2022
Financial Report

Consolidated Financial Statements

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for the convenience of readers outside Italy.
The original Italian document published under the Transparency
directive should be considered the authoritative version.


BROWN BOVERI & CIE
SUISSE

CONSOLIDATED FINANCIAL STATEMENTS

(Primary statements and Reclassified balance sheet) 5

Consolidated income statement and Other components of the comprehensive income statement **6**

Consolidated balance sheet **7**

Cash flow statement **8**

Changes in consolidated shareholders' equity **9**

Reclassified consolidated balance sheet **10**

Notes to the Consolidated Financial Statements **13**

1. Introduction **14**
- 1.1 Newly applied standards 14
- 1.2 Presentation formats adopted by the Group 14
- 1.3 Main changes in the scope of consolidation compared with December 31, 2021 15
- 1.4 Extraordinary 'extra-profits' contribution (effects D.L. 21/2022 "Cut Prices" and D.L. 50/2022 "Aiuti") and temporary solidarity contribution (effects Budget Law 2023) 17
- 1.5 Application of accounting standard IFRS 5 17

2. Performance **19**
- 2.1 Highlights 19
- 2.2 Segment information 20
- 2.3 EBITDA 22
- 2.4 From EBITDA to Profit (Loss) from continuing operations 26
- 2.5 Profit (Loss) from discontinued operations and Group interest in profit (loss) 27

3. Net working capital **28**
- 3.1 Credit risk management 28
- 3.2 Operating working capital 29
- 3.3 Other assets and liabilities 31

4. Market risk management **32**
- 4.1 Market risks and risk management 32
- 4.2 Hedge Accounting and Economic Hedge – Fair Value Hierarchy 34
- 4.3 Effects of derivatives transactions on income statement and balance sheet at December 31, 2022 36

5. Fixed assets, Financial assets and Provisions **41**
- 5.1 Tangible, intangible assets and goodwill 41
- 5.2 Equity investments and Other financial assets 47
- 5.3 Provisions for risks and employee benefits 48
- 5.4 Contingent assets and liabilities 49

6. Shareholders' equity, Financial debt and cost of debt **51**
- 6.1 Shareholders' equity 51
- 6.2 Management of financial resources 52
- 6.3 Total financial indebtedness and cost of debt 53
- 6.4 Financial risk management 56

7. Taxation **59**
- 7.1 Tax risk and tax management 59
- 7.2 Taxes 59
- 7.3 Tax assets and liabilities 61

8. Non-Energy Activities **64**

9. Other notes **70**
- 9.1 Information on business combinations 70
- 9.2 Information pursuant to IFRS 5 73
- 9.3 Other commitments 75
- 9.4 Intercompany and Related-party transactions 77

10. Criteria and methods **80**
- 10.1 Criteria and methods of consolidation 80
- 10.2 Valuation criteria 81

11. Other information **91**
- 11.1 Significant non-recurring events and transactions 91
- 11.2 Transactions resulting from atypical and/or unusual activities 91
- 11.3 Information pursuant to Article 1, Sections 125-129, Law No. 124 of 2017 91

Significant events occurring after December 31, 2022 **92**

Scope of consolidation **94**

Certification pursuant to Article 81-ter of CONSOB Regulation No. 11971 **100**

Report of the Independent Auditors **101**

Consolidated Financial Statements

(Primary statements and Reclassified balance sheet)

Consolidated income statement

(in millions of euros)	Chapter	2022		2021	
			of which related parties		of which related parties
Sales revenues		30,380	6,333	11,739	1,703
Other revenues and income		156	21	200	15
Total net revenues		**30,536**	**6,354**	**11,939**	**1,718**
Commodity and logistic costs (-)		(28,100)	(2,978)	(9,835)	(981)
Other costs and services used (-)		(819)	(40)	(611)	(36)
Labor costs (-)		(368)		(335)	
Receivables (writedowns)/reversals	3	(32)		(42)	
Other costs (-)		(105)		(127)	
EBITDA	2	**1,112**		**989**	
Net change in fair value of derivatives (commodity and exchange rate risk)	4	7	(132)	(10)	(275)
Depreciation and amortization (-)	5	(400)		(356)	
(Writedowns) and reversals	5	(56)		(2)	
Other income (expense) non-Energy Activities	8	(68)		(155)	
EBIT		**595**		**466**	
Net financial income (expense) on debt	6	(9)	(3)	(8)	(1)
Other net financial income (expense)	2	26	72	14	25
Net financial income (expense) on assigned trade receivables without recourse	3	(28)		(10)	
Income from (Expense on) equity investments	5	44	44	26	26
Profit (Loss) before taxes		**628**		**488**	
Income taxes	7	(452)		(57)	
Profit (Loss) from continuing operations		**176**		**431**	
Profit (Loss) from discontinued operations	2;9	6		(1)	
Profit (Loss)		**182**		**430**	
Broken down as follows:					
Minority interest in profit (loss)		31		17	
Group interest in profit (loss)		**151**		**413**	

Other components of the comprehensive income statement

(in millions of euros)	Chapter	2022	2021
Profit (Loss)		**182**	**430**
Other components of comprehensive income:			
A) Change in the Cash Flow Hedge reserve	6	**(155)**	**(213)**
- Gains (Losses) arising during the year		(216)	(297)
- Income taxes		61	84
B) Differences on the translation of assets in foreign currencies		**12**	**8**
- Gains (Losses) arising during the year not realized		-	4
- Losses (Gains) reversal to income statement		12	4
- Income taxes		-	-
C) Pro rata interest in other components of comprehensive income of investee companies		**-**	**-**
D) Actuarial gains (losses) (*)		**5**	**(1)**
- Actuarial gains (losses)		5	(1)
- Income taxes		-	-
Total other components of comprehensive income net of taxes (A+B+C+D)		**(138)**	**(206)**
Total comprehensive profit (loss)		**44**	**224**
Broken down as follows:			
Minority interest in comprehensive profit (loss)		31	17
Group interest in comprehensive profit (loss)		**13**	**207**

(*) Items not reclassifiable in income statement.

Consolidated balance sheet

(in millