logistic costs (in millions of euros)	2023	2022	Change	Change %
Natural gas	7,183	20,540	(13,357)	(65.0%)
Realized commodity derivatives	3,042	1,310	1,732	n.s.
Electric power	2,863	4,581	(1,718)	(37.5%)
Transmission costs	1,585	1,136	449	39.5%
Regasification fee	112	105	7	6.7%
Sundry items	493	423	70	16.5%
Total	**15,278**	**28,095**	**(12,817)**	**(45.6%)**

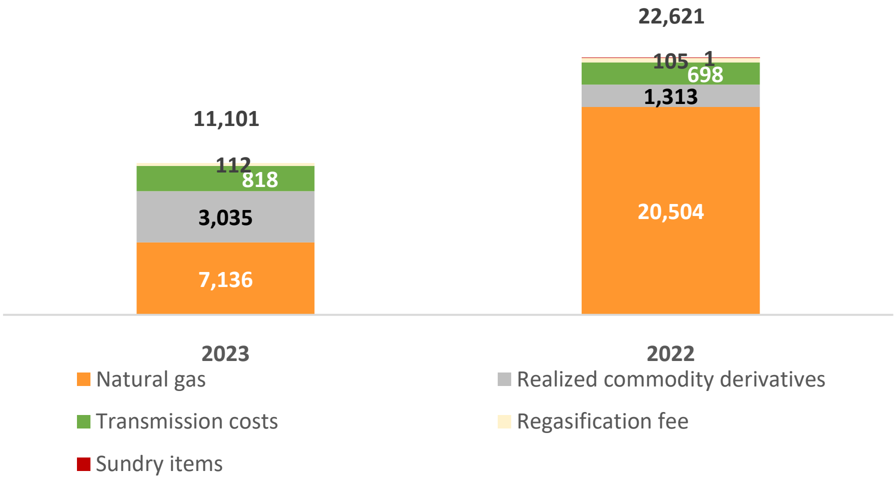


Commodity and logistic costs show a decrease and reflect the issues already commented on the previous section.

Electric Power Operations



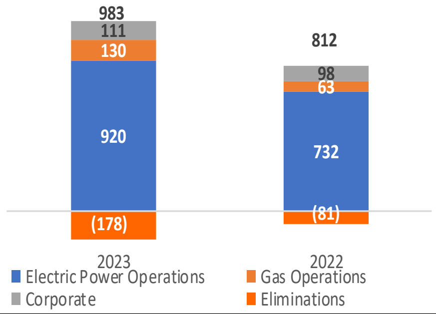
Gas Operations



The item Regasification fee, amounting to 112 million euros, includes charges recognized to Terminale GNL Adriatico, for regasification activities.

2.3.3 Other costs and services used

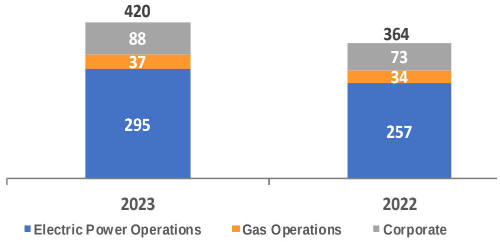
Other costs and services used (in millions of euros)	2023	2022	Change	Change %
Maintenance	248	235	13	5.5%
Professional services	174	159	15	9.4%
Use of property not owned	143	102	41	40.2%
Insurance costs	34	31	3	9.7%
Advertising and communication costs	22	19	3	15.8%
Sundry items	362	266	96	36.1%
Total	**983**	**812**	**171**	**21.1%**



During 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.

2.3.4 Labor costs

The labor costs recorded an increase of 56 million euros compared to the previous year, equal to approximately 15%, mainly due to the growth of average payroll occurred during the year, equal to 8.4% in terms of full-time equivalent employees, and to a non-structural cost component linked to the extraordinary bonus recognized to all Group personnel equal to 1,400 euros gross on occasion of the 140th anniversary of Edison's foundation.



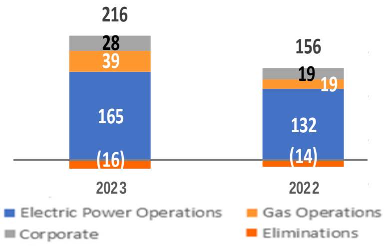
The following table shows the average number of employees in 2023 and 2022 and provides the classification by category together with the changes of the year.

Changes by employee category (number of employees)	12.31.2022 (*)	Added to payroll	Removed from payroll	Changes of classification	12.31.2023	Average payroll 2023 (*)	Average payroll 2022 (*)
Executives	208	3	(4)	8	215	212	204
Office staff and Middle managers	3,201	361	(208)	18	3,372	3,310	3,061
Production staff	2,351	296	(251)	(26)	2,370	2,378	2,175
Total for the Group	**5,760**	**660**	**(463)**	**-**	**5,957**	**5,900**	**5,440**

(*) Excluding employees in activities held for sale

2.3.5 Other revenues and income and Other costs

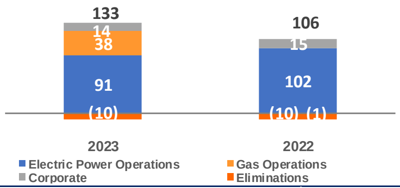
Other revenues and income (in millions of euros)	2023	2022	Change	Change %
Net reversals in earnings of provisions for sundry risks	30	27	3	11.1%
Gains on disposals	9	-	9	n.s.
Insurance indemnities	5	3	2	66.7%
Out of period and other income	172	126	46	36.5%
Total	**216**	**156**	60	38.5%



The item Gains on disposals includes, amongst other, 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 16 million euros (18 million euros in 2022) from the operations managed in compliance with MASA joint venture agreement with EDF Trading, as described in paragraphs 4.1 Market risks and risk management and 9.4 Intercompany and Related-party transactions.

Other costs (in millions of euros)	**2023**	**2022**	Change	Change %
Indirect taxes and duties	18	16	2	12.5%
Additions to provisions for risks	29	36	(7)	(19.4%)
Out of period and sundry items	86	54	32	59.3%
Total	**133**	**106**	27	25.5%



Out of period and sundry items include losses on disposals for 3 million euros (5 million euros in 2022, which included, amongst other, for 3 million euros the cost deriving from the sale of the company Sunflower).

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 451 million euros (383 million euros in 2022) and 9 million euros (56 million euros in 2022) in writedowns of fixed assets net of reversals; for further information see chapter 5. Fixed assets, Financial assets and Provisions.

Net expense on non-Energy Activities, which include 508 million euros related to the adjustment of some provisions for risks linked to environmental regeneration, amounted to 556 million euros (68 million euros in 2022); for further detail please refer to chapter 8. Non-Energy Activities.

EBIT amounted to 796 million euros (556 million euros in 2022).

Financial items recorded a total of 59 million euros in net expense, a sharp worsening compared to 2022 (net expense of 5 million euros); the change is also 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)	**2023**	2022	Change
Financial expenses on provisions	(7)	(8)	1
Net foreign exchange translation gains (losses) (*)	(7)	45	(52)
Other	(7)	(5)	(2)
Other net financial income (expense)	**(21)**	**32**	**(53)**

(*) 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 208 million euros, compared to net expense for 442 million euros in 2022, on which impacted in particular the “extra-profits” contribution pursuant to D.L. n.21/2022 art. 37 and the temporary solidarity contribution pursuant to the Budget Law 2023 for an overall amount of 301 million euros; please see chapter 7. Taxation) and net income from equity investments (53 million euros, compared to net income for 44 million euros in 2022; please see paragraph 5.2 Equity investments and Other financial assets), the **Profit (Loss) from continuing operations is 582 million euros in profit, 153 million euros in 2022**.

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

Profit (Loss) from discontinued operations, a profit for 14 million euros (29 million euros in 2022), includes the revenues and income and costs and expenses attributable to gas storage activities, held for sale; the amount of 2022 also benefited from an income determined by the revision of the estimated present value of the additional consideration set forth in the agreement with Energean (up to 100 million USD subject to the commissioning of Cassiopea gas field in Italy); for further information please refer to paragraph 9.2 Information pursuant to IFRS 5.

Minority interest in profit (loss) is 81 million euros in profit (31 million euros in 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 515 million euros in profit** (a profit for 151 million euros in 2022). In 2022, both the Minority interest in profit (loss) and the Group interest in profit (loss) were heavily penalized by the extraordinary contributions required by the aforementioned provisions of law regarding energy companies.

3. Net working capital

Net Working Capital (in millions of euros)	12.31.2023	12.31.2022	Change
Trade receivables	2,561	4,281	(1,720)
Inventories	174	387	(213)
Trade payables	(2,246)	(3,778)	1,532
Operating Working Capital (A)	**489**	**890**	**(401)**
Other non-current assets	229	162	67
Other current assets	376	372	4
Other non-current liabilities (*)	(77)	(10)	(67)
Other current liabilities	(364)	(680)	316
Other assets (liabilities) (B)	**164**	**(156)**	**320**
Net working capital (A+B)	**653**	**734**	**(81)**

(*) 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 39 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 year 2023 was characterized by a contraction of the commodity price scenario after the significant rises seen during 2022.

3.1 Credit risk management

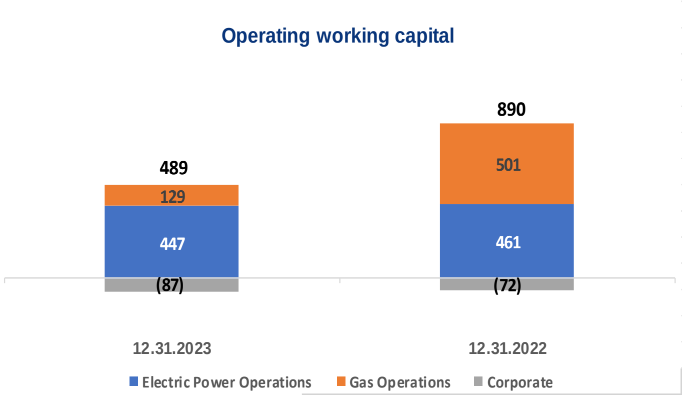
The credit risk represents Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.

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 persistence of volatility in commodity prices, also as a result of the ongoing delicate geopolitical context, firstly related to the Russia-Ukraine and middle East conflicts, makes credit risk monitoring activities crucial; 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. It should be noted that at December 31, 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



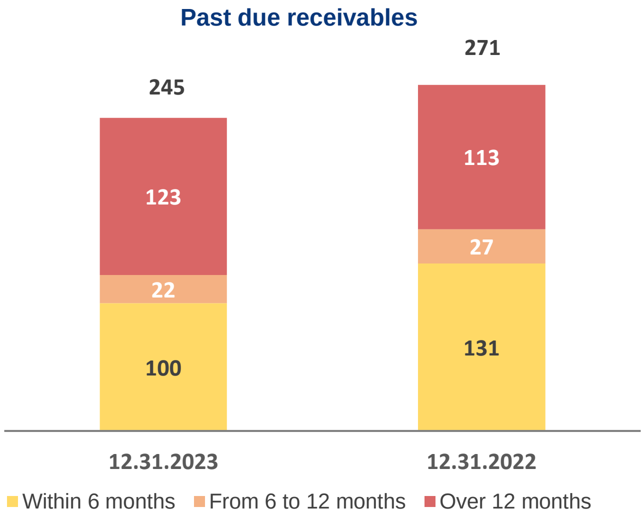
The operating working capital shows a significant decrease compared to December 31, 2022, mainly referred to Gas Operations. Such reduction is mainly related to the decrease in energy commodity prices.

3.2.1 Trade receivables

Trade receivables (in millions of euros)	12.31.2023	12.31.2022	Change
Electric Power Operations	1,418	1,756	(338)
Gas Operations	1,182	2,571	(1,389)
Corporate and eliminations	(39)	(46)	7
Trade receivables	**2,561**	**4,281**	**(1,720)**
of which allowance for doubtful accounts	**(170)**	**(171)**	**1**
Guarantees in place to hedge receivables outstanding	85	38	47

Trade receivables in particular stem from contracts to supply electric power and steam, contracts to supply natural gas and Power Exchange transactions, as well as contracts to provide energy services of Energy & Environmental Services Market activities, and reflect 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 2023 the receivables assigned with such transactions totalled 6,573 million euros (9,431 million euros in 2022). These receivables were not exposed to the risk of recourse at December 31, 2023. The costs related to managing these activities are recorded under financial items and amount to 54 million euros (28 million euros in 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	Reclassification to assets held for sale	Additions	Utilizations	Others	**12.31.2023**
Allowance for doubtful accounts (*)	**(171)**	**1**	**(38)**	**34**	**4**	**(170)**

(*) Including default interests

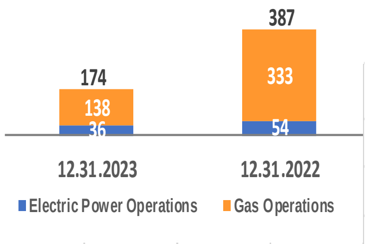
Additions to the allowance reflect the result of an assessment, performed consistent with the Group's policy, of the different status of receivables, taking into account each customer segment, the corresponding past-due receivables and the aging; utilizations were mainly recognized for receivables deemed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

EBITDA of the year shows net charges related to writedowns and reversals on receivables for 30 million euros (32 million euros in 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 also be noted there are in effect three insurance contracts, one of which stipulated during the year, 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)	12.31.2023	12.31.2022	Change
Stored natural gas	139	331	(192)
Engineering consumables	28	43	(15)
Other	7	13	(6)
Inventories	**174**	**387**	**(213)**



The inventories include for about 5 million euros (142 million euros at December 31, 2022) stored natural gas the use of which is restricted to secure performance under the balancing system. The decrease in stored natural gas is due to the reduction in prices and to the reclassification of the figures of Edison Stoccaggio under Assets held for sale.

3.2.3 Trade payables

Trade payables (in millions of euros)	12.31.2023	12.31.2022	Change
Electric Power Operations	1,007	1,349	(342)
Gas Operations	1,191	2,403	(1,212)
Corporate and eliminations	48	26	22
Trade payables	**2,246**	**3,778**	**(1,532)**

Trade payables reflect mainly 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)	12.31.2023	12.31.2022	Change
VAT credit	73	69	4
Other tax receivables	19	27	(8)
Deposits	19	18	1
Advances to suppliers	76	48	28
Other	418	372	46
Total Other assets (A)	**605**	**534**	**71**
Amount owed to employees	67	49	18
Payables owed to social security institutions	36	31	5
VAT debt	-	43	(43)
Other non-current liabilities	77	10	67
Other	261	557	(296)
Total Other liabilities (B)	**441**	**690**	**(249)**
Other assets and liabilities (A-B)	**164**	**(156)**	**320**

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. Other non-current liabilities refer to amounts withheld to guarantee the performance of the latest-generation turbines installed at the Marghera Levante and Presenzano thermoelectric power plants. 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 year in the context of the arbitration promoted on the sale of the Agorà equity investment.

Commitments

At December 31, 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 years 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, consistent with 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 December 31, 2023 are provided too.

4.1 Market risks 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 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.
From an organizational standpoint, the governance model adopted by the Group requires the separation of the risk control and management functions from the activity of purchasing and selling derivatives.
At the operational level, the net exposure is computed for the Group's entire portfolio of assets and contracts (so-called Industrial Portfolio), which is the net residual exposure after maximizing all available vertical and horizontal integrations provided by the different business operations. This net exposure is then used to compute the overall level of Economic Capital involved (stated in millions of euros), measured in terms of Profit at Risk (PaR[1]) with a confidence index of 97.5% and an annual time horizon.
Each year, the Board of Directors approves the Economic Capital ceiling concurrently with the approval of the annual budget. The Risk Management Committee, which is headed by Senior Management, reviews monthly the Group's net exposure and, if the Profit at Risk is higher than the predetermined ceiling, defines the appropriate Strategic Hedging policies, which may involve the use of suitable derivatives instruments.
These activities are performed in line with the policy of the Group with the aim to minimize the use of financial markets for hedging, by maximizing the benefits of vertical and horizontal integration of the various business operations and the homogenization of the formulas and indexing between the sources and physical uses. In addition, the gradualness of Strategic Hedging ensures the minimization of the execution risk, related to the concentration of all the hedges in a phase of unfavorable market, the volume risk, linked to the variability of the underlying hedged based on the best volume projections, and of the operational risk, related to implementation errors.

[1] **Profit at Risk**: is a statistical measurement of the maximum potential negative variance in the budgeted margin in response to unfavorable markets moves, within a given time horizon and confidence interval.

Provided transactions are approved in advance by the Risk Office, which determines whether they are consistent with the Group's risk management objectives and with the Group's total exposure, the Edison Group, responding to specific requests from individual Business Units, may also use other types of hedges called Operational Hedges with the aim to fix the margin related to a single transaction or to limited set of transactions correlated.

At December 31, 2023, outstanding derivatives instruments were measured at fair value against the forward market curve at the end of the reporting period, when the underlying assets were traded on markets that provided official and liquid forward prices. When no forward market quotes were available, projected price curves based on simulation models developed internally by the Edison Group were used.

The Italian forward market for electric power does not yet meet IFRS requirements to qualify as an active market. Specifically, both the Over The Counter (OTC) markets operated by brokerage firms (e.g. TFS) and those operated by Borsa Italiana (IDEX) and the Manager of the Energy Markets (MTE) lack sufficient liquidity for peak and off-peak products and for maturities longer than one year.

Consequently, market price data obtained from those market should be viewed as input for the internal valuation model used to measure at fair value the abovementioned products.

As required by IFRS 7, a simulation is carried out for the derivatives instruments that hedge the Industrial Portfolio, some of which qualify for hedge accounting under IFRS 9 (Cash Flow Hedges or Fair Value Hedges) while others qualify as Economic Hedges, to assess the potential impact that fluctuations in the market prices of the underlying assets could have 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. For derivative contracts in place at December 31, 2023 the method requires the use of the commodities forward prices and exchange rates, measured at the reporting date, and of the related volatility and correlations.

Having thus obtained a probability distribution for changes in fair value, it then becomes possible to extrapolate the maximum expected negative change in the fair value of outstanding derivative contracts over the length of a reporting year with a level of probability conventionally set at 97.5%.

The following table shows, based on the method explained above, the maximum expected negative variance in the fair value of the outstanding hedging derivatives, with a 97.5% probability and a one-year time horizon, compared with the fair value determined at December 31, 2023.

Value at Risk (VaR) (*) (in millions of euros)	**12.31.2023**	**12.31.2022**
Maximum negative variance in the fair value of derivatives	529	6,032
Maximum negative variance in the fair value including the change in the fair value of the contracts object of hedge; of which:	243	1,824
- potential impact on Income Statement (**)	95	66
- potential impact on Balance Sheet in Cash Flow Hedge reserve (***)	148	1,758

(*) Value at Risk: is a statistical measurement of the maximum potential negative variance in portfolio's fair value in response to unfavorable market moves, within a given time horizon and confidence interval.

(**) Referring to derivatives qualified as Economic Hedges and to the ineffective portion of derivatives qualified as Cash Flow Hedges and Fair Value Hedges.

(***) Referring to the effective portion of derivatives qualified as Cash Flow Hedges.

The decrease of the maximum variance in the fair value, compared with the level measured at December 31, 2023, is mainly attributable to the reduction of the volatility in commodity prices and to the reduction in the volumes of derivatives traded in the energy markets in which the Company operates.

The hedging strategy deployed during the year 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	2023		2022	
	without derivatives	with derivatives	without derivatives	with derivatives
Average absorption of the approved limit of Economic Capital	91%	38%	453%	67%
Maximum absorption	221% - Jan.'23	80% - Jan.'23	736% - Sept.'22	97% - Jan.'22

Please note that Edison Spa's trading operations are conducted under the joint venture agreement with EDF Trading. Effective January 1, 2023, the agreement that had been in force since September 2017 between EDF Trading and Edison Spa (formerly Edison Trading Spa merged into Edison Spa on December 1, 2017), i.e. the MASA (Trading Joint Venture and Market Access Services Agreement) was renewed, which, like the previous agreement, governs both proprietary trading activities, carried out through a joint desk with EDF Trading, and access activities to the power futures market, the terms and conditions and costs of which have been revised.

4.1.2 Foreign exchange risk

The foreign exchange risk arises from the fact that part of the activities of the Edison Group are carried out in currencies other than the euro or are influenced by changes in foreign exchange rates through contractual components indexed to a foreign currency. Revenues and expenses denominated in foreign currencies can be affected by fluctuations in foreign exchange rates that have an impact on sales margins (economic risk). Likewise, the amount of trade and financial payables and receivables denominated in foreign currencies can be affected by the translation rates used, with an impact on profit or loss (transactional risk). Lastly, fluctuations in foreign exchange rates have an impact on consolidated results and on the shareholders' equity attributable to Parent Company shareholders because the financial statements of subsidiaries denominated in a currency other than the euro are translated into euros from each subsidiary's functional currency (translational risk).
The foreign exchange risk management objectives are described in specific Policies. The exposure to economic and transaction risk arising from exchange rate, related to commodity transactions, is managed in accordance with specific limits and strategies (see the previous section in this regard).

4.2 Hedge Accounting and Economic Hedge – Fair Value Hierarchy

Whenever possible, the Group applies hedge accounting verifying compliance 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 Hedge - CFH) on interest rates, exchange rates and commodity and (ii) transactions that hedge the fair value of the hedged item (Fair Value Hedge - 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 the requirement of the company policies 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 the 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 December 31, 2023, one category is classified at this level whose fair value is negative for about 1 million euros (one category at December 31, 2022 whose 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 December 31, 2023

4.3.1 Effects of derivatives transactions on Income Statement at December 31, 2023

(in millions of euros)	12.31.2023			12.31.2022		
	Realized	Change in Fair Value in the period	Amounts recognized in earnings at 12.31.2023	Realized	Change in Fair Value in the period	Amounts recognized in earnings at 12.31.2022
	(A)	(B)	(A+B)	(A)	(B)	(A+B)
Result from price risk and exchange risk hedges for commodities of which:						
Total definables as hedges pursuant to IFRS 9 (CFH) (*)	**(107)**	**30**	**(77)**	**(953)**	**(2)**	**(955)**
Price risk hedges for energy products	(105)	30	(75)	(975)	(2)	(977)
Exchange risk hedges for commodities	(2)	-	(2)	22	-	22
Total definables as hedges pursuant to IFRS 9 (FVH)	**1,549**	**(19)**	**1,530**	**358**	**16**	**374**
Price risk hedges for energy products	1,520	699	2,219	316	391	707
Exchange risk hedges for commodities	29	(41)	(12)	42	18	60
Fair value physical contracts	-	(677)	(677)	-	(393)	(393)
Total not definables as hedges pursuant to IFRS 9	**(1,091)**	**(7)**	**(1,098)**	**86**	**(7)**	**79**
Price risk hedges for energy products	(1,124)	(7)	(1,131)	89	(7)	82
Exchange risk hedges for commodities	33	-	33	(3)	-	(3)
Total price risk and exchange risk hedges for commodities	**351**	**4**	**355**	**(509)**	**7**	**(502)**
TOTAL INCLUDED IN EBIT	**351**	**4**	**355**	**(509)**	**7**	**(502)**
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)	(25)	-	(25)	58	-	58
Not definables as hedges pursuant to IFRS 9	-	-	-	11	-	11
Total exchange rate hedges (B)	**(25)**	**-**	**(25)**	**69**	**-**	**69**
TOTAL INCLUDED IN FINANCIAL ITEMS (A+B)	**(25)**	**-**	**(25)**	**67**	**-**	**67**

(*) Includes the ineffective portion.

Specifically with regard to the derivatives results recorded in 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 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 16 million euros in 2023, 18 million euros in 2022).

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

The table below provides the 2023 and 2022 effects on the Income Statement from the changes in the fair value of the derivatives (commodity and foreign exchange rate), positive for 4 million euros and positive for 7 million euros respectively (please see line "Total included in EBIT" with interception with columns B in the previous table).

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	30	699	(7)	**722**
Hedges of foreign exchange risk on commodities	-	(41)	-	**(41)**
Change in fair value in physical contracts (FVH)	-	(677)	-	**(677)**
Total 2023	**30**	**(19)**	**(7)**	**4**
2022				
Hedges of price risk on energy products	(2)	391	(7)	**382**
Hedges of foreign exchange risk on commodities	-	18	-	**18**
Change in fair value in physical contracts (FVH)	-	(393)	-	**(393)**
Total 2022	**(2)**	**16**	**(7)**	**7**

(*) It refers to the ineffective portion.

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

4.3.2 Effects of derivatives transactions in Balance Sheet at December 31, 2023

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

(in millions of euros)	12.31.2023			12.31.2022		
Broken down as follows:	**Receivables**	**Payables**	**Net**	**Receivables**	**Payables**	**Net**
- Financial assets (liabilities)	-	-	-	1	-	1
- Non-current assets (liabilities)	181	(152)	29	468	(1,153)	(685)
- Current assets (liabilities)	1,037	(1,256)	(219)	3,705	(3,506)	199
Fair Value recognized as assets or liabilities (a)	**1,218**	**(1,408)**	**(190)**	**4,174**	**(4,659)**	**(485)**
of which of (a) related to:						
- Interest Rate Risk Management	-	-	-	1	-	1
- Exchange Rate Risk Management	29	(21)	8	102	(27)	75
- Commodity Risk Management	1,112	(959)	153	2,739	(3,626)	(887)
- Fair value on physical contracts	77	(428)	(351)	1,332	(1,006)	326
Broken down on fair value hierarchy:						
- Level 1	51	(60)	(9)	188	(12)	176
- Level 2	1,167	(1,347)	(180)	3,986	(4,609)	(623)
- Level 3 (*)	-	(1)	(1)	-	(38)	(38)
IFRS 7 potential offsetting (b)	**(244)**	**244**		**(1,720)**	**1,720**	
Net Fair Value including potential offsetting (a+b)	**974**	**(1,164)**	**(190)**	**2,454**	**(2,939)**	**(485)**

(*) The fair value classified at level 3 is recognized for 1 million euros in Cash Flow Hedge reserve (6 million euros in change in fair value of derivatives and 32 million euros in Cash Flow Hedge reserve at 12.31.2022)

It is worth of mentioning that, as a counterpart of assets and liabilities shown above, a positive Cash Flow Hedge reserve by 67 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.

Instruments outstanding at December 31, 2023

The tables that follow provide an illustration of the information listed below:

- fair value hierarchy;
- derivatives that were outstanding, classified by maturity;
- the value at which these contracts are reflected on the Balance Sheet, which is their fair value.

1) Interest rate and foreign exchange rate risk management

(in millions of euros)	Fair Value Hierarchy (***)	Notional amount (*)								**Balance sheet value at 12.31.23 (**)**	Notional amount at 12.31.22 (*)		Balance sheet value at 12.31.22 (**)
		due within 1 year		due between 2 and 5 years		due after 5 years		Total			Total		
Interest rate risk management:													
- Cash Flow Hedge pursuant to IFRS 9	2	10		35		2		47		-	51		1
Total interest rate derivatives		**10**		**35**		**2**		**47**		**-**	**51**		**1**
		due within 1 year		due between 2 and 5 years		due after 5 years		Total			Total		
		receivable	payable	receivable	payable	receivable	payable	receivable	payable		receivable	payable	
Foreign exchange rate risk management:													
A. Cash Flow Hedge pursuant to IFRS 9, broken down as follows:										**(1)**			**40**
. on commercial transactions	2	247	-	401	-	-	-	648	-	4	3,334	(75)	39
. on financial transactions	2	170	-	-	-	-	-	170	-	(5)	-	(58)	1
B. Fair Value Hedge pursuant to IFRS 9, broken down as follows:										**(5)**			**36**
. on commercial transactions	2	-	-	-	-	-	-	-	-	(5)	-	-	35
. on financial transactions	2	-	-	-	-	-	-	-	-	-	11	-	1
C. Contracts that do not qualify as hedges in accordance with IFRS 9, to hedge margins:										**14**			**-**
. on commercial transactions	2	12	(27)	-	-	-	-	12	(27)	14	3	(4)	(1)
Total foreign exchange rate derivatives		**429**	**(27)**	**401**	**-**	**-**	**-**	**830**	**(27)**	**8**	**3,348**	**(137)**	**75**

(*) Represents the sum of the notional amounts of the basic contracts that would result from an unbundling of complex contracts.

(**) Represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.

(***) For the definition see the previous section 4.2.2. "Fair Value hierarchy according to IFRS 13."

2) Commodity risk management

Price risk management for energy products	Fair Value Hierarchy (***)	Notional amount (*) Unit of measure	Due within one year	Due within two years	Due after two years	Total	Balance sheet value at 12.31.23 (**) (in millions of euros)	Notional amount at 12.31.22 (*) Total	Balance sheet value at 12.31.22 (**) (in millions of euros)
A. Cash Flow Hedge pursuant to IFRS 9, broken down as follows:							**86**		**(529)**
- Electric power	2 ; 3	TWh	(131)	-	-	(131)	3	(4.87)	(15)
- Natural Gas	1; 2	Millions of therms	189.60	126.33	36.65	352.58	88	536.21	(524)
- LNG and oil	2	Millions of Barrels	2.21	-	-	2.21	(2)	6.43	(15)
- CO_2	1	Millions of tons	160	0.20	-	180	(3)	2.58	25
B. Fair Value Hedge pursuant to IFRS 9, broken down as follows:							**348**		**(351)**
- Natural Gas	2	Millions of therms	(494.10)	-	-	(494.10)	379	(1,101.90)	(419)
- LNG and oil	2	Millions of Barrels	4.92	-	-	4.92	(31)	16.00	68
C. Contracts that do not qualify as hedges pursuant to IFRS 9, to hedge margins:							**(281)**		**(7)**
- Electric power	2	TWh	-	-	(0.18)	(0.18)	1	-	-
- Natural Gas	1; 2	Millions of therms	86.88	-	-	86.88	(282)	2.96	(4)
- LNG and oil	2	Millions of Barrels	0.16	-	-	0.16	-	3.30	(1)
- CO_2	1	Millions of tons	-	-	-	-	-	0.32	(2)
- Other commodities	2	Millions of tons	0.15	-	-	-	-		
TOTAL							**153**		**(887)**

(*) + for net purchases, - for net sales.

(**) It represents the net receivable (+) or payable (-) recognized on the balance sheet following the measurement of derivatives at fair value.

(***) For the definition see the previous section 4.2.2. "Fair Value hierarchy according to IFRS 13".

The Derivatives in “level 3” include one category of instruments whose fair value is negative for about 1 million euros recognized in CFH reserve (one category at December 31, 2022 whose fair value was negative for about 38 million euros, of which 6 million euros recognized in Income Statement as Change in fair value of derivatives and 32 million euros recognized in CFH reserve), that concern hedges classified as Cash Flow Hedges implemented to reduce price risk on Italian electricity market. Their evaluation is based on models depending on past data which simulate the national market mechanism.

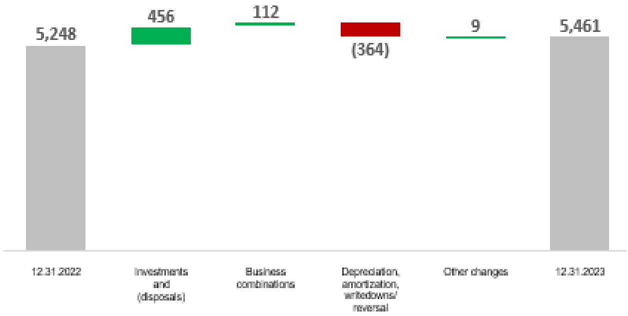
5. Fixed assets, Financial assets and Provisions

5.1 Tangible, intangible assets and goodwill

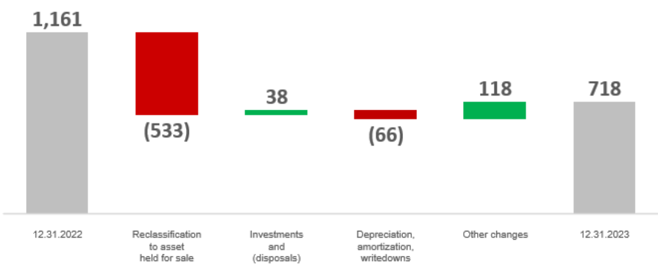
Tangible, intangible assets and goodwill (in millions of euros)	Property, plant and equipment	Intangible assets	Goodwill	**Total**
Balance at 12.31.2022 (A)	**3,967**	**340**	**2,228**	**6,535**
Changes in 2023:				
- reclassifications to assets held for sale (-)	(414)	(4)	(115)	(533)
- investments (*)	367	159	-	526
- business combinations	106	-	6	112
- disposals (-)	(4)	(1)	-	(5)
- depreciation and amortizations (-) (*)	(339)	(112)	-	(451)
- writedowns (-)	-	(8)	(5)	(13)
- reversal of writedowns	-	4	-	4
- other changes (*)	128	9	(7)	130
Total changes (B)	**(156)**	**47**	**(121)**	**(230)**
Balance at 12.31.2023 (A+B)	**3,811**	**387**	**2,107**	**6,305**

(*) Including E&P activities in Algeria until sale

Changes in Electric Power Operations (M€)



Changes in Gas Operations (M€)



Commitments on fixed assets

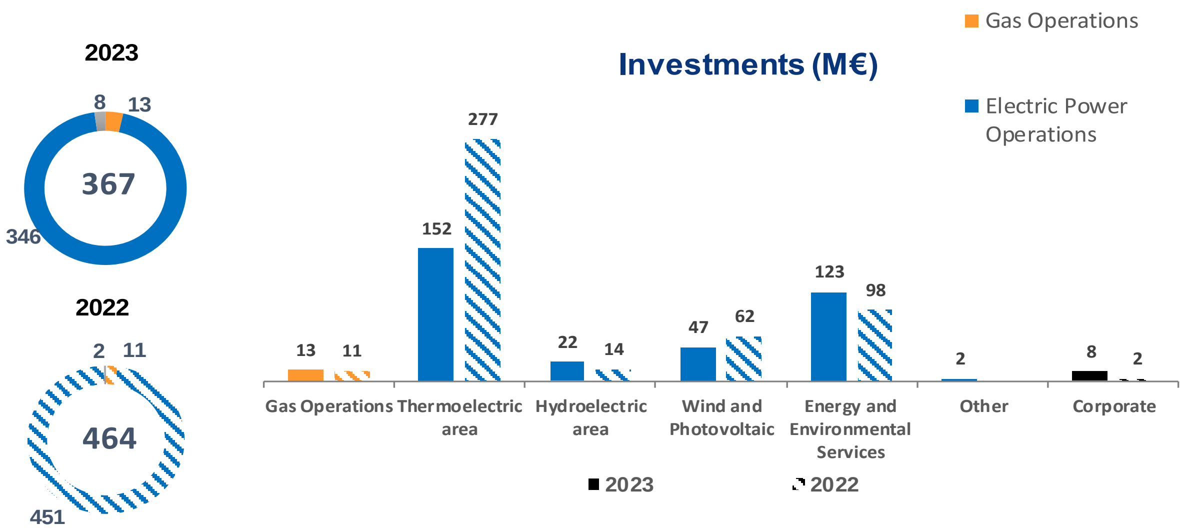
Total commitments amount to 115 million euros (145 million euros at December 31, 2022) and mainly include investments in progress in Italy, of which 33 million euros linked to the combined-cycle thermoelectric power plants in Marghera Levante and Presenzano and 40 million euros linked to minor extraordinary maintenance interventions to be carried out in the coming years on existing hydroelectric and thermoelectric power plants. With reference to the commitments relating to the activities of Edison Stoccaggio, reference should be made to the other commitments set out in paragraph 9.3.

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 2023:							
- reclassification to assets held for sale (-)	(5)	(402)	-	(1)	-	(6)	(414)
- investments (**)	13	143	4	-	3	204	367
- business combinations	16	76	-	-	-	14	106
- disposals (-)	(1)	(3)	-	-	-	-	(4)
- depreciation (-) (**)	(15)	(250)	(13)	(56)	(5)	-	(339)
- other changes/reclassifications (**)	4	66	2	110	1	(55)	128
Total changes (B)	**12**	**(370)**	**(7)**	**53**	**(1)**	**157**	**(156)**
Balance at 12.31.2023 (A+B)	**349**	**2,272**	**80**	**373**	**15**	**722**	**3,811**

(*) Recorded as required by IFRS 16; relative financial debt is exposed in "Non-current Financial debt" (279 million euros) and in "Current Financial Debt" (51 million euros).
(**) Including E&P activities in Algeria until the sale

Investments



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

- 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 traditional customers' premises (Stellantis, CNHI, Iveco and Avio), cogeneration, trigeneration, photovoltaic, biomethane plants and new district heating grids.

As regards the **Gas Operations**, investments mainly concern the development of projects for Small Scale LNG and E&P activities in Algeria until their sale.

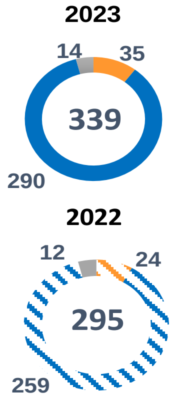
The item business combinations refers to the acquisitions occurred during the year; for further information please see paragraph 9.1 Information on business combinations.

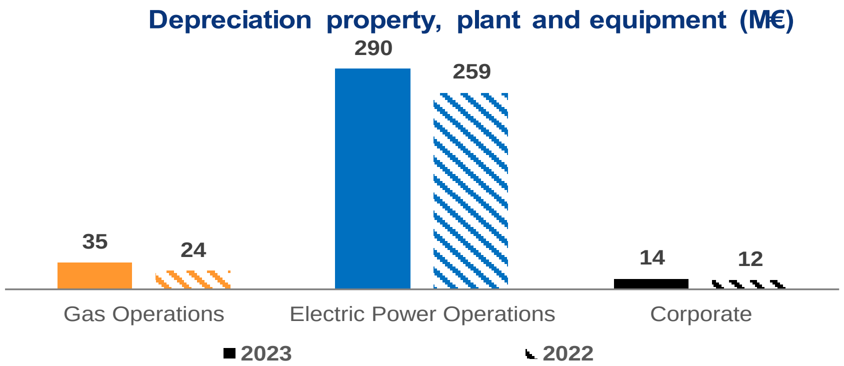
The item other changes of the Assets under leases IFRS 16 is mainly referred to a LNG vessel entered into operation for which there is a 7 years long term lease contract stipulated with a shipowner.

The item Reclassification to asset held for sale refers to the activities of the company Edison Stoccaggio, recorded in Discontinued Operations (for further information, please refer to paragraph 9.2 Information pursuant to IFRS 5).

The borrowing costs capitalized as part of property, plant and equipment, as allowed by IAS 23 revised, amount to about 10 million euros.

Depreciation





5.1.2 Intangible assets

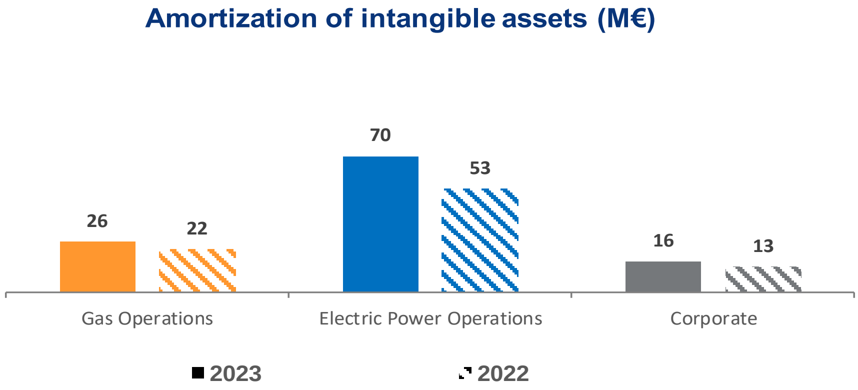
Intangible assets (in millions of euros)	Hydrocarbon concessions	Concessions, licenses, patents and similar rights	Other intangible assets	Work in progres and advances	**Total**
Balance at 12.31.2022 (A)	**3**	**47**	**230**	**60**	**340**
Changes in 2023:					
- reclassification to assets held for sale (-)	(3)	(1)	-	-	(4)
- investments	-	27	93	39	159
- disposals (-)	-	(1)	-	-	(1)
- amortization (-)	-	(29)	(83)	-	(112)
- writedowns (-)	-	-	(8)	-	(8)
- reversal of writedowns (-)	-	-	4	-	4
- other changes/reclassifications	-	22	29	(42)	9
Total changes (B)	**(3)**	**18**	**35**	**(3)**	**47**
Balance at 12.31.2023 (A+B)	**-**	**65**	**265**	**57**	**387**

Investments

The investments amount to **159 million euros** and mainly concern:

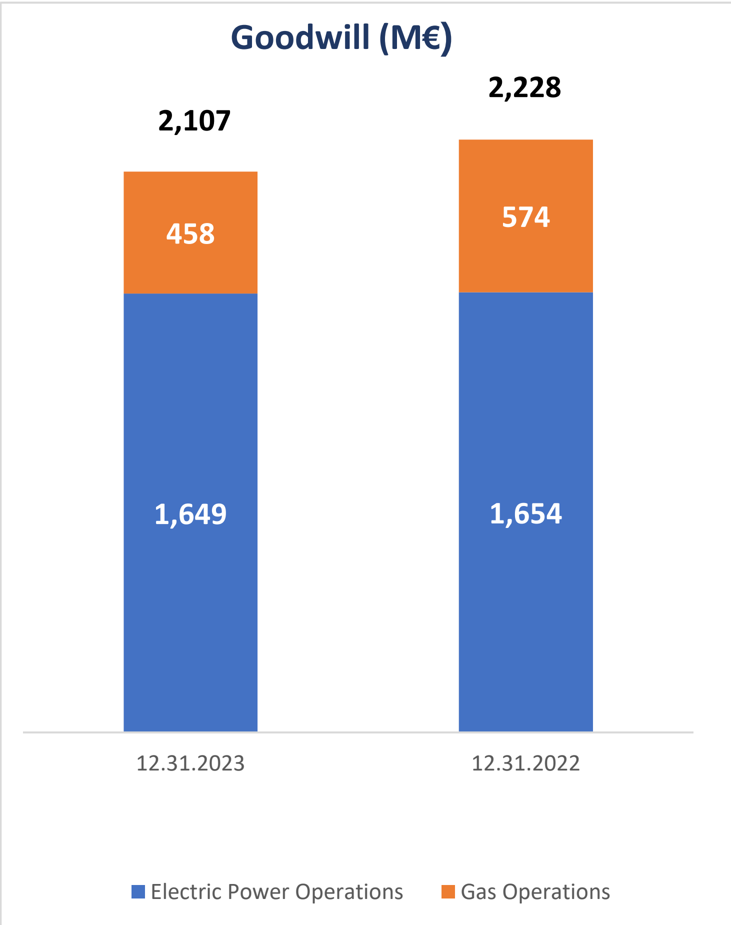
- the capitalization under the item Other intangible assets of incremental costs of obtaining new contracts in the commercial sector, for about 79 million euros;
- interventions of the Energy & Environmental Services Market activities for energy efficiency measures for orders relating to the Public Administration and software developments related to the implementation of digital platforms and communication interfaces between the various information systems in use.

Amortization



For details on **writedowns**, about 8 million euros, partially offset by reversals of writedowns for 4 million euros, please refer to the disclosure in the section 5.1.4 Impairment test in accordance with IAS 36 below.

5.1.3 Goodwill



The decrease of goodwill in Electric Power Operations is mainly due to the reduction of the amount allocated to the company Winbis for about 10 million euros, as a consequence of the completion of the Purchase Price Allocation process; the effect is partially offset by the goodwill due to the acquisition of the company Prometheus Energia (for further information please refer to paragraph 9.1 Information on business combinations).

The decrease in goodwill attributable to the Gas Operations is mainly attributable for 115 million euros to the allocation, made pursuant to IAS 36 par. 86, of the portion attributable to Edison Stoccaggio now treated as Discontinued Operations (for more information, see paragraph 9.2 Information pursuant to IFRS 5), and for 5 million euros to writedowns recognized during the year (see section 5.1.4 Impairment test in accordance with IAS 36).

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

During the year, net writedowns for about 9 million euros were recognized (56 million euros during the previous year), related to Electric Power Operations for 4 million euros and to Gas Operations for 5 million euros. The net impact was 4 million euros on intangible assets (writedowns of 8 million euros, partially offset by reversals for 4 million euros) and writedowns of 5 million euros on goodwill. Writedowns resulting from impairment test are exposed in the table below.

The impairment test results and sensitivities are shown below; the methodology is thoroughly reviewed in the chapter 10. Criteria and methods, paragraph 10.3 – section 10.3.1.

In 2023 the test was performed on 21 CGUs; the outcomes are shown in the following table.

Segment/CGU	Main impairment indicators	WACC	Net writedowns (in millions of euros)	
Electric Power Operations				
CGU B2G - Energy & Environmental Services Market	Lower future profitability	8.0%	Writedowns	8
	Recover of profitability vs 2022		Reversal	-4
				4
Gas Operations				
CGUs Gas & Power Market	Churn rate increase, lower volumes, lower marginality	9.1%		5 (*)
Total impairment writedowns				**9**

(*) related to goodwill

The global macroeconomic environment in 2023 was characterized by a sharp contraction in energy commodity prices, compared to the record levels of 2022, the progressive increase in interest rates, the phenomenon of high inflation, not yet normalized, and a persistent situation of geopolitical instability, due to the war conflicts in Ukraine and Middle East.

The main assumptions that determined the results of the test are the following:

- In developing the reference scenario for the Italian electricity market, in continuity with previous year's test, were taken into account the results of the capacity market tenders held in February 2022 referring:
  - for existing generation capacity: to year 2024;
  - for new generation capacity that would have been available from new investments: to 15 years from the start of production.

  Edison Group participated to tenders both with existing generation capacity and with capacity that would have been available from the completion of new investments. In particular, the contribution from two new thermoelectric power plants over a period of 15 years and from existing plants over a period of 10 years were included and valued at prudential tariffs, compared to the current ones.
- With regard to hydroelectric concessions, the extension of expired or expiring concessions for a further year was assumed, in line with the extension provided for by Law 118/2022 "Annual law for the market and competition 2021".
- Regarding the tax regulations, which had a significant impact on last year's test:
  - the Italian Government decided not to extend D.L. Sostegni-Ter, L. 25/2022 beyond June 30, 2023; the hypothesis of a price cap of 60 €/MWh, that last year was prudentially assumed for the entire three-year period 2023-2025, was not considered anymore.
  - at the same time, the Italian Government decided not to extend the effects of Art.1 paragraph 30 Budget Law 2023, L. 197/2022 beyond June 30, 2023; the hypothesis of a ceiling of 180 €/MWh for the other renewable source plants not falling within the scope of application of the D.L. Sostegni-Ter, that last year was prudentially assumed for the entire three-year period 2023-2025, was not considered anymore.
  - D.L. 21/2022 "Taglia Prezzi" and 50/2022 "Aiuti" and the Budget Law 2023 were providing for the establishment of the extraordinary 'extra-profitti' and solidarity contribution for 2022 and 2023. During the previous year, an extension of this rule was also taken into account, with a probabilistic sensitivity analysis, for the entire three-year period 2023-2025; as no new law was introduced, this hypothesis was no longer considered.

- The WACC used in the 2023 impairment test are higher than the one used in the previous year, mainly due to an increase in risk-free rates. The WACC reference values are between 7.0% and 8.0% for Electric Power Operations (6.7% in 2022) and between 5.5% and 9.1% for Gas Operations (between 5.3% and 8.4% in 2022).

Specifically for the impairment test of the goodwill, in addition to the hypothesis explained above, in the determination of the terminal value was assumed a growth rate in the range 0 – 1.5% of long term flows according to Group’s different businesses’ peculiarities.
Overall, the goodwill’s recoverable amount is widely higher than its carrying amount.

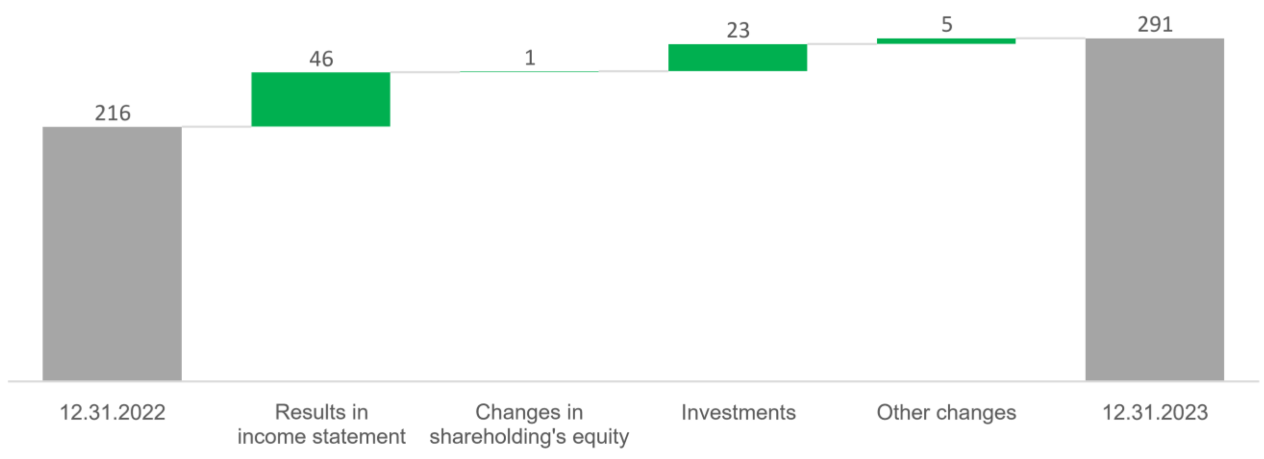
To support the analysis resulting from the test, sensitivity analysis were also performed to highlight the impact on the assets’ and goodwill’s recoverable values of changes in specific assumptions. In particular was analyzed the hypothetical impact of the non-renewal of the capacity premium mechanism (so called Capacity Payment) at the end of the periods already assigned to Edison (2025 for the existing plants and after 15 years for the new plants). The sensitivity was performed being equal the other scenario variables. The total impact on the Electric Power Operations recoverable amount is a reduction of about 170 million euros.
Another simulation has been carried out taking into account the missed renewal of the Hydroelectric concessions at their expiry, considering the reimbursement of dry works by the entrant. The total impact on the Electric Power Operations is a reduction in the recoverable amount of about 300 million euros.
Both sensitivities, even cumulated, do not show impairment losses.

With reference to the goodwill, some key variables were then used as inputs in Montecarlo simulation to target the recoverable value.
Besides the reference recoverable amount, the simulation allows to quantify the possible deviations from the reference value related to the oscillations of input variables and to the statistical probability of those changes. Considering a reasonable range, the Group’s recoverable value may have a relative change nevertheless marginal (in the range of +/- 2.5%) of about 200 million euros and without impact on total writedowns.

5.2 Equity investments and Other financial assets

5.2.1 Investments in companies valued by the equity method

The change during the year is reported below.



The **results in income statement** refer mainly to the company Elpedison Sa.

The **investments** refer to the amount paid by Edison Next for the acquisition of a 49% stake in Nyox; in addition, with reference to this equity investment some *earn-out* have been valued for an amount of about 7 million euros included in **Other changes**.

5.2.2 Other financial assets and Assets for financial leasing

The **Other non-current financial assets** amounted to 89 million euros (86 million euros at December 31, 2022) and include mainly:

- for 58 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 6 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 year 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 during the year;
- for 1 million euros restricted bank deposits (1 million euros at December 31, 2022).

The **Assets for financial leasing** amount to 15 million euros (8 million euros at December 31, 2022); the increase is due to the recognition of assets in the face of contracts stipulated by the subsidiary Edison Next Spain and Edison Next.

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

The results of equity investments reflected in the income statement are broken down below:

Income from (Expense on) equity investments (in millions of euros)	2023	2022	Change
Investments valued by equity method	46	44	2
Capital Gain	7	-	7
Others	-	-	-
Income from (Expense on) equity investments	**53**	**44**	**9**

The item Capital Gain includes about 7 million euros relating to an earn-out collected during the year for the sale of the 7.3% stake in Terminale GNL Adriatico, which was finalized in 2017.

Commitments

Guarantees amounting to about 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	Reclassification to liabilities held for sale	Changes in the scope of consolidation	Additions	Utilizations	Financial expenses	Other changes/ reclassifications	12.31.2023
Employee benefits	34	(1)	-	-	(1)	1	-	33
Provisions for decommissioning and remediation of industrial sites	192	(70)	(1)	-	(5)	5	6	127
Provisions for risks and charges	195	-	(1)	29	(52)	-	-	171
Total	**421**	**(71)**	**(2)**	**29**	**(58)**	**6**	**6**	**331**

5.3.1 Employee benefits

Reflect the accrued severance indemnities and other benefits owed to employees at the end of the year.

The actuarial (gains) losses are recorded in equity. The evaluation 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 changes during the year reflect mainly: (i) the decrease due to the reclassification to liabilities held for sale of the provision related to the company Edison Stoccaggio (please refer to paragraph 9.2 Information pursuant to IFRS 5); (ii) the utilizations made to cover decommissioning costs incurred during the year; (iii) the increase for the discounting effect, under the income statement item 'Other net financial income (expense)'; (iv) the recognition of a new provision with a consequent increase in the fixed assets concerned under the item 'Plant and machinery'.

5.3.3 Provisions for risks and charges

These refer to provisions of a purely industrial nature for the various areas in which the Group operates.

At December 31, 2023 the amount also include provisions of about 28 million euros referred to onerous contracts of the Energy & Environmental Services Market activities.

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.

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

With reference to the disputes underway with the Municipality of Piateda concerning the hydroelectric plants located within the municipality's territory, in January 2023, payment was made of the higher amount of ICI tax with related interest for the years from 2003 to 2005 and for 2008, following a final sentence issued by the Court of Cassation, which however annulled the sanctions. In the first months of 2024, the payment of the higher taxes, penalties and interest due on the basis of the latest rulings for the years before 2016 will be made: the entire expense is covered by the existing risk provisions. The litigations still open are related to the post-2016 cadastral annuities post "bolted down" regulation, which are having a positive development for the Company.

5.4 Contingent assets and liabilities

Contingent assets

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

At December 31, 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.

Edison Energia Spa – Electric power additional charges reimbursement

Following some recent sentences of the Court of Cassation, which established the illegitimacy of the electric power additional charges, a significant number of reimbursement application for these additional charges, already suppressed in 2012, has been sent towards Edison Energia by customers active in the years 2010 and 2011, for which there are pending disputes for 17 million euros.

Edison Energia, just like all the others electric power companies, has always collected and deposited to the tax authority the additional charges established by the regulations in force at the time and therefore every reimbursement owed to the customers has to find a corresponding right for the supplier to recover the same amounts from the tax authority. The company is managing current litigation before civil courts with uneven outcomes. Following final recognition of the amount owed to the customer by the civil judge, the company reimburses the client and initiates the request for reimbursement to the tax authorities, which in some cases have in turn recognized the reimbursement. Where necessary, for any lack of reimbursement from the tax authorities, litigation is initiated before the Tax Courts.

Edison Energia - AGCM litigation for alleged unfair practices

With regard to the litigation commenced in September 2016 to obtain the annulment of measure No. 26017 of the AGCM, relating to the PS/9541 investigation commenced by the same AGCM against Edison Energia for alleged unfair commercial practices in the sale of electricity and natural gas, the Lazio Regional Administrative Court by ruling No. 15321/2022, published on November 18, 2022 partially upheld the appeal filed by the company, reducing the fine from euros 1,725,000 to euros 500,000. As part of the appeal proceedings brought by the Authority, in January 2024 the Council of State published its judgement definitively upholding the Lazio Regional Administrative Court's ruling and, with it, the substantial reduction of the fine. Edison Energia has already initiated procedures to recover the amounts.

On April 6, 2022 Edison Energia received from the Italian Antitrust Authority the notice of initiation of an investigation for alleged misleading advertising and unfair commercial practices in relation to part of the commercial communication used by the Company in the promotional campaign for its Edison Sweet offer.

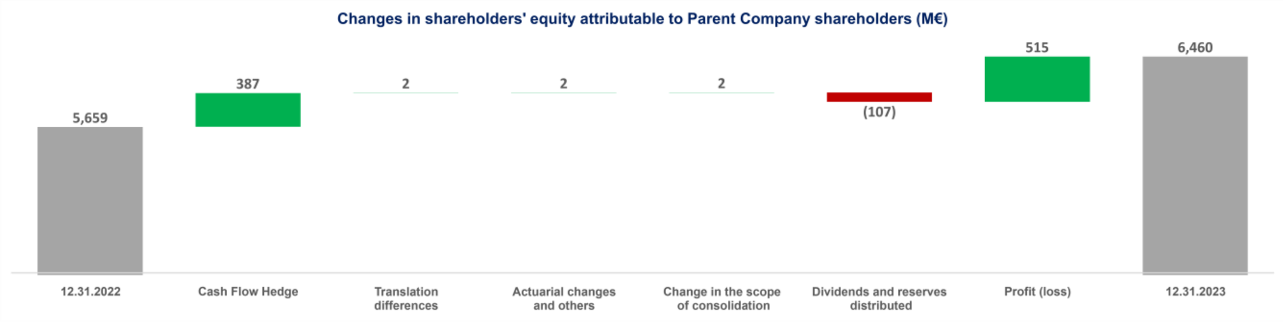
The Authority's censures concerned, in particular, alleged non-compliance of the Company's web pages with the regulations on the advertising of offers relating to electricity and gas commodities, as well as the alleged unfairness of certain claims used in the advertising campaign circulated in March 2022 on the main national media.
The investigation concluded with the imposition of an administrative fine of euros 3,800,000.
Edison Energia considers the fine to be unfair and, in any case, disproportionate in its amount and has appealed to the Lazio Regional Administrative Court to have it annulled. In August, the ruling was published in which the Regional Administrative Court rejected the company's appeal. Edison Energia has appealed the decision before the Council of State and the hearing is scheduled to take place in 2024.

On December 13, 2022, the Italian Antitrust Authority notified the company, together with 6 other leading energy operators, of two measures concerning unfair commercial practices.
With the first, the Authority ordered the initiation of a proceeding concerning the application of article 3 of Decree-Law No. 115/2022, the so-called "Aiuti-Bis" decree, which established a moratorium on unilateral contract amendments with reference to economic supply conditions for the period from August 2022 to April 30, 2023.
The second measure consists of an injunction to suspend the renewals of expired or expiring contracts with the obligation for the Company to continue to apply the prevailing economic conditions until the end of the moratorium, April 30, 2023.
The Company lodged an appeal against the protective measures imposed by the Authority: in August, the Lazio Regional Administrative Court published its ruling annulling the protective measures.
At the same time, the proceedings for alleged unfair commercial practices continued to ascertain the correctness of the Company's conduct: on November 15, 2023 the Authority published its decision whereby, while ascertaining the Company's virtuous conduct, which neutralised any negative consequences for consumers who suffered prejudice in the renewal procedures, it irrigated the Company with a symbolic fine of euros 5,000. However, the company decided to appeal the sanction measure in order to ascertain that its conduct was entirely correct.

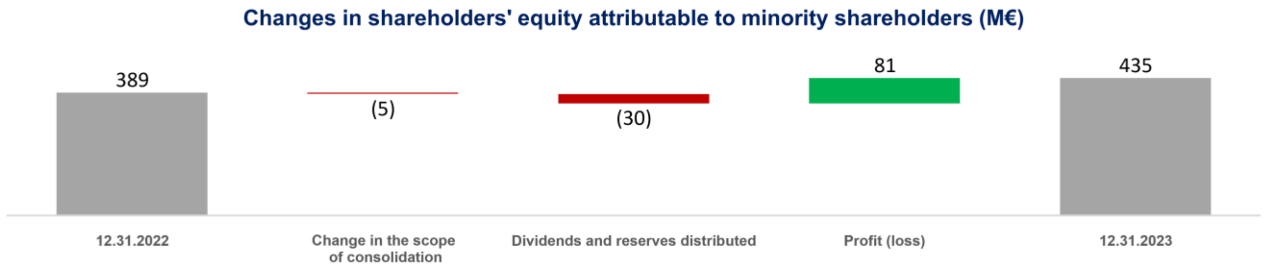
6. Shareholders' equity, Financial debt and cost of debt

6.1 Shareholders' equity

The main changes that occurred during the year 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. The item Change in the scope of consolidation relates to the acquisition of an additional 11% of the equity stake in Sistemi di Energia, in which the Group already owned 88%.



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 subsidiary Edison Rinnovabili to minority shareholders, paid in March 2023. The item Change in the scope of consolidation refers to the effects of the sale of the company Termica Cologno, in which minorities owned 35% of equity stake, in addition to the abovementioned acquisition of an additional 11% of Sistemi di Energia.

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	Taxes	Net reserve
Reserve at 12.31.2022	(472)	134	(338)
Change in the period	539	(152)	387
Reserve at 12.31.2023	**67**	**(18)**	**49**

The value of the reserve at December 31, 2023 is related mainly to the net fair value of the derivatives outstanding to hedge the commodity and foreign exchange risk associated with the formulas used both in sales and procurement contracts entered into by Edison to manage its physical and contractual assets.

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 a cash-pooling agreement 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.

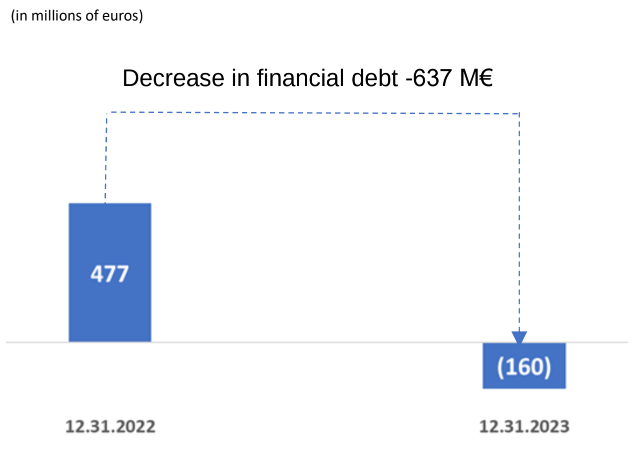
In March 2023 Edison also subscribed a revolving credit line for 1 billion euros dedicated to covering working capital needs with a pool of banks (BNL BNP Paribas, BPER Banca Spa, Intesa Sanpaolo Spa and UniCredit Spa) which became effective as of June 20, 2023 following the issuance of a specific decree 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 December 31, 2023 Edison’s credit rating is BBB with a stable outlook for Standard & Poor’s and Baa3 with a stable outlook for Moody’s.

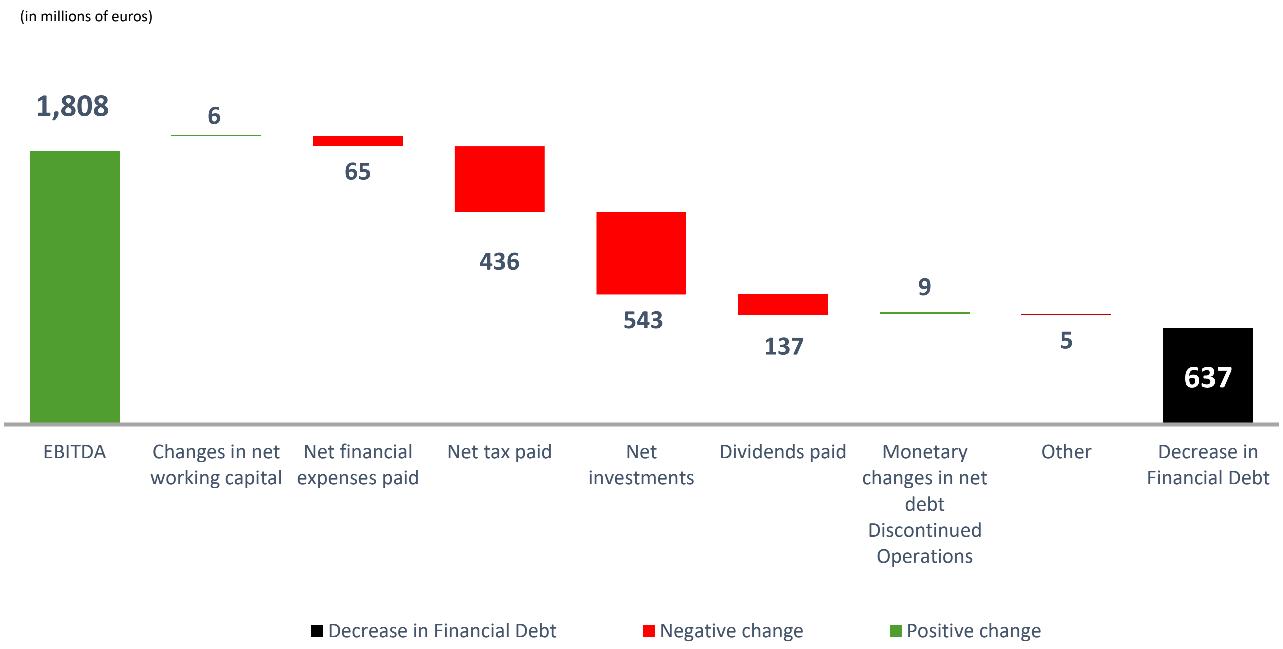
6.3 Total financial indebtedness and cost of debt

Total financial indebtedness at December 31, 2023 records a liquidity of 160 million euros (debt of 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 of the year derive from the positive operating performance described above, the payment of taxes, the investments and the payment of dividends already described.

The net investments amount to 543 million euros and include:

- net capital expenditures (491 million euros), mainly referred to the environmental and energy services (164 million euros), to thermoelectric sector (135 million euros), to wind and photovoltaic sectors (41 million euros), as well as to the commercial sector (89 million euros) mainly related to incremental costs incurred to obtain new contracts;

- acquisition operations with an overall impact on debt of about 89 million euros, relating to the acquisition of the companies Felix Dynamics (10 million euros), Tes Development (13 million euros), Prometheus Energia (21 million euros), Nuove Iniziative Energetiche N.I.E. and Cuorgnè (45 million euros);
- the sale of the investment in Termica Cologno, which resulted in the collection of the amount of about 6 million euros and the deconsolidation of net liquidity of about 8 million euros;
- the sale of the 11.25% stake in the North Reggane licence in Algeria, further to Algerian authorities' approval of the agreements signed in 2022; the definitive consideration amounts to about 56 million euros;
- the proceed for about 12 million euros of the deferred consideration provided for by the contract for the sale of Edison Norge to Sval Energy and linked to the Dvalin field production start-up, with closure of the disposal executed in March 2021;
- the aforementioned acquisition of 49% of the capital of the company Nyox, for a consideration of about 23 million euros;
- net investments of other financial assets for 6 million euros.

The following table gives the breakdown of Total financial indebtedness, as defined by ESMA Guidelines published on March 4, 2021 and which CONSOB requested to be adopted starting from May 5, 2021.
Please note that balances at December 31, 2023 include for about 88 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)	12.31.2023	12.31.2022	Change
Non-current financial debt	696	709	(13)
- Due to banks	416	462	(46)
- Due to EDF Group companies	-	-	-
- Debt for leasing	279	234	45
- Due to other lenders	1	13	(12)
Other non-current liabilities	39	27	12
Non-current financial indebtedness	**735**	**736**	**(1)**
Current financial debt (excluding current portion of non-current financial debt)	219	126	93
- Due to banks	117	15	102
- Due to EDF Group companies	11	7	4
- Debt for valuation of Cash Flow Hedge derivatives	-	-	-
- Due to other lenders	91	104	(13)
Current portion of non-current financial debt	126	74	52
- Due to banks	75	35	40
- Debt for leasing	51	39	12
Current financial assets	(132)	(3)	(129)
- Current financial assets from EDF Group companies	(4)	-	(4)
- Credit for valuation of Cash Flow Hedge derivatives	-	(1)	1
- Other current financial assets (°)	(128)	(2)	(126)
Cash and cash equivalents	(1,234)	(456)	(778)
Net current financial indebtedness	**(1,021)**	**(259)**	**(762)**
Net financial debt Assets held for sale	**126**	**-**	**126**
Total financial indebtedness	**(160)**	**477**	**(637)**
of which:			
Gross financial indebtedness	**1,080**	**936**	**144**
of which Other non-current liabilities	39	27	12
Liquidity	**(1,240)**	**(459)**	**(781)**

(°) At December 31, 2023, they include financial receivables from Assets held for sale in the amount of 126 million euros.

During the year, there was a marked reduction in total financial debt, which showed a cash balance of 160 million euros at December 31,2023, mainly due to the significant generation of liquidity, dictated by the excellent results of operations that more than offset a slight temporary increase in gross debt.

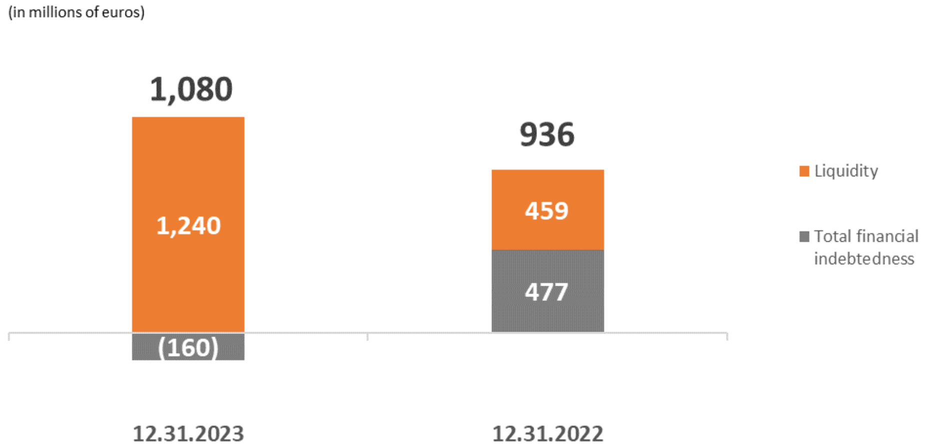
During the year, **non-current financial debt** recorded the recognition of the non-current portion of the lease payable related to the new ship, as well as a new 18 million euros drawdown, in December, of the Green Loan with the EIB, related to investments in the renewables sector; these increases were offset by the reclassification under current financial payables of the maturing portions of financial payables and by the reclassification under current payables for about 41 million euros of the loan granted to Edison by the EIB and dedicated to Edison Stoccaggio's investments, given the classification of storage activities as discontinued operations in these Consolidated Financial Statements.

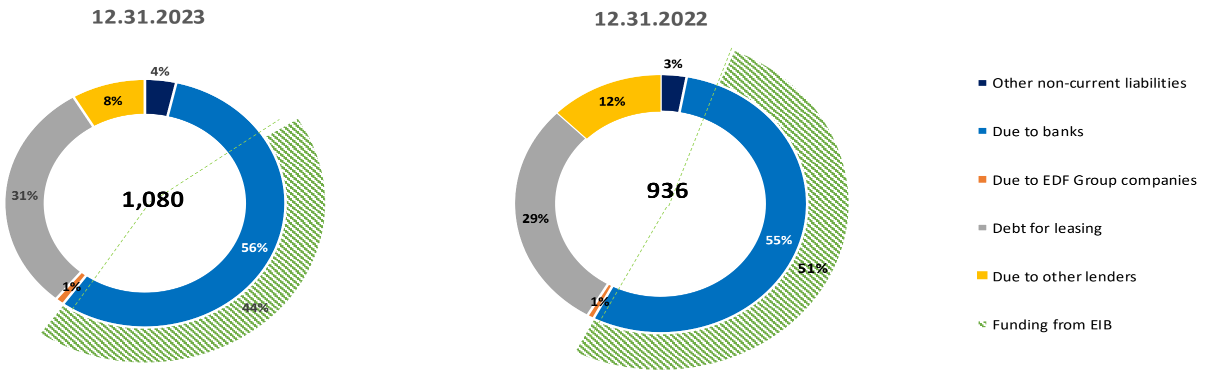
The increase in **current financial debt**, compared to December 31, 2022, is mainly due to temporary overdrafts on current accounts due to normal operations management and to the abovementioned reclassification.

At December 31, 2023, **current financial assets** included an amount of 126 million euros relating to financial receivables owed by Edison Spa to discontinued operations; this amount should be read in conjunction with the item **Net financial debt Assets held for sale**, which includes the financial items of discontinued operations, entirely represented by debt payable to Continuing Operations.

Cash and cash equivalents, amounting to 1,234 million euros, show a significant increase compared to 456 million euros at December 31, 2022, and are mainly represented by available funds held in the current account with EDF Sa for 1,201 million euros (421 million euros at December 31, 2022). Treasury current account overdraft with EDF Sa, amounting to 199 million euros, was not used at December 31, 2023.

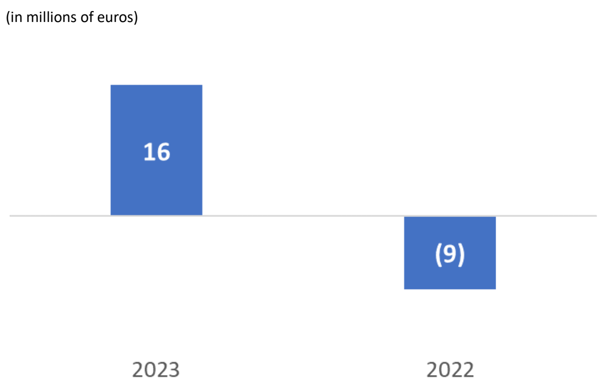
Gross financial debt and breakdown by financial source





The composition of gross financial indebtedness compared to December 31, 2022 reflects, inter alia, the recognition of new debt for leasing described above and the temporary overdrafts on current accounts due to normal operations management

Net financial income (expense) on debt



Net financial income (expenses) on debt amounted to 16 million euros of net income (net expenses of 9 million euros in 2022) and benefited from the significant amount of cash and cash equivalents whose variable-rate remuneration exceeded the largely pre-determined cost of bank loans in 2023.

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 exhibited in the "Cash Flow Statement" with the total changes recorded during the year from balance sheet items that contribute to financial indebtedness.

(in millions of euros)		12.31.2022	Cash Flow (*)	Non-cash flows: Changes in scope of consolidation (**)	New IFRS 16 leases (***)	Effects IFRS 5 (°)	Changes in fair value (°°)	Other changes	12.31.2023
Financial debt (non-current and current)		909	16	6	110	-	-	-	1,041
Fair value on interest rate derivatives		(1)	-	(1)	-	-	2	-	-
Current financial assets		(2)	5	-	-	(135)	-	-	(132)
Net liabilities resulting from financing activities	**(a)**	**906**	**21**	**5**	**110**	**(135)**	**2**	**-**	**909**
Cash and cash equivalents (*)	**(b)**	**(456)**	**(782)**	**4**	**-**	**-**	**-**	**-**	**(1,234)**
Net financial debt Assets held for sale	(c)	-	(9)	-	-	135	-	-	126
Subtotal net financial debt	(d)=(a+b+c)	450	(770)	9	110	-	2	-	(199)
Other non-current liabilities	(e)	27		7	-	-	-	5	39
Total financial indebtedness	**(f)=(d+e)**	**477**	**(770)**	**16**	**110**	**-**	**2**	**5**	**(160)**

(*) Flows shown in the Cash Flow Statement.
(**) Related to business combinations and to the sale of Termica Cologno.
(***) Related mainly to the entry into operation of a new LNG vessel, for which there is a long term lease contract stipulated with a shipowner.
(°) Gas storage business reclassified to held for sale, exposure of financial assets continuing operations versus discontinued operations
(°°) 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.
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	12.31.2023			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 (*)	539	586	56%	480	531	58%
- variable rate portion	502	455	44%	429	378	42%
Total gross financial indebtedness (*)	**1,041**	**1,041**	**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 with the rates actually applied in 2023 and provides a comparison with the corresponding data for 2022. It should be noted that this analysis is carried out on the debt component of financial expenses only and disregards financial income.

Sensitivity analysis (in millions of euros)	2023 Impact on financial expense			2022 Impact on financial expense		
	+50 bps	**base**	**-50 bps**	+50 bps	base	-50 bps
Edison Group	**20**	**19**	**18**	11	10	9

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)	12.31.2023			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 (**)	147	137	790	54	83	813
Trade payables	2,103	143	-	3,593	185	-
Total debt	**2,250**	**280**	**790**	**3,647**	**268**	**813**
Guarantees provided to third parties (***)	**-**	**115**	**-**	**-**	**115**	**-**
Cash and cash equivalents	**1,234**	**-**	**-**	**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 with available resources below.

The **financial debt due within one year** amounts to 284 million euros at December 31, 2023, in increase compared to December 31, 2022 (137 million euros) mainly due to temporary overdrafts on current accounts due to normal operations management, as well as the aforementioned reclassification under short-term liabilities of EIB loans related to investments of Edison Stoccaggio.
Financial debt due after one year, amounting to 790 million euros, slightly decreased compared to December 31, 2022 (813 million euros) mainly for the abovementioned reclassification.

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 December 31, 2023, the Edison Group also had cash and cash equivalents of 1,234 million euros, of which 1,201 million euros on the treasury current account with EDF Sa.

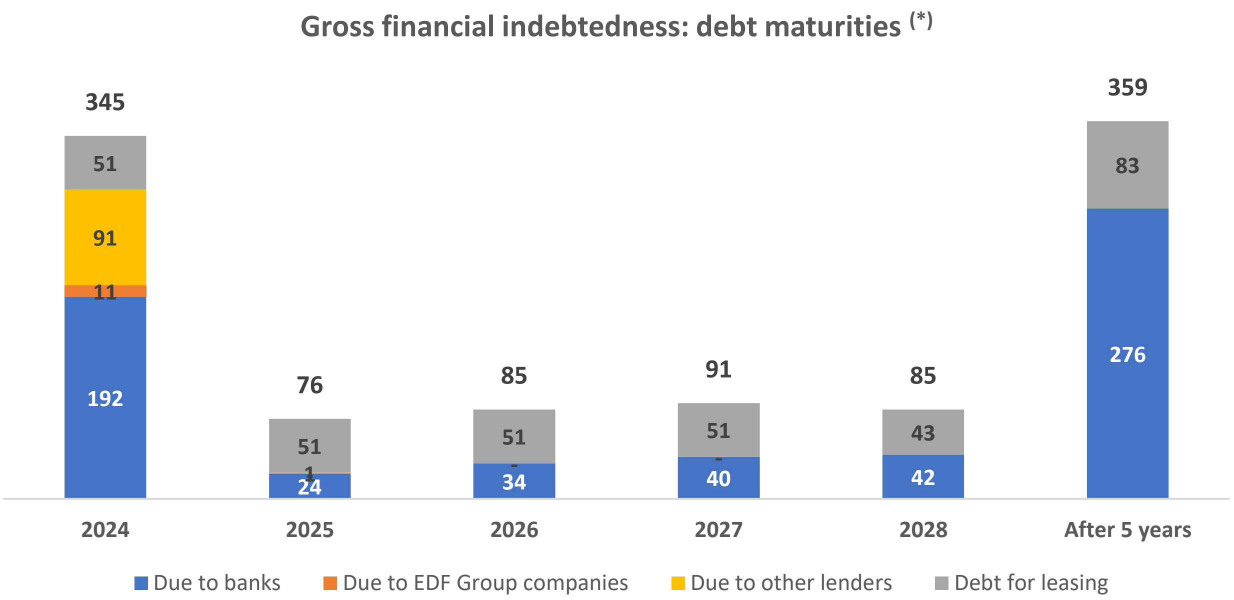
The ability of Edison Group to meet its expected and unexpected monetary obligations is based, in addition to its liquidity, on the large availability of unused credit lines.
At December 31, 2023, Edison Group has unused committed lines of credit totalling 1,162 million euros, represented:

- by the revolving credit line (1 billion euros), described above 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 (162 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 credit line has a duration of 15 years.

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.



(*) Excluding Other non-current liabilities.

6.4.3 Risk of anticipated reimbursement of loans

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

At December 31, 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 Report on Corporate Governance and on the Company's Ownership Structure at December 31, 2023, 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 Consolidated Financial Statements were prepared, there are no situations of default.

7. Taxation

7.1 Tax risk and tax management

It should be noted that since 2018 the Edison Group has adopted a Tax Risk Management system that allows the detection, assessment, management and active control of tax risk (so-called Tax Control Framework or TCF). This management process is integrated into the Group's Internal Control and Risk Management System.

The TCF adopted consists of a Tax Policy, a General Standard, a system of Risk and Control Identification Matrices, and a system of Information Flows, coordinated with the provisions of Saving Law 262/2005, to monitor and manage activities with potential tax impacts in the main business processes and on the results of the Group.

The TCF and the elements supporting it received, in December, a positive assessment from the Revenue Agency within the framework of the preliminary investigation that led Edison Spa to be admitted to Cooperative Compliance with retroactive effect from tax year 2022.
The annexation is a building block for the establishment of an enhanced relationship based on mutual communication, cooperation and transparency between taxpayer and Tax Administration.

7.2 Taxes

7.2.1 Income taxes and tax rate

Income taxes (in millions of euros)	**2023**	2022	Change
Current taxes	(376)	(166)	(210)
Net deferred-tax assets / (liabilities)	142	18	124
Other	26	(294)	320
Total	**(208)**	**(442)**	**234**
Tax rate	**26.3%**	**74.3%**	n.a.

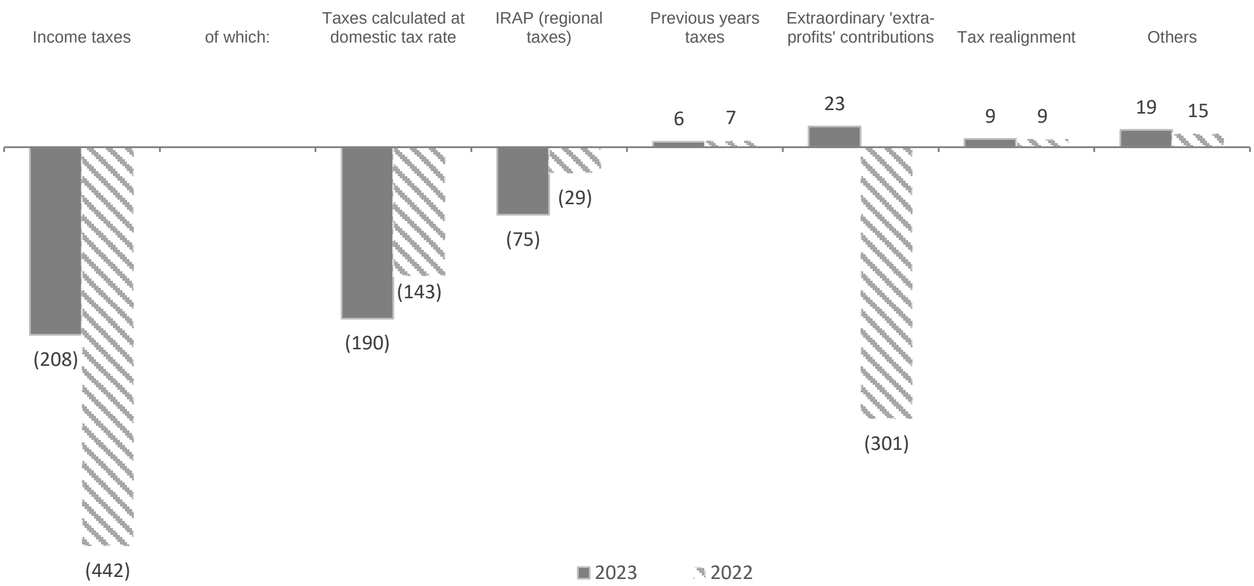
Current taxes include IRES for 292 million euros (185 million euros in 2022) and IRAP for 97 million euros (25 million euros in 2022).

Income taxes of the current year 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 (Law 197/2022), 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.
It should be noted that the previous year included, in addition to the charge of 240 million euros disclosed above, 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 61 million euros.

Net of the above nonrecurring effects, the tax rate would be 29% in 2023 and 24% in 2022.

Please note that during the last quarter of 2023, requests were submitted for reimbursement of the "extraordinary contribution against high bills", instituted at the expense of companies operating in the energy sector by Article 37 of Decree Law March 21, 2022, No. 21, converted into Law No. 51 of May 20, 2022 (also known as "Ucraina Bis" or "Taglia Prezzi"). These applications, filed by the Group companies for the contribution paid in 2022, concern, among other things, a question of the constitutional legitimacy of the contribution.

The reconciliation between the theoretical tax burden, determined by applying the IRES tax rate in force in Italy of 24% (unchanged compared to 2022), and the effective tax burden is shown in the following chart:



7.2.2 Income taxes paid

Net income taxes paid in the year amounted to 436 million euros and mainly include the following payments:

- 170 million euros as net amount of IRES to controlling company Transalpina di Energia in the Consolidated Income Tax Return;
- 26 million euros for IRAP;
- 4 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 No.126 of 2020).

7.3 Tax assets and liabilities

7.3.1 Current and non-current tax receivables and payables

At December 31, 2023, net payables of 219 million euros are recognized (net payables of 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)	12.31.2023	12.31.2022	Change
Non-current tax receivables	2	2	-
Current tax receivables	13	15	(2)
Receivables owed by the controlling company for consolidated tax	23	48	(25)
Total tax receivables (A)	**38**	**65**	**(27)**
Current tax payables	81	282	(201)
Liabilities owed to the controlling company for consolidated tax	176	110	66
Total tax payables (B)	**257**	**392**	**(135)**
Current and non-current tax receivables (payables) (A-B)	**(219)**	**(327)**	**108**

Receivables and liabilities towards the parent for consolidated tax 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)

During the year 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 December 31, 2023, net deferred-tax assets of 316 million euros are recognized (net deferred-tax assets of 351 million euros at December 31, 2022); details are provided below.

Deferred-tax asset (in millions of euros)	12.31.2023	01.01.2023 (*)	Change
Tax losses carryforward	1	1	-
Taxed provision for risks	258	117	141
Application of accounting standard on financial instruments:			
- on Income Statement	-	13	(13)
- on Shareholders' equity	1	151	(150)
Valuation differences of fixed assets	140	157	(17)
Others	4	5	(1)
Gross Deferred-tax assets	**404**	**444**	**(40)**
Offset IAS 12	(3)	(17)	14
Deferred-tax assets	**401**	**427**	**(26)**

(*) 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.

Changes during the year are detailed below in “Effects on Income Statement and on Shareholders’ equity”.

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

Deferred-tax liabilities (in millions of euros)	12.31.2023	01.01.2023 (*)	Change
Valuation differences of fixed assets	67	76	(9)
Application of accounting standard on financial instruments:			
- on Income Statement	2	-	2
- on Shareholders' equity	19	17	2
Gross Deferred-tax liabilities	**88**	**93**	**(5)**
Offset IAS 12	(3)	(17)	14
Deferred-tax liabilities	**85**	**76**	**9**

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

Deferred-tax liabilities for valuation differences of fixed assets increased for 19 million euros as result of business combination transactions that took place during the year (for more details, please refer to paragraph 9.1 Information on business combinations).

Effects on Income Statement and on Shareholders' equity

Details of the changes in "Deferred-tax assets" and "Deferred-tax liabilities" are provided below, broken down by type of timing difference, determined based on the tax rates envisaged by governing measures. It should be remembered that, if the requirements provided by IAS 12 are met, balances are offset.

Changes in Deferred-tax liabilities / Deferred-tax assets (in millions of euros)	01.01.2023 (*)	Impact on Income Statement	Impact on Shareholders' equity	Changes in scope of consolidation	Other changes / Reclassifications / Offsets	12.31.2023
Deferred-tax liabilities:						
Valuation differences of fixed assets	76	(6)		19	(22)	67
Application of accounting standard on financial instruments:				-	-	-
- on the Income Statement	-	2		-	-	2
- on Shareholders' equity	17		2	-	-	19
Total	**93**	**(4)**	**2**	**19**	**(22)**	**88**
Offset	(17)	-	-	-	14	(3)
Deferred-tax liabilities net of offset	**76**	**(4)**	**2**	**19**	**(8)**	**85**
Deferred-tax assets:						
Tax losses carryforward	1	-		-	-	1
Taxed provisions for risks	117	156		-	(15)	258
Application of accounting standard on financial instruments:						
- on the Income Statement	13	-		-	(13)	-
- on Shareholders' equity	151		(150)	-	-	1
Valuation differences of fixed assets	157	(17)		-	-	140
Others	5	(1)		-	-	4
Total	**444**	**138**	**(150)**	**-**	**(28)**	**404**
Offset	(17)	-	-	-	14	(3)
Deferred-tax assets net of offset	**427**	**138**	**(150)**	**-**	**(14)**	**401**
(Deferred-tax liabilities) / Deferred-tax assets	**351**	**142**	**(152)**	**(19)**	**(6)**	**316**

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

8. Non-Energy Activities

The Edison Group is involved in various processes, in particular, 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 in 2023 amounted to 556 million euros (net expenses of 68 million euros in the previous year). Please note that the value includes **expenses for about 508 million euros related to environmental issues,** due to the developments occurred during the period, new assessments related to the increase in market costs and the change in the scope of the work to be performed on certain sites, as well as the agreement "Patto per l'ambiente" signed with ENI at the end of July.
The breakdown and changes in the risk provisions recorded in the financial statements and the elements that led to their recognition are as follows.

(in millions of euros)	12.31.2022	Additions	Utilizations	Financial expenses	Other changes	12.31.2023
A) Risks for disputes, litigations and contracts	90	7	(43)	2	(49)	7
B) Charges for contractual guarantees on sale of equity investments	60	25	-	-	-	85
C) Environmental risks	150	508	(38)	-	49	669
Provisions for risks and charges for non-Energy Activities	**300**	**540**	**(81)**	**2**	**-**	**761**

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

Date started / Jurisdiction	Description of dispute
Collapse of the Stava Dam	
October 25, 2000 Court of Milan / Milan Court of Appeals / Court of Cassation	The last civil dispute that is still pending with regard to the events that occurred in Val di Stava in 1985, when the levies of two mining mud holding ponds, operated by a Montedison-owned company were breeched causing the well-known disaster. In its decision, the lower court ruled that the statute of limitation prevented the action filed against Edison. By a decision published in November 2015, the Milan Court of Appeals upheld that decision. The Court of Cassation instead voided the decision in the second instance and referred the case back to the Milan Court of Appeals indicating the items

	for the quantification of the damages for which compensation is to be provided. In 2022, the Court of Appeals of Milan, in ruling No. 2242/2022, ordered Edison (formerly Montedison) to pay the pecuniary damages suffered as a result of the Stava disaster, quantified at approximately 300,000 euros, which, due to the effect of interest and revaluation from 1985 to the present day, are revalued at 2,191,707.14 euros, plus legal expenses. By virtue of the agreement with the other parties to the dispute, Edison is called upon to pay the entire sum, subject to pro rata recourse against ENI, the Autonomous Province of Trento and Finimeg for 70% of the total. The sum of 2,191,707.14 euro was paid and Edison filed a claim for recovery against the joint debtors on a pro rata basis.

Claims for Damages Caused by Exposure to Asbestos
In recent years, there has been a significant increase in the number of claims for damages arising from the deaths or illnesses of workers that were allegedly caused by exposure to different forms of asbestos at factories formerly owned by Montedison Spa (now Edison) or from judicial cases taken over by Edison as a result of corporate transactions. Without rendering an opinion on the merits of these claims, considering the long latency of illnesses related to exposure to different types of asbestos and the industrial activities carried out in the past by Group companies that belonged to the chemical industry, the presence of these companies throughout Italy and the manufacturing technologies used (considering the dates when these activities were carried out and the state of technological advancement at the time), which complied fully with the laws in force at that time, the possibility that new legitimate claims for damages may emerge in addition to those that are already the subject of several civil and criminal proceedings cannot be excluded.

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

Date started / Jurisdiction	Description of dispute
Civil lawsuits and administrative proceedings concerning and/or related the sale of Agorà Spa, which owned 100% of the shares of Ausimont Spa ***<u>Edison is a party to these proceedings in its capacity as universal successor to Montedison Spa</u>***	
Ausimont – Spinetta Marengo – Administrative proceedings	
February 2012 Piedmont Regional Administrative Court	The case concerns activities that Solvay Specialty Polymers was ordered to carry out, under various titles, to ensure safety and environmental remediation of areas inside the Spinetta Marengo (AL) chemical plant. This plant was operated until 2002 by Ausimont Spa, a Montedison Group company sold to the Solvay Group in May 2002. Edison joined these proceedings exclusively to protect its rights and legitimate interests in connection with the challenges filed against the administrative acts of the relevant Services Conference by Solvay Specialty Polymers, which specifically contested the failure to identify Edison as a respondent (or correspondent) in the proceedings.
Ausimont – Solvay Arbitration	
May 2012 ICC – Geneva Milan Court of Appeals – Court of Cassation	These arbitration proceedings were initiated in 2012 by Solvay Sa and Solvay Specialty Polymers Italy Spa against Edison, for alleged violations of certain representations and warrantees in the environmental area concerning the industrial sites of Bussi sul Tirino and Spinetta Marengo included in the deed of sale of Agorà Spa (parent company of Ausimont Spa) executed on the one hand by Montedison Spa and Longside International Sa and on the other hand by Solvay Solexis Spa (now Solvay Specialty Polymers) in December 2001. The proceeding, after an initial phase focused on preliminary and prejudicial issues, proceeded with the examination of the various requests formulated by the parties regarding the merits of the dispute and at the end of June 2021, the Secretariat of the International Court of Arbitration at the International Chamber of Commerce notified Edison of the partial award with which the Arbitration Tribunal largely upholding the claims made by Solvay Specialty Polymers Italy in connection with the environmental guarantees provided by Montedison in the contract for the sale of Ausimont, signed in 2001, ordered Edison to pay damages quantified at approximately 91 million euros for the period from May 2002 (date of closing) to December 2016. The partial award shall be accompanied by a dissenting opinion of one of the members of the Arbitral Tribunal.

	The award was immediately appealed by Edison before the competent Swiss courts. However, the appeal was rejected. In the parallel 'exequatur' proceedings of the partial award before the Court of Appeal of Milan, the judges, in a ruling published on January 24, 2023, rejected Edison's summons, recognizing the enforceability of the award in Italy. Edison paid approximately 92 million euros; as early as December 31, 2022 this amount was reclassified from the existing specific risk provision to Other current liabilities. Edison appealed to the Court of Cassation and is waiting for the setting of the discussion hearing. In the meantime, the arbitration proceeding proceeds with a further phase aimed at quantifying any further damage suffered by Solvay Specialty Polymers in the period after January 2017 and at the interest rate applicable to this claim. Solvay's Statement of Claim was notified in April 2022 and Edison replied with the Statement of Defense in September 2022. The discussion hearing took place in September 2023. The Arbitration Court then granted a deadline until May 17, 2024 for the clarification of costs. The decision of the Arbitration Court could be pronounced, barring unforeseen circumstances, in autumn 2024.

C) Probable liabilities for which a provision for environmental risks was recognized in the Balance Sheet:

Following the new assessments made during the year, related to the increase in market costs and changes in scope of the work to be performed on certain sites, as well as the agreement “Patto per l’ambiente” signed with ENI, and consistently with the provisions recorded in the financial statements, the main evolutions of pending proceedings are represented in this section, including those related to the sites of Mantua, Crotone and Bussi sul Tirino.

C.1 – “Patto per l’ambiente” Edison-ENI

By way of introduction to the paragraphs that follow, in particular referred to the sites of Mantua and Crotone, it seems appropriate to note that on July 31, 2023, Edison Spa, ENI Spa, ENI Rewind Spa and Versalis Spa entered into an agreement that will regulate the joint economic competition for the reclamation work to be carried out in execution of the projects decreed by the Ministry of the Environment for the sites so-called "former EniMont" (the sites contributed to the joint venture EniMont in 1990 by the ENI and Montedison groups, respectively), initiating a cooperation between ENI and Edison that would make use of the experience and technologies acquired by ENI Rewind and Edison Next Environment (company indirectly controlled by Edison Spa). The implementation of the site-by-site agreement, with related planning activities, sharing of costs resulting from approved remediation projects and relations with institutions will be shared and coordinated by a joint technical-legal Committee between the companies. In light of this agreement, in 2023 Edison increased the provisions for the specific remediation activities currently predictable.

Date started / Jurisdiction	Description of dispute
Mantua – Criminal Proceedings	
Court of Mantua	The Public Ministry of Mantua decided to initiate criminal proceedings against some executive directors working for the Company over time since 2015 and some of the Company’s representatives, due to alleged environmental offences, also relevant pursuant to Legislative Decree 231 of 2001, in relation to certain portions of the Mantua petrochemical plant subject to orders of the Province of Mantua, which were confirmed in the Council of State’s ruling of April 2020, described in a separate section. Following the decision of the GUP of Mantua to remand the defendants for trial, the trial will begin before the Court of Mantua on February 14, 2024. The Mantua petrochemical plant - which Edison (as the successor of Montedison) has not owned or managed since 1990 - was over time subject to a large-scale, detailed and complex plan of environmental remediation and restoration activities which also regarded all of the areas relating to which the Public Prosecutor has decided to lodge proceedings. These activities were initiated and carried out for two decades, with significant although uneven progress, by the ENI Group and, after the transfer in June 2020 of the relative operational remediation projects following the Council of State ruling referred to above, Edison, which had already previously performed some preparatory activities, methodically took them over. For at least one of those areas, the remediation was completed in compliance with the relative project, according to what has been ascertained by the Ministry for the Environment and the Province of Mantua.

	On these grounds, as well as for an extensive list of legal elements, the Company believes that the charges are completely first of all factually and also legally groundless, and it has already filed several defence briefs accompanied by quite considerable documentary evidence.
Mantua – Administrative Proceedings	
2012 – 2020 Lombardy Regional Administrative Court (BS) – Council of State	In recent years, the Province of Mantua sent Edison 8 different orders pursuant to art. 244 of Legislative Decree 152/2006, which required securing and remediation activities on just as many areas of the Mantua Site of National Interest, transferred from Montedison to the ENI Group in 1990 along with the entire Mantua Petrochemical site. These orders were imposed although the environmental remediation obligations relating to the Mantua site had already been subject to two separate settlement agreements entered into by Edison with ENI (2003) and with the Ministry for the Environment (2005), respectively. Edison submitted separate appeals before the Regional Administrative Court of Lombardy - Brescia Section against all of these orders. In August 2018, the Court, which had joined them, rejected them in bloc. Edison then challenged this Regional Administrative Court decision before the Council of State. With decision of April 1, 2020, the appeal lodged by Edison was rejected. Edison, which considers this decision illegitimate, lodged appeals before the Court of Cassation and the Council of State, which rejected them. An independent appeal brought by the Company before the European Court of Human Rights is still pending. At the same time, Edison in any event began the remediation activities on the site, taking over from the ENI Group companies in performing the remediation activities set forth in the provincial orders mentioned above.
Crotone – Criminal Proceedings	
2005 Court of Crotone	Of the three disputes outstanding at the end of 2018, a single criminal case is currently pending at the preliminary hearing against former executives and employees of the company Montecatini for alleged poisoning of the aquifer and, consequently, of the water intended for feed. The proceedings concluded with a dismissal. However, as the grounds were not deemed fully satisfactory, the Company decided to lodge an appeal. The hearing is reportedly scheduled for May 2024.
Crotone – Administrative Proceedings	
November 2022 Province of Crotone – Calabria Regional Administrative Court	The Province, as part of the preliminary activities relating to the process of identifying the party responsible for the contamination, asked Edison Spa, as the successor to Montedison, for a note on the reconstruction of the corporate history of the companies operating in the area within the SIN. On June 14, 2023, the Crotone Provincial Authority adopted Ordinance No. 1/2023 *"against the parties identified as responsible for the pollution and contextual warning to provide, pursuant to art. 244, paragraph 2 of Title Five of the Fourth Part of Legislative Decree No. 152/2006 and subsequent amendments and additions, the execution and, if necessary, the integration of safety measures, reclamation and environmental restoration of groundwater, soil and subsoil, including prevention measures and emergency safety measures - Areas of former plants Agricoltura, former Fosfotec, Kroton Gres 2000 - Industrie Ceramiche s.r.l. - former Sasol Italy S.p.A and Service Landfill called "Farina Trappeto", located in the Municipality of Crotone. "S.I.N. of Crotone - Cassano - Cerchiara".* Edison challenged the Ordinance, in order to have it annulled, before the Calabria-Catanzaro Regional Administrative Court.

C.2 – Bussi sul Tirino site – Ausimont areas

Date started / Jurisdiction	Description of dispute
Ausimont – Bussi sul Tirino – Administrative proceedings of remediation of so-called “Solvay Internal Areas” - plant area	
December 18, 2019 Abruzzo Regional Administrative Court	On December 18, 2019, the Province of Pescara served Edison with an order pursuant to art. 244 of Legislative Decree No. 152/2006 (the “Environmental Code”) for the remediation of the areas where the Ausimont plant in Bussi, which was sold to Solvay in 2002, was located. With regards to this measure, it should be stressed that: i) the area on which the facility is built was conferred to Ausimont since it was incorporated in 1981; ii) Ausimont, and only and exclusively Ausimont, operated that facility continuously from 1981 to 2002 and it is during that time that the rules for the remediation of industrial sites affected by historical pollution came into force; iii) Ausimont’s shares were transferred to Solvay Solexis Spa, now Solvay Specialty Polymers Italy Spa, in May 2002; iv) Ausimont was merged in Solvay Solexis in November 2002, with consequent succession of the latter in the legal, active and passive position, belonging to the company Ausimont. Edison steadfastly contests the legitimacy of this order, so the Company lodged an appeal before the Abruzzo Regional Administrative Court.

	While the proceedings are pending, Edison and the current owner of the area, Società Chimica Bussi, are negotiating an agreement to define the terms for taking over the management of the existing facilities and the decontamination work.
Ausimont – Bussi sul Tirino – Administrative proceedings of remediation of “Solvay External Areas”, areas “2A” and “2B”	
February 28, 2018 Regional Administrative Court of Pescara / Council of State	On February 28, 2018, the Province of Pescara notified the companies Solvay Specialty Polymers Italy Spa and Edison Spa that it was initiating proceedings pursuant to Title V Part IV of Legislative Decree No. 152/2006 to identify the party liable for the contamination of the so-called “Solvay External Areas” or “North areas” in Bussi sul Tirino, landfill areas 2A and 2B and adjoining areas. Subsequently, on June 26, 2018, the Province of Pescara served Edison with an order pursuant to art. 244 of Legislative Decree No. 152/2006 (the “Environmental Code”) for the removal of all waste dumped over time in the above-mentioned areas of the Bussi site. With regard to this measure, it is necessary to note that: i) the portions of land in question were contributed to Ausimont since its date of establishment in 1981; ii) Ausimont, and only and exclusively Ausimont, obtained authorization to run, built, managed and closed landfills 2A and 2B located on such portions of land; iii) the shares of Ausimont were transferred to Solvay Solexis Spa, now Solvay Specialty Polymers Italy Spa, in May 2002; iv) Ausimont was merged in Solvay Solexis in November 2002, with the latter becoming successor of any and all legal positions lodged by and against Ausimont. Edison, challenged the decision before the Regional Administrative Court of Pescara, which however dismissed the Company’s appeal. Edison has therefore filed an appeal before the Council of State. With a ruling published on April 6, 2020, the Council of State confirmed, although requalifying its scope and content, the decision of the Province of Pescara and the subsequent ruling of the Pescara Regional Administrative Court in relation to the remediation procedure for the “North” areas of the Bussi sul Tirino site. Therefore, on June 11, 2021, the decision was published by which the Council of State rejected the appeal by the Ministry of the Environment against the sentence of the Abruzzo Regional Administrative Court "regarding the cancellation of the award of the integrated contract relating to decontamination works in the 'Solvay external areas' located in the Municipality of Bussi sul Tirino". The Ministry had, in fact, annulled the tender procedure that in 2019, had awarded to an ATI headed by the Belgian company Dec Deme the decontamination of the areas so-called 2A and 2B, sold by Montedison to Solvay in 2002 together with Ausimont. These areas are now owned by the Municipality of Bussi. Edison, which was already proceeding to complete safety works in these areas (not carried out by Solvay) on the basis of the Council of State's decision of April 2020, is now discussing with the competent bodies the activities of decontamination and removal of the waste for which it is responsible.

C.3 – Bussi sul Tirino site – other areas

Date started / Jurisdiction	Description of dispute
Bussi sul Tirino National Interest Site – “former Montedison Srl” area and Bolognano site	
2011 and 2018 Abruzzo Regional Administrative Court - Pescara Section	“**<u>Former Montedison Srl” area</u>**: on July 14, 2021 Edison sold an 80% stake of the company Tremonti, specializing in soil and groundwater decontamination services. The company, whose name at the same time has been changed in Tre Monti, is now owned by Ambienthesis, Herambiente (Hera Group), Edison Next Environment (formerly Sersys Ambiente) and Edison and will be responsible for carrying out its first decontamination works in the Tre Monti area of the Site of National Interest (SNI) of Bussi sul Tirino (PE). The area, for which complex environmental procedures have been underway for many years, is currently the subject of a wide-ranging and articulated project for the restoration and removal of historical waste in agreement with the competent bodies and, in particular, with the Ministry of the Environment. Acceptances of the first intervention lots have already taken place. Please refer to previously published financial statements for information regarding the area and proceedings that occurred in past years. **<u>Bolognano site</u>**: with reference to the Piano D’Orta site, in the Bussi SNI, and the remediation and environmental restoration proceedings concerning the so-called “former Montecatini” area in the Municipality of Bolognano (PE), note that the activities are underway as set forth in the sub-project approved by the competent Public Administrations. In addition, Edison has already submitted a project for the removal of waste on the adjacent 'Compartment Z' area.

	With reference to the Piano d'Orta site, a number of disputes are also pending before the Regional Administrative Court and the Council of State concerning the legitimacy and proper fulfilment of obligations related to the reclamation operations as well as the activities that are prodromal thereto (demolition of existing buildings).

C.4 – Other sites

Date started / Jurisdiction	Description of dispute
Piazzola sul Brenta (PD) – Administrative Proceedings	
August 2023 Province of Padua – Veneto Regional Administrative Court	The Province of Padua, by ordinance pursuant to Art. 244 of Legislative Decree 152/06, ordered Edison Spa to start a reclamation procedure at its own expense of a former Montecatini site in Piazzola sul Brenta (PD), after various substances from the site contaminated the subsoil of a nearby school. According to media reports, a survey conducted in 2020 found high levels of metals, heavy hydrocarbons, fluorides, sulphates and various other substances at the site, which is currently used as a car park for buses. According to the Province, the site belonged to Montecatini, which was incorporated into Montedison and later became Edison Spa. The area was allegedly sold by Montecatini over 60 years ago to third-party companies. The Province of Padua acquired the land in 1984 and has now - unilaterally - established that the pollution is attributable to the operations carried out by Montecatini on the site, thereby making Edison Spa liable for the pollution and its obligation to provide for its reclamation. On October 30, 2023, Edison filed an appeal against this provincial measure with the Veneto Regional Administrative Court.
Vercurago (LC) – Administrative proceedings	
March 2023 Province of Lecco – Lombardy Regional Administrative Court	In March 2023, the Province of Lecco adopted the ordinance concerning the "*Area SAFILO in the Municipality of Vercurago (LC) - ART. 244 of Legislative Decree 152/2006 "Ordinances" - Identification of the party responsible for the contamination*" (prot. No. 13844/2023 of March 8, 2023) by which it ordered Edison, Pirelli & C. Spa, Safilo Srl and Fiocchi Munizioni Spa to perform all the activities provided for by Title V, and in particular by Articles 242 and 244 of Legislative Decree 152/2006, as amended: 1. submitting, within 90 days from the notification of this measure to the Municipality of Vercurago and to all the Entities involved in the proceedings concerning the Site under examination, a specific reclamation/operational/permanent safety project; 2. carrying out and completing at its own expense the reclamation work to be approved by the Municipality of Vercurago. Edison appealed to the Lombardy Regional Administrative Court. In November 2023, the Province intervened on the subject of the ordinance by revoking point 1 above.
Legnago (VR) – Administrative proceedings	
April 2023	Edison, as universal successor of Montedison, is involved in the decontamination proceed of “Ex-Pasqualini” area’s in Legnago, Verona. The intervention is carried out in agreement with the Municipality of Legnago and ARPAV; the focus area is about 13 hectares.

In addition, there are **contingent liabilities**, which are dependent on the occurrence of events that are possible, but not probable, or are probable but their impact cannot be quantified reliably and the corresponding cash outlays cannot be reasonably estimated, for which risk provisions are not recognized and are only discussed in the comments to the notes.

Contingent liabilities associated with legal disputes

Environmental Legislation
In addition to the probable liabilities for environmental risks, already covered by provisions and previously described, in recent years, we have witnessed an expansion and evolution of environmental laws (most recently with Legislative Decree No. 152 of April 3, 2006 “Environmental Regulations”, as amended), specifically with regard to liability for environmental damages, which is especially relevant to the purposes of these notes. In particular, the discussion and adoption in several legal systems of the principle of “internalization” of environmental costs (summarized in the expression “those who pollute must pay”) have resulted in the development of two new types of liabilities for the act of polluting: objective liability (which does not require the subjective element of guilt) and indirect liability (which stems from the actions of others), which can arise as a result of an earlier act that constitutes a violation of acceptable contamination levels under current laws. Therefore, taking into account the current and past scope of the industrial operations of the Company and the Group, particularly in the chemical industry, which were carried out in full compliance with the statutes then in force, it cannot be

excluded that, in light of current legislation, new allegations of contaminations may arise, in addition to those currently subject to administrative and judicial proceedings.

Date started / Jurisdiction	Description of dispute
Ausimont - Bussi sul Tirino - Civil proceedings for alleged environmental disaster	
April 8, 2019	On April 8, 2019 the Ministry of the Environment and Protection of Land and Sea, the Abruzzo Region and the Presidency of the Council of Ministers sued Edison Spa before the Court of L'Aquila and, with it, six of the defendants who had already been involved, in relation to the same events, in the criminal proceedings brought in 2011 before the Court of Pescara and concluded with the acquittal decision of the Court of Cassation No. 47779 of 2018, asking the judge before whom the proceedings were filed to: a) *"ascertain and declare that the defendants are obligated to accept liability for the environmental damage caused by the pollution"*, allegedly occurred in the industrial area of Bussi sul Tirino and, *"as a consequence"*, "*to order the defendants to pay compensation for environmental damage to the Ministry of the Environment and Protection of Land and Sea, quantified at 1,376,954,137 euros subject to better quantification in the course of the proceedings;* b) *order the defendants to restore, even naturally, the state of the sites by carrying out, at their own expense, environmental repairs in the manner and within the time-limits laid down by the relevant legislation;* c) *order the defendants to reimburse all costs which may be paid in advance and/or incurred in lieu of payment by the Ministry of the Environment;* d) *order the defendants to pay compensation for all pecuniary and non-pecuniary damage, other than environmental damage, resulting from the damage to the environment and the damage to the protected assets/interests belonging to the Abruzzo Region, to be settled on an equitable basis and in any event in an amount of no less than 500,000,000 euros;* e) *order the defendants to pay compensation for all pecuniary and non-pecuniary damage, other than environmental damage, caused to the Abruzzo Region and the Presidency of the Council of Ministers* [and] *damage to their image in such a way as the Court may consider fair, and in any event no less than 50,000,000 euros".* As mentioned earlier, the charges on which the current lawsuit is based are the same as those raised in the above-mentioned criminal proceedings, from which Edison was excluded *pursuant to law* and which ended with the acquittal of all of the defendants. These charges refer mainly to the management of the Bussi plant, which was transferred from Montedison (now Edison) to the Ausimont Group/Montefluos in 1981, the 2A and 2B landfills, which were opened, developed and closed by Ausimont in the 1990s, and the so-called "Tre Monti" area, currently owned by Edison, in which, in the 1970s, production residues from the same factory were collected and for which a remediation process is already under way. Edison joined the proceedings on July 18, 2019, vigorously contesting the opposing claims in a number of areas, from the inapplicability at this juncture of the aspects established in the criminal proceedings, to the lack of capacity to be sued, from the statute of limitations, to the lawfulness on the merits of the conduct being investigated and, finally, to the erroneous quantification of any damage to the environment. By order dated November 10, 2021, the judge hearing the case, after a reservation lasting more than a year regarding the preliminary and interlocutory issues raised by Edison and the evidence requested by the parties, ordered (i) the postponement of the examination of Edison's preliminary and interlocutory motions to the merits of the case and (ii) the admission of witnesses' evidence and an expert witness's report, for which hearings were set for the first quarter of 2022. As of today technical consultancy activities are still ongoing. The CTU (expert witness) applied for an extension of the time limit for filing the expert report by 270 days, which was granted by the Judge, and it is assumed (given the equivocal nature of the order) that it will be ready around September 2024. With reference to this dispute, Edison, following assessments performed with leading legal and accounting advisors, believes that the necessary requirements are not met to define a provision with respect to a contingent liability, or its actuality, probability and quantifiability. Therefore, in essence, there is no current obligation, either legal or environmental in nature, to be met for which the use of economic resources is currently expected.
Bussi sul Tirino - Claim for damages Municipality of Bussi	
September 25, 2023	On September 25, 2023, the Municipality of Bussi served a writ of summons on the company before the Civil Court of Pescara seeking compensation for the damages allegedly suffered by the local authority as a result of the alleged contamination found in the Municipality of Bussi - including, in particular, damage to its image - quantified in total at 20,000,000.00 euro. The following natural persons were also defendants in the aforementioned case: Maurilio Aguggia, Carlo Cogliati, Nicola Sabatini, Domenico Alleva, Nazzareno Santini,

	Carlo Vassallo. The hearing indicated in the documents is set for March 30, 2024. At the moment, the activities related to the legal proceedings are ongoing.
Montecatini Spa – Montefibre Spa – Verbania – Criminal proceedings	
2002 – 2015 Court of Verbania / Turin Court of Appeals / Court of Cassation	All these litigations concern the alleged responsibility of former Directors and executives of the company Montefibre Spa, already part of Montedison Group, for the crimes of involuntary manslaughter and involuntary personal injuries in the violation of the occupational accident prevention regulations, caused in connection with the death or illness of employees at the old plant Montefibre of Pallanza (VB) allegedly caused by exposure to asbestos. Edison is exclusively involved in its capacity as the former parent company (until 1989) of Montefibre. To date, all proceedings have led to the acquittal of the defendants on all counts ("because the fact does not exist").
Port of Augusta - Administrative proceedings	
2020	In 2020, the Minister of Ecological Transition and the Region of Sicily signed a programme agreement for the definition of safety and reclamation measures for the areas included in the "Priolo" Site of National Interest, including the port of Augusta, the portion of the marine area facing the Priolo Gargallo industrial site. As is well known, Priolo is still home to an important petrochemical plant, operated by Montecatini and then Montedison until 1989 and then passed to the ENI Group in 1990 following the events surrounding the Enimont company.
Bussi - River Tirino - Remediation proceedings	
July 2022 Pescara Regional Administrative Court	On July 22, 2022, Edison was notified of the order pursuant to art. 244 of Legislative Decree 152/2006 by the Province of Pescara in which Edison was identified as being "responsible for the contamination of the sediments of the Tirino river in the stretch from upstream to downstream of landfills 2A 2B and surrounding areas". A sediment survey plan is being drawn up with the Public Administration. Edison decided to challenge the order before the Pescara Regional Administrative Court.

9. Other notes

9.1 Information on business combinations

The year 2023 was characterized by:

- **Some business combination's transactions** related to:
    - **Felix Dynamics**
    - **Prometheus Energia**
    - **Nuove Iniziative Energetiche N.I.E., Cuorgnè and its subsidiary Idro Ressia.**

  These transactions are reflected in the financial statements in accordance with IFRS 3 revised ("Business Combinations"), recognizing the acquired assets, liabilities and contingent liabilities at fair value at the acquisition date (Purchase Price Allocation or PPA), as detailed below. Please note that the values booked should be viewed provisional since, pursuant to IFRS 3 revised, the valuation becomes final within 12 months from the acquisition.

- **Some business combination's transactions** related to:
    - **Tes Development**

  This transaction is reflected in the financial statements in accordance with IFRS 3 revised ("Group of assets acquisition"), recognizing the acquired assets among the tangible assets at the acquisition date, without preparing the PPA.

- **Finalization of PPA processes referred to 2022 acquisitions:**
    - **Energia Italia**
    - **Sistrol**
    - **Biotech**

  Please note that in 2023 the PPA processes related to the aforementioned acquisitions occurred in 2022, have 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.

    - **Finalization of PPA process referred to Gaxa acquisition:**
      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 about 8 million euros had been preliminarily recognised. As a result of completing the PPA process, the following was registered: (i) intangible assets of about 5 million euros related to the valuation of the customer list, on which amount deferred taxation was calculated; (ii) goodwill of about 13 million euros reflecting, inter alia, the valuation of the realisation of certain earn-outs provided by contract. The valuation also included the recognition of the options to purchase the remaining 30% share of the company's capital. For the sake of full disclosure, it should be noted that subsequent changes were made to the company's shareholding structure, as a result of which Edison Energia at December 31, 2023 owned a 95% equity interest, while the remaining 5% is held by Italgas, and estimates were updated in relation to the expected earn-outs; consequently, goodwill was updated and amounted to about 10 million euros at December 31, 2023.

    - **Finalization of PPA process referred to Winbis and Cerbis acquisition:**
      As a result of completing the PPA process, the following was registered: (i) tangible assets of about 42 million euros and a deferred taxation of 4 million euros; (ii) goodwill of about 14 million euros (the goodwill was about 24 million euros in the preliminary allocation of the purchase price at December 31, 2022).

The transactions carried out during 2023 are described below.

Felix Dynamics

On March 6, 2023, the acquisition of 100% of the company **Felix Dynamics**, 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.

Tes Development

On July 27, 2023, the acquisition by Edison Rinnovabili of 100% of the company **Tes Development**, dedicated to development projects in the photovoltaic sector, for a consideration of about 10 million euros, in addition to the payment of earn-outs for about 3 million euros.

Prometheus Energia

On October 23, 2023, the acquisition by Edison Next of 100% of **Prometheus Energia**, operating in the district heating sector, for a consideration of about 17 million euros.

Nuove Iniziative Energetiche N.I.E., Cuorgnè and its subsidiary Idro Ressia

On December 19, 2023, the acquisition of 100% of the companies **Iniziative Energetiche N.I.E.** and **Cuorgnè**, operating in the mini-hydro sector, for a consideration of about 41 million euros, in addition to the repayment of loans for about 6 million euros; the company Cuorgnè holds 100% of the company **Idro Ressia.**

The following table summarizes the values, at the date of the acquisition, of assets and liabilities identified during the business combination’s transactions described above, as well as the acquisition prices and the contribution to income statement for 2023 of the acquired entities, starting from the acquisition date.

(in millions of euros)	Acquired assets and liabilities				
	Felix Dynamics	Prometheus Energia	Tes Development	N.I.E., Cuorgnè and Idro Ressia	Total business combinations
ASSETS					
Goodwill	-	-	-	-	-
Property, plant and equipment	14	13	22	57	106
Intangible assets	-	-	-	-	-
Equity investments	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-
Deferred-tax assets	-	-	-	-	-
Other non-current assets	-	-	-	-	-
Total non-current assets	**14**	**13**	**22**	**57**	**106**
Inventories	-	-	-	-	-
Trade receivables	-	1	-	1	2
Current tax receivables	-	-	-	-	-
Other current assets	1	1	-	2	4
Fair Value	-	1	-	-	1
Current financial assets	-	-	-	-	-
Cash and cash equivalents	1	1	-	2	4
Total current assets	**2**	**4**	**-**	**5**	**11**
Total assets (A)	**16**	**17**	**22**	**62**	**117**
LIABILITIES					
Employee benefits	-	-	-	-	-
Provisions for decommissioning and remediation of industrial sites	-	-	-	-	-
Provisions for risks and charges	-	-	-	-	-
Deferred-tax liabilities	2	-	3	14	19
Other non-current liabilities	1	-	6	-	7
Non-current financial debt	6	5	-	6	17
Total non-current liabilities	**9**	**5**	**9**	**20**	**43**
Trade payables	-	-	-	1	1
Current tax payables	-	-	-	-	-
Other current liabilities	2	-	-	-	2
Current financial debt	-	1	-	-	1
Total current liabilities	**2**	**1**	**-**	**1**	**4**
Total liabilities (B)	**11**	**6**	**9**	**21**	**47**
Net acquired assets (A-B)	**5**	**11**	**13**	**41**	**70**
- % attributable to Edison	**100%**	**100%**	**100%**	**100%**	
- Net assets attributable to Edison (C)	**5**	**11**	**13**	**41**	**70**
Goodwill (D-C)	**-**	**6**	**-**	**-**	**6**
Price of acquisition (D)	**5**	**17**	**13**	**41**	**76**
Cash and cash equivalents acquired (E)	**(1)**	**(1)**	**-**	**(2)**	**(4)**
Financial debt reimbursed (F)	**6**	**-**	**-**	**6**	**12**
Total net price paid on business combination (D+E+F)	**10**	**16**	**13**	**45**	**84**

Income statement from acquisition date (in millions of euros)	Felix Dynamics	Prometheus Energia	Tes Development	N.I.E., Cuorgnè and Idro Ressia	Total business combinations
Sales revenues (*)	1	1	-	-	2
EBITDA	**1**	**-**	**-**	**-**	**1**
Depreciation, amortization and writedowns	(1)	-	-	-	(1)
Net financial income (expense) (*)	-	-	-	-	-
Profit (Loss) before taxes	**-**	**-**	**-**	**-**	**-**
Profit (Loss)	**-**	**-**	**-**	**-**	**-**

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

9.2 Information pursuant to IFRS 5

Discontinued Operations – Edison Stoccaggio

During 2023, Edison Stoccaggio, to which the gas storage activities pertain, was the subject of strategic evaluations aimed at exploiting its potential to serve a further drive for growth in the Group's strategic sectors. These assessments led to the activation of a process for the search of a potential buyer and, in this context, the Group received non-binding offers, currently being studied by management.

In these Consolidated Financial Statements, the gas storage business has been treated as a discontinued operation, in accordance with IFRS 5, taking into account that:

- Gas storage business, represented by a specific CGU, has an important economic and equity weight within the Edison Group;
- the business operates in the gas storage in Italy; this activity is regulated by the Ministry of Economic Development (MISE) and by the Regulatory Authority for Energy, Networks and Environment (ARERA) and has peculiar characteristics compared with the other activities carried out by the Edison Group.

Evaluation of the held for sale business

IFRS 5 requires assets and liabilities held for sale to be measured at the lower of the book value and the fair value less costs to sell.

On the other hand, when determining the carrying value of the business held for sale, in addition to the values of the assets and liabilities attributable to the business operations, a portion of the indistinct goodwill of the Gas Operations, where the Edison Stoccaggio CGU was consolidated, was also taken into account. This amount, quantified at 115 million euros, was determined in accordance with IAS 36 par. 86, using the main method of determination envisaged, the so-called "relative values" method of the assets sold.

As the estimated fair value is higher than the carrying amount, including the allocation of goodwill, no adjustment to the booked value is necessary.

Presentation of existing relationships between continuing operations and discontinued operations

Please note that neither IFRS 5 nor IAS 1 provide guidance on how to present transactions between continuing and discontinued operations. The method chosen has led to the representation of such transactions as if the discontinued operation had already been removed from the scope of consolidation of the Edison Group, and, therefore, as if the transaction had already taken place on the date of these Consolidated Financial Statements. Therefore, in the Consolidated Financial Statements: (i) the individual income statement and balance sheet items relating to the continuing operations have been shown without taking into account the elimination of intercompany transactions between the two operations; (ii) the income statement and balance sheet items relating to the discontinued operations also include the effect of consolidation eliminations of the relationships between the two operations.

The income statement and balance sheet values of these transactions are shown in the tables below.

The criterion adopted made it possible, in particular, to represent the result and the margins of the continuing operations in a manner comparable to the results and margins that the Group will have after the disposal of the discontinued operations.

2022 comparative data

In this document:

- all the income statement and flow data for 2022 have been restated to allow a homogeneous comparison with those for 2023
- the balance sheet figures at December 31, 2022 are, instead, those published in 2022 Consolidated Financial Statements and therefore include the values of the gas storage business

Below is provided the contribution of Discontinued Operations to profit (loss) and to assets, liabilities and financial position of Edison Group.

Income Statements (in millions of euros)	2023			2022		
	Discontinued Operations Edison Stoccaggio	Elimination from and versus Continuing Operations	**Application of accounting standard IFRS 5**	Discontinued Operations Edison Stoccaggio	Elimination from and versus Continuing Operations	**Application of accounting standard IFRS 5**
Sales revenues	88	(17)	71	103	(32)	71
Other revenues and income	1	(1)	-	1	(1)	-
Total net revenues	**89**	**(18)**	**71**	**104**	**(33)**	**71**
Commodity and logistic costs (-)	(28)	16	(12)	(36)	31	(5)
Other costs and services used (-)	(7)	1	(6)	(7)	-	(7)
Labor costs (-)	(6)	-	(6)	(4)	-	(4)
Receivables (writedowns) / reversals	-	-	-	-	-	-
Other costs (-)	(1)	1	-	(1)	2	1
EBITDA	**47**	**-**	**47**	**56**	**-**	**56**
Depreciation and amortization (-)	(17)	-	(17)	(17)	-	(17)
(Writedowns) and reversals	-	-	-	-	-	-
EBIT	**30**	**-**	**30**	**39**	**-**	**39**
Other net financial income (expense)	(10)	-	(10)	(6)	-	(6)
Profit (Loss) before taxes	**20**	**-**	**20**	**33**	**-**	**33**
Income taxes	(6)	-	(6)	(10)	-	(10)
Profit (Loss) from Continuing Operations	**14**	**-**	**14**	**23**	**-**	**23**
Profit (Loss) from Discontinued Operations	-	-	-	-	-	-
Profit (Loss)	**14**	**-**	**14**	**23**	**-**	**23**
Broken down as follows:						
Minority interest in profit (loss)	-	-	-	-	-	-
Group interest in profit (loss)	**14**	**-**	**14**	**23**	**-**	**23**

In 2023, the overall profit (loss) from discontinued operations was positive by 14 million euros (29 million euros in 2022, which also benefited from an income determined by the revision of the estimated present value of the additional consideration set forth in the agreement with Energean).

Net financial expenses also include those related to financial transactions with continuing operations.

Balance sheet discontinued operations Edison Stoccaggio (in millions of euros)	**12.31.2023**
Non-current non-financial assets	547
Non-current financial assets	-
Current non-financial assets	64
Current financial assets versus continuing operations	-
Other current financial assets	-
Eliminations of financial assets versus Assets held for sale	(126)
Eliminations of non-financial assets from and versus Assets held for sale (*)	(3)
Value adjustment discontinued operations	-
Asset Held for sale	**482**
Non-current non-financial liabilities	74
Non-current financial liabilities	-
Current non-financial liabilities	23
Current financial liabilities versus continuing operations	126
Other current financial liabilities	-
Eliminations of financial liabilities from Assets held for sale	(126)
Eliminations of non-financial liabilities from and versus Assets held for sale (*)	(3)
Liabilities held for sale	**94**
Net financial debt of Assets held for sale	**126**

(*) of which -2 million euros included in Gas Operations

Non-current non-financial assets include, amongst other, the value referred to plants and, for 115 million euros, part of the indistinct goodwill of the Gas Operations allocated to the discontinued business, pursuant to the IAS 36 par. 86. Current non-financial assets mainly include gas inventories and trade receivables.

The non-current non-financial liabilities mainly include the provisions for decommissioning and remediation of industrial sites.

Cash flow statement **Discontinued operations Edison Stoccaggio** (in milions of euros)	**2023**	**2022**
A. Operating cash flow from discontinued operations	28	43
B. Cash used in investing activities from discontinued operations	(19)	(17)
C. Cash used in financing activities from discontinued operations	(9)	(26)
D. Net cash flow for the year from discontinued operations (A+B+C)	**-**	**-**
E. Cash and cash equivalents at the beginning of the year from discontinued	-	-
F. Cash and cash equivalents at the end of the year from discontinued	-	-

The cash flow from operating activities refers to ordinary operations and includes taxes paid; the cash flow from investing activities includes interventions on storage sites; the cash flow from financing activities is mainly related to the cash flow with the Continuing Operations, particularly with the Corporate segment.

Disposal Group – sale of E&P activities in Algeria

Please remember that on May 4, 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 on June 29, 2022 to provide for the sale of the shareholding, partly to Repsol (6.75%) and partly to Wintershall Dea (4.50%).

Further to Algerian authorities' approval of the agreements described above, by decree published in the Official Journal on October 12, 2023, the sale transaction became effective.

As early as the date of the agreements, 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:

- in the income statement and flows the representation of the contribution to Group values of E&P activities located in Algeria, until the sale, is included under Continuing Operations;
- in the balance sheet at December 31, 2023, the balances related to activities in Algeria are deconsolidated, while at December 31, 2022, exposed for comparative purposes, they were classified under Assets and Liabilities held for sale.

More in detail, the disposed activities of Edison Reggane contributed to Group EBITDA for 20 million euros (33 million euros in 2022) and to EBIT for 3 million euros (15 million euros in 2022).

The definitive consideration relating to the sale, considering the locked-box date at January 1, 2022, amounts to about 56 million euros. The balance sheet balances at the date of disposal were aligned with the realized value.

Please remember that in Balance Sheet at December 31, 2022 were recorded with reference to these activities:

- **Assets held for sale** for 74 million euros, represented by property, plant and equipment for 62 million euros and by trade receivables for 12 million euros;
- **Liabilities held for sale** for 6 million euros, consisting of provisions for decommissioning and remediation of industrial sites.

Other amounts recognized under Assets and Liabilities held for sale

Some amounts, always pertaining to the E&P business, linked to the transaction concluded in 2020 with Energean, are still recognized under Assets held for sale and Liabilities held for sale at December 31, 2023.

In particular, **Assets held for sale** refer to non-financial assets for 65 million euros and are represented by 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, actually expected in 2024.

Liabilities held for sale refer to non-current non-financial liabilities for 29 million euros (30 million euros at December 31, 2022), including provisions for tax and environmental risks related to the sale to Energean.

In 2023, the deferred consideration provided for by the contract for the sale of Edison Norge to Sval Energi, linked to the Dvalin field production start-up, was collected for about 12 million euros, with closure of the disposal executed in March 2021; at December 31, 2022, this deferred consideration was exposed under Assets held for sale.

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.

Liabilities referred to E&P business

Disputed municipal property taxes (ICI and IMU) on offshore hydrocarbon production platforms

Following the disposal of the E&P assets and the agreements with the counterparty Energean, Edison Spa has remained liable for any liabilities that may emerge from the demands made by some coastal municipalities to subject offshore platforms to local taxes for years before the locked-box date (December 31, 2018).

At present, for the years 2016 - 2018, disputes are pending against Edison Spa with the municipalities of Cupra Marittima and Scicli, while the dispute with the municipality of Pineto is also pending against Energean alone, with reference also to the years attributable to Edison spa.

Any charges, including pending litigation, arising from existing disputes are covered by a special provision for risks.

Fraudulent activity to the detriment of the company Edison Norge AS

With reference to the fraud perpetrated at the end of 2019 to the detriment of Edison Norge AS, the Norwegian company, now disposed, has launched a series of activities aiming to recover the stolen sums (around 12.5 million euros).

These are legal actions brought against the companies in the Far East that both directly and indirectly received the payments and against the financial intermediaries which permitted such payments.

The disputes remain outside the scope of the Edison Norge assets disposed of; therefore, it will be Edison that manages the proceedings intended to recover the sums and obtain compensation for damages.

The criminal proceedings against the defendants began in Oslo in 2022 and ended with their conviction. Edison International has joined as a civil plaintiff and the related proceedings have concluded with the defendants being ordered to pay compensation for all amounts involved in the fraud (although there is little prospect to date of actually recovering all or part of these amounts from the defendants).

Edison Spa - Ministry for the Environment - request for compensation for environmental damages

On May 31, 2018, the Ministry for the Environment notified Edison of a claim for compensation for alleged environmental damages deriving from reinjection activities for the Vega 6 well of the aquifer and process waters, operated by the Vega A platform.

The request for compensation is quantified at a total maximum amount of about 80 million euros. The civil proceedings at first instance were finalized with ruling No. 3296/2022 of July 19, 2022, whereby the Court of Catania rejected the claims made by the Ministry and, in particular, the claim for compensation for pecuniary equivalent damages. By a writ of summons on appeal served on Edison on February 18, 2023, the Ministry appealed against the aforementioned first instance ruling before the Court of Appeal of Catania, reformulating substantially the same allegations already made in the first instance. Edison then filed a cross-appeal to contest the lack of authorization for the re-injection of the fluids in the reservoir as held by the first judge and requesting, in any event, confirmation of the rejection of the Ministry's claim for damages. The hearing for closing arguments has been set for March 5, 2024.

The facts in question have already been the subject of a criminal procedure declared invalid by the competent court.

Edison believes that this claim for compensation is completely unfounded, since the activities in question are not illegal, rather, on the contrary, authorized according to the applicable regulation, have not produced any environmental damage, nor any risk of geological pollution, or pollution of the aquifer or the sea.

Consequently, the company appeared in court requesting the full dismissal of the request from the Ministry for the Environment.

Following the agreement reached for the sale of the E&P business in July 2019, the newly formed Edison Exploration & Production Spa ("Edison E&P") assumed the liability related to this dispute. Subsequently, after the agreement was signed for the sale of the entire share capital of Edison E&P to Energean Capital Ltd (executed on December 17, 2020), Edison committed to fully indemnifying the purchaser with reference to this dispute. Therefore, Edison deemed it appropriate, on a completely prudential basis, to forecast an expense correlated with the dispute. This value, together with estimates of other disposal-related expenses, had been recognized in the year 2019 in profit (loss) from discontinued operations and at December 31, 2023 is included in Liabilities held for sale.

9.3 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)	12.31.2023	12.31.2022 (*)	Change
Guarantees provided	1,858	2,520	(662)
Other commitments and risks	43	204	(161)
Total for the Group	**1,901**	**2,724**	**(823)**

(*) The Other commitments and risks have been restated including the amount linked to Edison Stoccaggio.

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 from banks and insurance companies related to the activities of 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 during the period for 627 million dollars, following the improvement in Edison's rating, was considered by the counterparty no longer necessary and consequently extinct 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.

With reference to the guarantees and other commitments related to **Edison Stoccaggio**, the following should be noted:
• **personal guarantees provided** by the Parent Company or by banks guaranteed by the Parent Company against it, amounting to about 5 million euros;
• **other commitments and risks**, amounting to 12 million euros (41 million of euros in 2022), mainly related to the completion of investments in progress in Italy.

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 December 31, 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	45.8	53.4	**111.2**

The economic data are based on prospective pricing formulas.

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

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

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 a share of between 67% and 71% from 2026 to 2034.

9.4 Intercompany and Related-party transactions

In line with the Group policies, the economic, equity and financial transactions in place at December 31, 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	291	-	-	**291**	**291**	**100.0%**
Other non-current financial assets	13	-	-	**13**	**89**	**14.6%**
Trade receivables	15	-	396	**411**	**2,561**	**16.0%**
Current tax receivables	-	23	-	**23**	**36**	**63.9%**
Other current assets	2	3	50	**55**	**376**	**14.6%**
Current financial assets	1	4	-	**5**	**149**	**3.4%**
Cash and cash equivalents	-	1,201	-	**1,201**	**1,234**	**97.3%**
Trade payables	14	5	119	**138**	**2,246**	**6.1%**
Current tax payables	-	176	-	**176**	**257**	**68.5%**
Other current liabilities	-	1	2	**3**	**364**	**0.8%**
Current financial debt	12	11	-	**23**	**345**	**6.7%**
Income Statement transactions:						
Sales revenues	20	43	5,794	**5,857**	**18,436**	**31.8%**
Other revenues and income	4	-	21	**25**	**216**	**11.6%**
Commodity and logistic costs	(26)	(4)	(1,845)	**(1,875)**	**(15,278)**	**12.3%**
Other costs and services used	(11)	(32)	(5)	**(48)**	**(983)**	**4.9%**
Net financial income (expense) on debt	-	27	-	**27**	**16**	**n.s.**
Other net financial income (expense)	-	(24)	(1)	**(25)**	**(21)**	**n.s.**

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

A) Transactions with unconsolidated Edison Group companies

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

- financial transactions, consisting in lending facilities;
- commercial transactions mainly related to the Electric Power Operations.

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 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 December 31, 2023, the current account established by Edison Spa with TdE had a debit balance of about 11 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 on April 5, 2023, Edison Spa paid dividends to TdE for 101 million euros on April 26, 2023.

B.2 With EDF Sa

Cash-pooling

At December 31, 2023 the Edison Spa current account, dedicated to cash-pooling with EDF Sa, had a credit balance of 1,201 million euros (credit balance of 421 million euros at December 31, 2022); in 2023 interests matured for about 31 million 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 the year for 32 million euros referred mainly to insurance costs, royalties for the utilization of the trademark, services rendered, and the recharges of corporate costs mainly referred to the compensation of the Board of Directors;
- sales revenues and other income for a total of 5 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 24 million euros (net positive balance for about 72 million euros in 2022), booked in Other net financial income (expense). In the same area, an income of about 38 million euros and an expense of about 4 million euros, referred to hedge exchange rate risk on commodities, was booked respectively in Sales revenues and in Commodity and logistic costs.

At the date the Consolidated 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 18 million euros, booked in the item Fair Value (29 million euros among Assets and 11 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 provided below:

(in millions of euros)	EDF Trading Ltd (*)	Others	**Total**
Balance Sheet transactions:			
Trade receivables	396	-	**396**
Other current assets	46	4	**50**
Trade payables	118	1	**119**
Other current liabilities	1	1	**2**
Income Statement transactions:			
Sales revenues	**5,793**	**1**	**5,794**
Electric power and natural gas	3,734	-	3,734
Realized commodity derivatives	2,059	-	2,059
Other revenues	-	1	1
Other revenues and income	**16**	**5**	**21**
Commodity and logistic costs	**(1,845)**	**-**	**(1,845)**
Electric power and natural gas	(972)	-	(972)
Realized commodity derivatives	(871)	-	(871)
Sundry items	(2)	-	(2)
Other costs and services used	**-**	**(5)**	**(5)**
Professional services	-	(5)	(5)

(*) Fair value evaluations on derivatives outstanding are not reported above.

With reference to EDF Trading, it should be noted that in 2023 Edison Spa's trading operations are conducted under the joint venture agreement with EDF Trading. Effective January 1, 2023, the agreement was renewed, which, like the previous one, governs both proprietary trading activities, carried out through a joint desk with EDF Trading, and access activities to the power futures market, the terms and conditions and costs of which have been revised. In this context, about 16 million euros was recorded under "Other revenues and income" (about 18 million euros at December 31, 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 490 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 year insurance reimbursements of about 5 million euros were obtained by Wagram Insurance Company.

10. Criteria and methods

10.1 Comparability

As already described in paragraphs 1.4 Application of accounting standard IFRS 5 and 9.2 Information pursuant to IFRS 5 above, in these Consolidated Financial Statements, the gas storage activities of Edison Stoccaggio have been treated as discontinued operations and, therefore, the comparative figures relating to the income statement and to the cash flow statement have been restated to identify the contribution of the discontinued operations, as required by IFRS 5. Below is a reconciliation between the values published in the 2022 Consolidated Financial Statements and those now included in the statements for comparative purposes.

Consolidated income statement

(in millions of euros)	**2022 published**	Application of accounting standard IFRS 5	**2022 restated**
Sales revenues	30,380	(71)	30,309
Other revenues and income	156	-	156
Total net revenues	**30,536**	**(71)**	**30,465**
Commodity and logistic costs (-)	(28,100)	5	(28,095)
Other costs and services used (-)	(819)	7	(812)
Labor costs (-)	(368)	4	(364)
Receivables (writedowns) / reversals	(32)	-	(32)
Other costs (-)	(105)	(1)	(106)
EBITDA	**1,112**	**(56)**	**1,056**
Net change in fair value of derivatives (commodity and exchange rate risk)	7	-	7
Depreciation and amortization (-)	(400)	17	(383)
(Writedowns) and reversals	(56)	-	(56)
Other income (expense) non Energy activities	(68)	-	(68)
EBIT	**595**	**(39)**	**556**
Net financial income (expense)	(9)	-	(9)
Other net financial income (expense)	26	6	32
Net financial income (expense) on assigned trade receivables without recourse	(28)	-	(28)
Income from (Expense on) equity investments	44	-	44
Profit (Loss) before taxes	**628**	**(33)**	**595**
Income taxes	(452)	10	(442)
Profit (Loss) from Continuing Operations	**176**	**(23)**	**153**
Profit (Loss) from Discontinued Operations	6	23	29
Profit (Loss)	**182**	**-**	**182**
Broken down as follows:			
Minority interest in profit (loss)	31	-	31
Group interest in profit (loss)	**151**	**-**	**151**

Cash flow statement

	(in millions of euros)	2022 published	Application of accounting standard IFRS 5	2022 restated
	Profit (Loss) before taxes	**628**	**(33)**	**595**
	Depreciation, amortization and writedowns	456	(17)	439
	Net additions to provisions for risks	(19)	-	(19)
	Interest in the result of companies valued by the equity method (-)	(44)	-	(44)
	Dividends received from companies valued by the equity method	10	-	10
	(Gains) Losses on the sale of non-current assets	5	-	5
	Change in employee benefits	(3)	-	(3)
	Change in fair value recorded in EBIT	(7)	-	(7)
	Change in operating working capital	(79)	(4)	(83)
	Change in non-operating working capital	70	-	70
	Change in other operating assets and liabilities	(1)	-	(1)
	Net financial (income) expense	11	(6)	5
	Net financial income (expense) paid	(5)	3	(2)
	Net income taxes paid	(279)	14	(265)
	Operating cash flow from discontinued operations	-	43	43
A.	**Operating cash flow**	**743**	**-**	**743**
	Additions to intangibles and property, plant and equipment (-)	(560)	17	(543)
	Additions to non-current financial assets (-)	(7)	-	(7)
	Net price paid on business combinations	(206)	-	(206)
	Proceeds from the sale of intangibles and property, plant and equipment	14	-	14
	Proceeds from the sale of non-current financial assets	54	-	54
	Cash used in investing activities from discontinued operations	-	(17)	(17)
B.	**Cash used in investing activities**	**(705)**	**-**	**(705)**
	Receipt of new medium-term and long-term loans	125	-	125
	Redemption of medium-term and long-term loans (-)	(45)	-	(45)
	Other net change in financial debt	(223)	-	(223)
	Change in current financial assets	1	26	27
	Net liabilities resulting from financing activities	(142)	26	(116)
	Capital and reserves contributions (+)	-	-	-
	Dividends and reserves paid to controlling companies or minority shareholders (-)	(350)	-	(350)
	Cash used in financing activities from discontinued operations	-	(26)	(26)
C.	**Cash used in financing activities**	**(492)**	**-**	**(492)**
D.	**Net currency translation differences**	**-**	**-**	**-**
E.	**Net cash flow for the year (A+B+C+D)**	**(454)**	**-**	**(454)**
F.	**Cash and cash equivalents at the beginning of the year**	**910**	**-**	**910**
G.	**Cash and cash equivalents at the end of the year (E+F)**	**456**	**-**	**456**
H.	**Cash and cash equivalents at the end of the year discontinued operations**	**-**	**-**	**-**
I.	**Cash and cash equivalents at the end of the year continuing operations (G-H)**	**456**	**-**	**456**

10.2 Criteria and methods of consolidation

The financial statements used for consolidation purposes are the latest statutory or consolidated statements of the individual companies or business operations, approved by respective corporate governance bodies, with the adjustments required to make them consistent with Group accounting principles. In the event that the financial year does not coincide with the calendar year, situations approved by the respective Boards of Directors that reflect the Group's financial year have been considered.

Subsidiaries are consolidated using the global line-by-line method beginning from the date on which the Group effectively acquired control. On said date, the carrying amount of equity investments is eliminated by offsetting it against the underlying interest in the respective shareholders' equity, and the individual assets and liabilities and contingent liabilities are measured at their fair value. Any residual value, if positive, is recognized in the item “Goodwill”. In particular, if the purchase is carried out in several phases, at the date on which control is acquired, the entire equity investment held is remeasured at fair value; thereafter, any additional acquisition or disposal (assuming that the control is maintained) of stakes in investments is managed as a transaction between shareholders recognized in equity, similarly to the costs incurred for the acquisition or sale of stakes; the changes in contingent consideration are recognized in income statement.

The portions of equity and profit or loss for the period attributable to minority shareholders are shown separately in the financial statements.

Investee companies cease to be consolidated from the date when control is transferred to a third party; the sale of an equity interest that causes loss of control results in the recognition in the income statement of (i) any gain or loss determined as the difference between the proceeds from the sale and the corresponding pro-rata interest in the shareholders' equity of the investee sold to a third party; (ii) any result attributable to the divested company carried among the other components of comprehensive income that can be reclassified into profit or loss; and (iii) the result from the adjustment to fair value, measured on the date of the loss of control, of any minority interest retained by Edison.

Companies managed through contractual agreements, pursuant to which two or more parties who share control through unanimous consent have the power to direct relevant decisions and govern exposure to future variable returns, that qualify as joint operations are recognized by the proportional method directly in the separate financial statements of the entities that are parties to the agreements. In addition to recognizing the attributable share of assets and liabilities, expenses and revenues, the corresponding obligations must also be evaluated. Similarly, when a company participates in a joint operation through contractual agreements, even without sharing joint control, it recognizes in the separate financial statements its stake of assets, liabilities, costs and revenues as well as the obligations of which it is entitled under contract.

Other interests in joint ventures and affiliated companies over which a significant influence can be exercised, but which do not qualify as joint operations, are valued by the equity method.

Subsidiaries that are in liquidation or are parties to composition with creditors proceedings are not consolidated and are carried at their estimated realizable value; their impact on the Group's total assets and liabilities and net financial debt is not significant.

Significant assumptions in determining control in accordance with IFRS 12

IFRS 10 provides the definition of control: an entity controls an investee when it is exposed, or has rights, to its returns from its involvement in the management and has the ability to affect those returns through its power over the investee.

With reference to this principle, as previously described, Edison fully consolidates 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.

Consolidation of foreign companies and criteria used to translate items denominated in foreign currencies

Assets and liabilities of foreign companies that are denominated in currencies other than the euro are translated at the exchange rates in force at the end of the reporting period. Income and expenses are translated at the average rates for the year. Any resulting gains or losses are recognized in equity, more specifically in the "Reserve for other components of comprehensive income", until the corresponding equity investment is sold.
Upon first-time adoption of the IFRS principles, cumulative translation differences generated by the consolidation of foreign companies were written off and, consequently, the reserve recognized in the consolidated financial statements reflects only cumulative translation differences that arose after January 1, 2004.
Transactions in foreign currencies are recognized at the exchange rate in force on the transaction date. Monetary assets and liabilities are translated at the exchange rates in force at the end of the reporting period. Any resulting foreign exchange translation differences and those realized when the positions are closed are recognized as financial income or expense.

10.3 Valuation criteria

10.3.1 Use of estimated values

The preparation of the consolidated financial statements and the accompanying notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and the valuation of contingent liabilities. The actual results that will arise upon the occurrence of the relevant events could differ from those 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.
The use of estimates is particularly significant for the following topics:

- the evaluation that property, plant and equipment and intangible assets, including goodwill, are recognized in the financial statements for a value no higher than their recoverable amount ("impairment testing"). First and foremost, the impairment testing process calls for testing the sustainability of the value of the individual assets broken down into Cash Generating Units (CGUs) and, subsequently, a test on goodwill with reference to the aggregates of the CGUs to which it was allocated ("Electric Power Operations" and "Gas Operations"). Finally, due to the presence of general expenses that aren't allocated and couldn't be objectively related to the abovementioned CGUs, the test is performed on the Group as a whole (so-called "second level" impairment test).
  The CGUs, which have been identified in a way that is consistent with the Group's organizational and business structure, are assets that generate cash inflows independently, through their continued use and have a two-fold dimension related, on one hand, to the source of production and relative technology and, on the other, the current outlet market, further distinguished, where appropriate, by the reference country.
  At each reporting date, Edison verifies whether there is any indication that an asset may have suffered a loss in value (impairment indicator), with the exception of goodwill, which is annually subjected to mandatory impairment testing.
  IAS 36 defines the recoverable amount as the higher of the fair value of an asset or cash generating unit, less costs to sell, and its value in use. Thus, the recoverability of the value of fixed assets is verified by comparing the carrying amount recorded in financial statements with the related recoverable value, after deducting from both the values of any risk provision recognized for costs to decommission and remediate sites.
  The recoverable amount is calculated as the value in use through the discounting of cash flows expected from the use of the asset or a CGU as well as the amount expected from its disposal at the end of its useful life. This process entails the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discounting rates.
  Future cash flows are based on the most recent economic-financial plans developed by the management with reference to the functioning of productive assets (production, operating and capital expenses, useful life of the assets), the market environment (sales, prices of reference commodities, margins) and the evolution of the regulatory and legislative framework. In particular, in developing future cash flows, reference was made to:
  - the 2024 budget approved by the Board of Directors on December 7, 2023;

- the 2025-2027 Medium-Term Plan approved by the same Board;
- the long-term plan drawn up by senior management.

When the valuation entails estimate beyond the forecast period included in the economic-financial plans developed every year by the management, projections based on conservative growth assumptions are used.
The valuation of assets entailed an estimation of cash flows until the end of the useful life of the fixed assets including, if present, a residual value when activities are completed.
Specifically, to determine the recoverable amount of goodwill, a terminal value was calculated that is consistent with the long-term plan based on business continuity assumptions. In detail were valued: the investment costs necessary for the renewal of the expiring hydroelectric concessions, the repowering of thermoelectric assets, the useful life's extension of renewable power plants and the investments necessary for the sustainability of a normalized cash flow over long term for other business (in particular for long-term supply contracts and retail, B2B and Public Administration contracts).
These assumptions and the corresponding financials were deemed to be suitable for impairment test purposes by the Board of Directors of February 12, 2024, which approved the results.

With reference to the businesses in which the Group operates, the factors with the greatest importance in estimating future cash flows are:

- for activities related to Electric Power Operations: the PUN and Spark Spread scenarios, developments in Italian sector regulation in terms of rules and incentives for producers (e.g. capacity market), and the trend in domestic demand;
- for the Gas Operations CGUs: the price of oil commodities, natural gas and EUR/USD exchange rate scenarios, churn rates for retail markets;
- for the goodwill, the growth rate used to assess the terminal value.

The discount rates are calculated through the determination of the weighted average cost of capital (WACC), considering the specific risks of the activities (so-called *beta* coefficient) and countries in which the Group operates and are based on data observable in the financial markets.
The Company relies on an independent expert to determine the recoverable amount and, through statistical simulation techniques (Montecarlo method), weights the cash flows linked to variables with the greatest risk of volatility (capacity market remuneration tariffs, customer list's churn rates, parameters of discount rates and growth rates, the level of non-discretional investments to maintain normal business operating conditions).
For the results of the test conducted in 2023, please refer to the paragraph 5.1 - section 5.1.4 Impairment test in accordance with IAS 36.

- the valuation of certain provisions for risks and charges, such as:
  - **provisions for decommissioning and remediation of industrial sites**. The assessment of the future liabilities arising from the obligation of decommissioning and remediation of industrial sites is a complex process based on technical and financial estimates performed by the Management and supported, when necessary, by independent experts' appraisals. These liabilities reflect the estimated costs of dismantling, removal and restoration that the Group will incur at the end of the production and functioning of an industrial site to restore the environmental conditions according to the standards required by national legislation and/or specific contractual clauses.
    The initial evaluation of the remediation costs, deducted the estimated revenues arising from the sale of any recoverable part, is assessed considering the forecasted inflation at the time of the decommissioning and calculating the present value at a free-risk rate. The evaluation is made on prudential assumptions considering the market conditions and the legal and technological framework at the time of the assessment. The initial amount is then recorded with the carrying amount of the industrial asset to be remediate and it is subject to depreciation; as counter-item is booked a provision for decommissioning for the same amount. Considering the time component of the provision, the amount is yearly updated by its financial component and the charge is booked at income statement in financial expenses.
    At the end of any reporting period, the evaluations are updated with the aim to guarantee that the amounts recognized are the best estimate of the potential future cost and, in case of material adjustment, the

amounts are revised. The main drivers potentially determining a revision are: a change in the useful life of the production site, market scenarios, technological progress, changes in the environmental rules, fluctuations of discount and inflation rates.

  - **provisions for legal and tax disputes**, among which the types requiring a greater use of Management assumptions and estimates are **the provisions related to legal proceedings substantially for environmental damage** (Non-Energy Activities), related to legal and arbitral disputes ranging in different types and involving the Group as a party via Edison Spa as universal successor of Montedison Spa, merged in it. In detail, the provisions recognized in relation to disputes arising from events over the time, related to the management of chemical production plants already held by Montedison Group – that were object, from 1990s to 2010, of a wide-range divestment policy in accordance with the Edison Group choice to convert its activity to the energy sector - 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 concerns also the quantification and updating of the other provisions for risk related to legal and arbitral disputes. Income Statement and Balance Sheet impacts of the abovementioned disputes are outside the current Group's business and consequently they are isolated starting from 2018 Consolidated Financial Statements as Non-Energy Activities and their disclosure is included in chapter 8. Non-Energy Activities.

- measurement of certain sales revenues, specifically sales revenues of electric power and natural gas to end customers. These revenues are booked considering the invoiced sales based on the regular reading of the consumptions attributable to the year and an estimation of the supplied commodity not yet invoiced at the end of the reporting period. The estimation is calculated with specific algorithms taking into account the nature of the commodity and the typology of customer supplied and considering:
  1) volumes distributed (on the basis of information provided by third parties in charge of transportation and distribution);
  2) end consumers historical consumption profiles;
  3) network losses and adjustments depending on atmospheric conditions or other drivers which may affect the consumption profiles.

  Concerning the first point, the existing regulatory framework encompass the possibility to volumes adjustments up to five years after the consumption period and this is the main source of uncertainty in the natural gas sale estimation. The second point, on the other hand, is the main driver in the electricity consumption estimate notably for residential customers.

  At the end of any reporting period, the revenues from natural gas and electricity sales to residential and end customers include an estimation on the consumption of the last two months.

10.3.2 Other valuation criteria

10.3.2.1 Net working capital

Inventories

Inventories attributable to the so-called Industrial Activities are valued at the lower between the purchase or production cost, including incidental expenses, determined applying the FIFO method, and the estimated realizable value.

Trade receivables, Other assets, Trade payables, Other liabilities

They are defined financial instruments. Their initial amount is recognized at fair value; concerning trade receivables which don't include a material financial component, the value of initial recognition is the price of the transaction. The assessment of recoverability of receivables is performed using the Expected Credit Losses model disciplined by IFRS 9.

About the conditions for derecognizing of receivables and payables from the balance sheet, please refer to the comments concerning financial assets and liabilities in the section 10.3.2.6 below.

Revenues from contracts with customers are booked pursuing IFRS 15. We remind that, at the moment of first-adoption of this standard, the application of two rules – "principal versus agent" and "combination of contracts" – determined a reduction of the same amount of 'Sales Revenues' and 'Commodity and logistic costs' with no impact on the EBITDA.
Sales revenues include, among other things, the capacity market.
The full amount of operating grants is recognized in the income statement when the conditions for recognition can be met. Items that qualify as operating grants include the incentives provided for the production of electric power with facilities that use renewable sources which are measured at fair value in accordance with IAS 20.
Costs are recognized when they relate to goods and/or services that have been consumed during the year.

Valuation of medium/long-term contracts for the importation of natural gas (so-called take-or-pay)
Under the terms of medium/long-term contracts for the importation of natural gas, the Group is required to take delivery of a minimum annual quantity of natural gas. If delivery of the minimum annual quantity is not achieved, the Group is required to pay the consideration attributable to the undelivered quantity. This payment can be treated either as an advance on future deliveries or as a penalty for the failure to take delivery. The first situation (advance on future deliveries) occurs in the case of undelivered quantities at the end of the reporting period for which there is a reasonable certainty that, over the remaining term of the contract, the shortfall will be made up in future years by means of increased deliveries of natural gas, in excess of minimum annual contract quantities. The second situation (penalty for failure to take delivery) occurs in the case of undelivered quantities for which there is no expectation that the shortfall can be made up in the future. The portion of the payment that qualifies as an advance on future deliveries is initially recognized in "Other non-current assets" pursuant to IAS 38. The recognized amount is maintained after periodical ascertaining that: i) over the residual duration of the contract, the Group estimates that it will be able to recover the volumes below the contractual minimum (quantitative valuation); ii) it is believed that the contracts entail, over their entire residual lives, expected positive net cash flows based on approved Company plans (economic valuation). These recoverability assessments are also applied to quantities that, while scheduled for delivery, were still undelivered and unpaid at the end of the reporting period, the payment for which will occur in the following period. The corresponding amount is recognized as a commitment.
Advances are reclassified to inventory only when the company actually takes delivery of the gas or are recognized in the income statement as penalties when it is unable to take delivery of the gas. In the evaluation of the expected realizable value of the gas inventory may be taken into account, as a price adjustment, if applicable, any contractual renegotiations on a three-year basis of the price of delivered natural gas.

10.3.2.2 Derivatives

Financial derivatives, including embedded derivatives which are separated from the primary contract, are assets and liabilities measured at fair value.

In the context of the risk management strategy and purposes, the classification of derivatives as hedges requires: (i) to check the presence of an economic relationship between the derivative and the hedged item which could offset the related fluctuation in value without being affected by counterpart's credit risk; (ii) to define an hedge ratio coherent with the risk management objectives in the context of the risk management strategy defined by the Group, operating, where necessary, the appropriate rebalancing actions. The change of risk management objectives, the end of the conditions stated above for the classification of derivatives as hedges or the start of rebalancing operations will determine the prospective end, complete or partial, of the hedging relationship.

The Group applies extensively the hedge accounting, according to IFRS 9 criteria, specifically:

a) when derivatives hedge the risk of changes in the fair value of the hedged items (Fair Value Hedge), derivatives are measured at fair value with changes recognized directly in the income statement; accordingly, the hedged items are adjusted to reflect, in the income statement, changes in fair value associated with the hedged risk;
b) when derivatives hedge the risk of fluctuations in the cash flow of the hedged items (Cash Flow Hedge), any change in the fair value of the derivatives considered effective is in a first time recognized in equity reserve and in other components of comprehensive income and, later, transferred to the income statement in conjunction with the gains or losses generated by the hedged item.

It should be noted that the economic effect of the trades related to the purchase or sale of commodities made for the Group's needs for the ordinary course of business and for which it is expected the settlement through the physical delivery of the related goods, are recognized on an accrual basis (so-called own use exemption).

The fair value of financial instruments that are traded on an active market is based on their market price at the end of the reporting period (Level 1). The fair value of financial instruments that are not traded on an active market is determined using appropriate valuation techniques (Level 2: proprietary models with market inputs; Level 3: proprietary models).

10.3.2.3 Tangible, intangible assets and goodwill

Property, plants and equipment

In the financial statements, these assets are shown at purchase or production cost, or at their conveyance value, including any attributable incidental costs and direct costs deemed necessary to make them operable, net of any capital grants.
After the acquisition property, plants and equipment are booked using the cost model.
Costs incurred for maintenance performed at regular intervals, in particular in thermoelectric (so-called major maintenance and/or revamping) and wind power (so-called refitting) sectors, are added to the respective assets and are written off over the remaining useful lives of the assets.
The estimated realizable value that the Group expects to recover at the end of an asset's useful life is not depreciated. Property, plant and equipment are depreciated each year on a straight-line basis at rates based on technical and financial estimates of the assets' remaining useful lives.

The depreciation of the portion of assets that is transferable at no cost is taken on a straight-line basis over the remaining term of the respective contracts (taking into account any renewals/extensions) or their estimated useful lives, whichever is shorter.
Upon first-time adoption of the IFRS principles, the Group used fair value as deemed cost. As a result, accumulated depreciation and amortization and the provision for writedowns booked through January 1, 2004 were derecognized.
Beginning on January 1, 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset with a significant useful life are capitalized, when the investment amount exceeds a predetermined threshold. Until December 31, 2008, financial expense was not capitalized.

Leases assets (IFRS 16) – as lessee

The rules of IFRS 16 were applied adopting some simplifications (so-called practical expedients) allowed, for which the contracts lasting less than twelve months and some contracts of negligible value were excluded from the evaluation. Based on this standard, a lease is defined as a contract for which, in exchange for a consideration, the lessee is entitled to control the use of an identified asset, for a determined period of time. The application of the principle to the identified contracts has determined the recognition of an asset, which represent the right of use, plus, when applicable, any accessory costs required to make the asset ready for use. The right of use is subject to systematic amortization over the shortest of the technical-financial useful life of the asset and the residual term of the contract. The corresponding financial liability, recorded as financial debt, is equal to the present value of future minimum compulsory lease payments that the lessees will have to pay and will be reduced over time as the lease fees are paid.
In transition the exemption of booking deferred-taxes has been applied according to IAS 12 "Income tax".
It should also be noted that at the time of initial recognition of a contract, the right of use and the debt are measured by discounting future lease payments over the entire duration of the lease, also taking into account the hypothesis of contract renewal or early termination only in cases where the exercise of these options is reasonably certain. For discounting purposes, the explicit rate indicated in the contract is generally used, if available. In its absence, the rate on the lessee's marginal debt is used, determined (i) on the basis of current market rates, (ii) with a country risk premium, (iii) taking into account the duration of the contracts and the credit risk of the specific company (type of business and company turnover).

The following table shows the range of the depreciation rates relating to **Property, plant and equipment** class:

	Electric Power Operations		Gas Operations		Corporate	
	min.	max.	min.	max.	min.	max.
Buildings	2.0%	13.0%	13.0%	23.0%	3.0%	8.0%
Plant and machinery	3.0%	17.0%	8.0%	14.0%	6.0%	14.0%
Other assets	5.0%	25.0%	5.0%	12.0%	5.0%	20.0%

Intangible assets and Goodwill

Intangible assets are shown at purchase cost. After the acquisition they are booked using the cost model and are depreciated on a straight-line base on the base of the expected useful life. The intangible assets recorded have a finite useful life.

Goodwill is not amortized, but the recoverability of its carrying amount is tested at least once a year (impairment test); eventual writedowns cannot be reversed in subsequent periods.

The Group evaluate the recoverability of the incremental costs incurred to obtain new contracts on the basis of factors such as potential renewals or new types of contracts with the same customer, according to the provisions of IFRS 15. The following were capitalized under intangible assets: (i) incremental costs that can be attributed to a specific contract, which would not have been incurred if the contract had not been entered into, (ii) in the presence of a new contract entered into with the customer for a specific period, (iii) for which it is likely that the capitalized costs will be recovered through revenues generated by the sales contract and (iv) when it is possible to have an adequate process/system for tracking the incremental cost and the specific associated sales contract. The types of capitalized costs include sale fees recognized to agents when the new contract is activated, accessory sale costs such as the fees recognized on new purchase contracts, etc. The asset recognized is amortized on a straight-line basis on the basis of the useful life.

Environmental Securities

The Group secures a supply primarily of CO_2 emissions rights to meet its own requirements in the exercise of its industrial activities.

Specifically, “Intangible assets” can include emissions rights, which are recognized at the cost incurred to acquire them, provided that the rights carried by the Group at the end of the reporting period represent a surplus over its requirements of such instruments, based on the emissions released during the year. Emissions rights allocated free of charge and utilized for the compliance purpose are recognized at a zero carrying value. Since these assets are designed for instantaneous use, they are tested for impairment and cannot be amortized. Their recoverable value is their value in use or their market value, whichever is greater. On the other hand, if, at the end of the reporting period, the volume of the emissions actually generated is greater than the volume of allocated emissions and any purchased emissions, a special provision for risks is recognized to account for the difference. Any emissions rights that are surrendered each year, based on the volume of polluting emissions released into the atmosphere each year or the production generated, will be deleted (so-called compliance) using any reserves for risks set aside the previous year.

The costs attributable to the period are recorded as “Commodity and logistic costs” (this item includes, if any, those referred to facilities divested during the period attributable to the seller). During the year, the expected costs are calculated valuing at market prices the difference between the emissions of the period and the rights owned; in the case of which there are hedging derivatives related to the purchases of rights (typically futures with physical delivery), their fair value is recorded as an adjustment of the expected cost.

10.3.2.4 Other financial assets

Application of IFRIC 12 “Service Concession Arrangements” to public lighting contracts

In order to assess the applicability of IFRIC Interpretation 12 “Service Concession Arrangements” to the public lighting contracts of Citelum Italia (now Edison Next Government) which have been acquired in 2022, the Edison Group as concessionaire carried out a careful analysis of the existing contracts and, based on the results of this analysis, IFRIC 12 was found to be applicable. Pursuant to IFRIC 12, when the concessionaire (Edison) has an unconditional right to receive cash or another financial asset from the grantor as remuneration for construction services under concession without having

a demand risk, the financial asset model applies. In this context, the infrastructure built and operated under these contracts cannot be recorded in the operator's financial statements as property, plant and equipment, but is accounted for as operating financial receivable. Any investment grants received and obtained outright in accordance with IAS 20 are presented as a reduction of operating finance receivables recognized in accordance with IFRIC 12; in the financial asset model, investment grants are treated as a repayment of the principal portion of the operating financial receivable.
Specifically, during the construction phase, an operating financial receivable is recognized in the balance sheet and sales revenue is recognized in the income statement, in accordance with the percentage-of-completion method prescribed by IFRS 15 for construction activities. Operating financial receivables are initially measured at the lower of fair value and the sum of discounted future cash flows (using the contract implied interest rate) and, subsequently, recognized at amortized cost using the effective interest method, in accordance with IFRS 9; interest income capitalized from time to time is recognized in EBITDA. Operating financial receivables represent the right to receive contractual cash flows that have the characteristics of a loan.
Also recognized under sales revenue are additional contractual revenues from the sale of electricity and for other services rendered, in accordance with IFRS 15.

Leases (IFRS 16) – as lessor
When acting as a lessor, it is determined on the start date of each contract whether the lease is financial or operational.

Leases into which the Group transfers substantially all the risks and rewards associated with ownership of the underlying asset are classified as **Assets for financial leasing**; otherwise, they are classified as operating leases.

To carry out this assessment, the Group considers the indicators provided by IFRS 16. If the remuneration of the contract contains components related to the rental of the asset as well as the provision of services, the Group allocates the consideration of the contract by applying IFRS 15. The Group accounts for rental income from operating leases systematically over the term of the contract on an accrual basis.

10.3.2.5 Provision for risks and employee benefits

Employee Benefits
The Group provides short-term benefits to employees (e.g. leave, production bonus, flexible benefits related to welfare services and performances), whose costs are accrued in the period during which the employee works for the Group.
Concerning the liability for employee severance indemnities, it should be noted that, in accordance with Budget Law No. 296 of December 27, 2006, only the liability for vested employee severance benefits that remained at the Company was valued for IAS 19 purposes, since the portion applicable to future vesting benefits is being paid to separate entities (supplemental pension funds or INPS funds). Following the enforcement of this law and as a result of these payments, the company has no further obligations with regard to the work that employees will perform in the future. So, the Group considers the portion accrued before the abovementioned reform as a “defined-benefits plan”, while the portion accrued after the reform a “defined-contribution plan”.

Provisions for risks and charges
Provisions for risks and charges are recognized when there is an obligation at the date of financial statements and are evaluated at the best estimation of the charges required to fulfill the above stated obligations. The estimation is assessed at any financial statements date and, when necessary, a new quantification is reflected. For further information, please see the previous section 10.3.1 Use of estimated values.

10.3.2.6 Shareholders’ equity, Financial debt and cost of debt

Dividends are recognized when the shareholders are awarded the rights to collect them, which generally occurs in the year when the disbursing investee company holds a Shareholders’ Meeting that approves a distribution of earnings or reserves.

Financial assets are initially recognized at fair value; after the initial recognition, financial assets that generates contractual cash flows consisting only in capital repayment and interests are evaluated at amortized cost.

The recoverability assessment of financial assets not evaluated at fair value with effects on income statement is performed using the expected credit losses model envisaged by IFRS 9.

Financial liabilities, except for derivatives, are initially recognized at fair value of the consideration received, net of transaction costs directly attributable and, then, are evaluated at amortized cost.
Regarding financial debt for leasing (IFRS 16) please refer to the comments in the section 10.3.2.3. above.

Financial income and **expense** are recognized when accrued.

Derecognition of financial assets and liabilities

Financial assets are derecognized when they no longer convey the right to receive the related cash flows and substantially all of the risks and benefits conveyed by the ownership of the assets have been transferred (so-called derecognition) or when an asset is deemed to be totally non-recoverable after all necessary recovery procedures have been carried out.
Financial liabilities are derecognized when the corresponding contractual obligations are extinguished. Changes to existing contract terms can qualify as an extinguishing event if the new terms materially alter the original stipulations and, in any case, when the present value of the cash flows that will be generated under the revised agreements differs by more than 10% from the value of the discounted cash flows of the original liability.
Financial assets and liabilities are offset in the balance sheet when there is a legal right to offset, currently exercisable, and there is the intention to settle the obligation on a net basis (i.e. to recover the asset and settle the liability simultaneously).

10.3.2.7 Taxation

Current tax liabilities and assets are evaluated at the amount that is expected to be paid at Tax Authorities, calculated applying the tax rates in force or substantially in force at the date of financial statements.
Deferred-tax assets are recognized only when their future recovery is probable. The valuation of deferred-tax assets must be carried out taking into account the company's planning horizon, based on available approved company plans.
The deferred-tax liability on retained earnings of Group companies is recognized only if there is truly an intent to distribute those earnings and provided that the tax liability is not cancelled when a consolidated tax return is filed.
The tax treatments for which there is uncertainty about their application are evaluated separately or in conjunction with other situations of tax ruling uncertainty depending on the approach which better represents the resolution. The Group records the uncertain tax treatments on the basis of the probability that the Tax Authority will accept this treatment. The assessment of the uncertain tax treatment can be performed using one between the two methods that represent better the uncertain tax treatment: i) the most probable amount, ii) the expected value. Please refer also to what stated at the previous section 10.3.1 Use of estimated values.

11. Other information

11.1 Significant non-recurring events and transactions

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

11.2 Transactions resulting from atypical and/or unusual activities

The Edison Group declares that it did not execute atypical and/or unusual transactions in 2023 as defined in the CONSOB Communication No. DEM/6064293 of July 28, 2006.

11.3 Information pursuant to Article 1, Sections 125-129, Law No. 124 of 2017

Please note that the following table does not include cash inflows of 2023 deriving from green certificates, feed-in tariff, white certificates and "conto energia" incentives, as they represent a consideration for supplies and services provided.

(Values in euros, presented according to a "cash criterion")

Company	**Description of the contribution received** **(if higher than 10,000 euros each)**	**Lender of the contribution**	**Amount**
Edison Spa	Grant related to the operating program Connecting Europe Facility– Transport for the project HYMOT – Hydrogen Mobility on TEN-T Corridor	European Climate, Infrastructure and Environment Executive Agency (CINEA) ("EU executive agency" or "granting authority"), under powers delegated by the European Commission.	2,839,790
Edison Spa	Grant related to the operating program Horizon Europe for the project FLEX4H2 – Flexibility for Hydrogen	Clean Hydrogen Joint Undertaking ("EU Implementing Agency" or "Licensing Authority"), under powers delegated by the European Commission.	31,335

It should also be noted that, in 2023, the companies of the Group collected about 298 thousand of euros pursuant to resolution 540/2021/R/eel as lump-sum contribution for the upgrade of power plants described in the aforementioned resolution.

Significant events occurring after December 31, 2023

On January 10, 2024, **Edison Energia** participated in the Auctions for the supply of the Gradual Protection Service for non-vulnerable domestic customers who have not yet switched to the Deregulated Market; on February 6, 2024, Acquirente Unico announced the outcome of the Auctions and Edison Energia was awarded 4 lots (Southern Area 3, 5, 8 and 9), for a total of about 700,000 new customers. Edison consolidates its presence in the reference areas and confirms itself as a system operator by supporting its customers in this moment of transition to the deregulated market.

Milan, February 12, 2024

The Board of Directors

By Nicola Monti

Chief Executive Officer

Scope of Consolidation at December 31, 2023

List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2023	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									
Ambyenta Lazio Srl	Rivoli (TO) (IT)	EUR	10,000	70.00	70.00	70.00	Edison Next Environment Srl (single shareholder)	S	-
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)
Axpo Storage IT1 Srl (single shareholder)	Rome (IT)	EUR	10,000	100.00	-	100.00	Edison Spa	S	(1)
Biotech Srl	Naples (IT)	EUR	1,050,000	80.00	55.00	80.00	Edison Next Environment Srl (single shareholder)	S	-
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)
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	-
Cuorgnè Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	-	100.00	Edison Spa	S	(1)
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)	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)	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)	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.	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 Next 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	-
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 12.00	Edison Next Government Srl (single shareholder) Esigman Soluciones Sl	S	-

List of equity investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2023	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
Hinojo Certero Sl	Barcelona (E)	EUR	3,100	97.00	97.00	85.00 15.00	Edison Next Government Srl (single shareholder) Esigman Soluciones Sl	S	-
Idro Ressia Srl (single shareholder)	Milan (IT)	EUR	787,496	100.00	-	100.00	Cuorgnè Srl (single shareholder)	S	(1)
Idroblu Srl	Milan (IT)	EUR	100,000	39.26	39.26	51.00	Frendy Energy Spa	S	(4)
Idrocarrù Srl	Milan (IT)	EUR	20,410	39.26	39.26	51.00	Frendy Energy Spa	S	(4)
Idroelettrica Dogana Srl	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 14.00	Edison Next Government Srl (single shareholder) Esigman Soluciones Sl	S	-
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 13.00	Edison Next Government Srl (single shareholder) Esigman Soluciones Sl	S	-
MF Energy Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Nuove Iniziative Energetiche N.I.E. Srl (single shareholder)	Milan (IT)	EUR	2,040,000	100.00	-	100.00	Edison Spa	S	(1)
Prometheus Energia Srl (single shareholder)	Rivoli (TO) (IT)	EUR	100,000	100.00	-	100.00	Edison Next Spa (single shareholder)	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)
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)
Tes Development Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00	-	100.00	Edison Rinnovabili Spa	S	(1)
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 92.45	Attiva Spa (single shareholder) Edison Energia Spa (single shareholder)	S	-
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)
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	100,000	95.00	70.00	95.00	Edison Energia Spa (single shareholder)	S	(1)(8)
Sorrento Power and Gas Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	100.00	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 5,00	Edison Spa Edison Next Environment Srl (single shareholder)	S	-
Discontinued Operations									
Gas operations									
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	90,000,000	100.00	100.00	100.00	Edison Spa	S	(1)

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)	Interest held in share capital by	Carring value (in millions of euros) (d)	Type of investment relationship (c)	Notes
B) Investments in companies valued by the equity method									
Elpedison Bv (*)	Amsterdam (NL)	EUR	1,000,000		50.00	Edison International Shareholdings Spa (single shareholder)	131	JV	(5)
IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita - Poseidone (**)	Athens (GR)	EUR	149,850,000		50.00	Edison International Shareholdings Spa (single shareholder)	59	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	6	AC	-
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000		49.00	Edison Spa	25	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)	6	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)	22	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	-
Nyox Srl	Borgo Chiese (TN) (IT)	EUR	1,000,000		49.00	Edison Next Spa (single shareholder)	34	AC	-
Prometeo Spa	Ancona (IT)	EUR	2,826,285		20.91	Edison Energia Spa (single shareholder)	2	AC	(6)
Puglia Green Hydrogen Valley - Pghyv Srl (ex Alboran Hydrogen Brindisi Srl)	Bari (IT)	EUR	2,750,471		50.00	Edison Spa	1	JV	(5)
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							**291**		

Company name	Head office	Currency	Share capital	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
(*) 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-Poseidone	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)
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	-
Distretto Tecnologico Trentino Soc.cons. Resp Lim.	Rovereto - Fraz. Borgo Sacco (TN) (IT)	EUR	189,000		1.10	Edison Next Government Srl (single shareholder)	-	NG	-
Easyfeel Srl	Milan (IT)	EUR	15,143		5.98	Edison Spa	-	NG	-
Endeavour Srl	Portalbera (PV) (IT)	EUR	51,669		9.25	Edison Spa	-	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	-
Musa Scarl	Milan (IT)	EUR	100,000		7.00	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							**296**		

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

List of equity investments (continued)

Companies added to the scope of consolidation in the year ended 12.31.2023

Company name	Head office	Currency	Share capital at 12.31.2023	Consolidated Group interest
Acquired companies				
Axpo Storage IT1 Srl (single shareholder)	Rome (IT)	EUR	10,000	100.00
Cuorgnè Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00
Felix Dynamics Srl (single shareholder)	Aosta (IT)	EUR	20,000	100.00
Idro Ressia Srl (single shareholder)	Milan (IT)	EUR	787,496	100.00
Nuove Iniziative Energetiche N.I.E. Srl (single shareholder)	Milan (IT)	EUR	2,040,000	100.00
Prometheus Energia Srl (single shareholder)	Rivoli (TO) (IT)	EUR	100,000	100.00
Tes Development Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00
Established companies				
Deposito GNL Brindisi Srl - DGB Srl (single shareholder)	Milan (IT)	EUR	1,000,000	100.00

List of equity investments (continued)

Companies removed from the scope of consolidation in the year ended 12.31.2023

Company name	Head office	Currency	Share capital at 12.31.2022	Consolidated Group interest at 2023	Consolidated Group interest at 12.31.2022
Sold companies					
Termica Cologno Srl	Milan (IT)	EUR	1,000,000	65.00	65.00
Merged companies					
Aerochetto Srl (single shareholder)	Milan (IT)	EUR	2,000,000	51.00	51.00
Ambyenta Campania Spa (single shareholder)	Rivoli (TO) (IT)	EUR	195,397	100.00	100.00
Ambyenta Srl (single shareholder)	Rivoli (TO) (IT)	EUR	10,000	100.00	100.00
Bonorva Windenergy Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00	51.00
Cea Biogas Srl (single shareholder)	Caivano (NA) (IT)	EUR	1,000,000	100.00	100.00
Ecologica Marche Srl (single shareholder)	Monsano (AN) (IT)	EUR	20,000	100.00	100.00
Ms Energy Srl (single shareholder)	Milan (IT)	EUR	20,000	100.00	100.00
Liquidated companies					
Citelum Servicios Energeticos Sl	Madrid (E)	EUR	3,100	100.00	100.00
Salamandra Nitida Sl	Barcelona (E)	EUR	3,100	96.80	96.80
Triton Cristalino Sl	Barcelona (E)	EUR	3,100	98.00	98.00

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.

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

BGL Bulgarian lev
CHF Swiss franc
EUR Euro
L Italian lira
MAD Moroccan dirham
PLZ Polish zloty
USD U.S. dollar

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

1. We, the undersigned Nicola Monti, in my capacity as "Chief Executive Officer", Ronan Lory and Roberto Buccelli, in our capacity as "Dirigenti Preposti alla redazione dei documenti contabili societari" of Edison Spa, taking into account the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied to prepare the Consolidated Financial Statements at December 31, 2023:
    a) were adequate in light of the Company's characteristics; and
    b) were properly applied.

2. We further certify that:

2.1. the Consolidated Financial Statements:
   a) were prepared in accordance with applicable international accounting principles recognized by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 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 and of all of the companies included in the scope of consolidation;

2.2. the report on operations includes a reliable analysis of the developments and results from operations, as well as of the position of the issuer and all of the companies included in the scope of consolidation, together with a description of the main risks and contingencies to which they are exposed.

Milan, February 12, 2024

Chief Executive Officer

Nicola Monti

"Dirigenti Preposti alla redazione dei documenti contabili societari"

Ronan Lory

Roberto Buccelli

Report of the Independent Auditors

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(The accompanying consolidated financial statements of Edison S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Edison S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Edison Group (the "group"), which comprise the consolidated balance sheet at 31 December 2023, the consolidated income statement and other components of the comprehensive income statement, cash flows statement and changes in consolidated shareholders' equity for the year then ended and notes thereto, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Edison Group as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Edison S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill, intangible assets and property, plant and equipment

Key audit matter

The consolidated financial statements at 31 December 2023 include goodwill of €2,107 million, intangible assets of €387 million and property, plant and equipment of €3,811 million.

In line with its strategic and organisational policies, the group has allocated goodwill to two groups of cash-generating units ("CGUs"): the electricity power segment (€1,649 million) and the gas segment (€458 million).

Impairment testing entails firstly checking the carrying amount of the items of the assets allocated to the individual cash-generating units ("CGUs"), namely, the electricity power segment and the gas segment.

Lastly due to the presence of general expenses that aren't allocated and couldn't be objectively related to the above mentioned CGUs, as a second-level check, the group tests the carrying amount of the assets as a whole for impairment.

The Company relies on an independent expert to determine the recoverable amount and, through statistical simulation techniques (Montecarlo method), weights the cash flows linked to variables with the greatest risk of volatility (capacity market remuneration tariffs, customer list's churn rates, parameters of discount rates and growth rates, the level of non-discretional investments to maintain normal business operating conditions).

Impairment testing is complex and entails the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discounting rates.

To estimate the future cash flows the group made mainly reference to:

- the 2024 budget approved by the board of directors on 7 December 2023;
- the 2025-2027 medium-term plan approved by the board of directors on the same date;
- the long-term plan drawn up by management.

The most significant variables underlying the estimated cash flows are as follows:

- the national single price (PUN) and the related spark spread, developments in the Italian regulations governing and incentivising producers and national demand trends with respect to the electricity power segment;
- the price of oil commodities and natural gas, in the €/USD exchange rate and churn rates for retail markets, with respect to the gas segment;
- the growth rates to assess the terminal value with respect to the goodwill.

Audit procedures addressing the key audit matter

We checked how management calculated the CGUs' value in use by challenging the methods and assumptions used in impairment testing.

Our audit procedures, carried out partly by involving experts of the KPMG network, included the following:

- understanding the group's impairment testing procedure;
- analysing the reasonableness of the key assumptions used to estimate cash flows, including through sector data analyses;
- comparing actual figures to forecasts to assess any discrepancies and the reliability of the estimation process;
- challenging the reasonableness of the discount (WACC);
- checking the mathematical accuracy of the model used to calculate the CGUs' value in use;
- checking the calculation of the carrying amount of the CGUs included in the electricity power and gas segments and the assets as a whole and comparing it with the recoverable amount resulting from the impairment tests;
- challenging management's sensitivity analysis;
- checking whether how management carried out impairment tests complied with the IFRS;
- assessing the appropriateness of the disclosures provided in the notes about the impairment tests and their compliance with the requirements of IAS 36.

Considering the materiality of the carrying amount of assets and the subjectivity affecting the estimated cash flows and the most significant variables set out above, we believe that impairment testing is a key audit matter. Notes "10.3.1 Use of estimated values" and "5.1.4 Impairment test in accordance with IAS 36" to the consolidated financial statements present the disclosures about the impairment tests, including a sensitivity analysis of the key variables used for impairment testing.	

Recognition of revenue from sales carried out between the last metering date and the reporting date

Key audit matter	**Audit procedures addressing the key audit matter**
Revenue from sales of electric power and natural gas of €6,479 million and €6,687 million, respectively, include sales invoiced on the basis of actual metering and the estimated commodities sold but not yet invoiced at the reporting date. The related estimation methods differ depending on the type of commodity and end-user, based on the following variables: 1. volumes transported (according to communications from third parties: i.e., carriers and distributors); 2. the customer's historical data; 3. network losses and adjustments to reflect weather conditions or other factors that may affect estimated consumption. The first variable is subject to potential adjustments up to the fifth subsequent year under applicable laws. The estimate has a greater impact on revenue from the sale of natural gas. The second point, on the other hand, is the main driver in the electricity consumption estimate notably for residential customers. We believe that how the above revenue from sales is determined is a key audit matter, taking into account i) the discretionary component of any estimates; (ii) the materiality of the total amount; (iii) the large number of transactions involving users and (iv) the effort necessary to carry out the related audit procedures, which require the involvement of experienced personnel and specialists. Note "10.3.1 Use of estimated values" to the consolidated financial statements discloses the revenue recognition policies used by the group.	We carried out the following audit procedures on the estimated revenue from the sales carried out between the last metering date and the reporting date: • checking the algorithms and data used in the IT systems, including by involving our IT specialists; • understanding the revenue recognition process and the main controls implemented by the group, again by involving our IT specialists; • performing substantive procedures on the electricity and gas volumes considered in the estimation; • checking the accuracy of the selling prices used in the estimation; • comparing the estimates recognised in the consolidated financial statements with the subsequent actual figures; • assessing the appropriateness of the disclosures provided in the notes.

Provisions for non-energy activities

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2023 include provisions for non-energy activities of €761 million. The provisions relating to non-energy activities cover: i) disputes, litigation and contracts, ii) contractual guarantees on the sale of equity investments, iii) environmental risks. The different types of disputes include disputes of an environmental nature that entail a high level of complex estimates and uncertainties, as they are linked to different litigations and legal proceedings in which the group is involved via the parent as a result of the merger of Montedison S.p.A. into it. The group regularly remeasures these provisions and adjusts them in line with changes in the related legal and arbitration disputes. Considering the complexity of the pending proceedings, the uncertainty of the estimation process and the significant potential effects on the group's financial position, financial performance and cash flows, we believe that this is a key audit matter. Notes "8. Non-energy activities" and "10.3.1 Use of estimated values" to the consolidated financial statements present the disclosures about estimates of provisions.	Our audit procedures included: • understanding the controls implemented by the group over the process for the identification, initial recognition and monitoring of proceedings and investigations at the organisation's various levels; • understanding the controls implemented by the group over the process for the identification, initial recognition and updating of provisions; • assessing the appropriateness of management's estimation methods in relation to the requirements of the IFRS; • analysing the accounting policies and assumptions used by management to estimate provisions; • checking the accuracy and completeness of the data used for the estimates; • discussing the progress of the most significant disputes with the group's legal and tax departments; • sending requests for information to the legal and tax advisors assisting the group and checking the consistency of the information obtained with the risk assessment made by management and the legal and tax departments; • analysing supporting documentation, including minutes of the board of directors' meetings, agreements with counterparties and updates prepared by the group; • analysing the events after the reporting date up to the date of this report; • assessing the appropriateness of the disclosures provided in the notes.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate the related risk or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 28 April 2020, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (UE) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements as at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with the Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements as at 31 December 2023 have been prepared in the XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Edison S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 21 February 2024

KPMG S.p.A.

(signed on the original)

Jacopo Ralph Ronzoni
Director of Audit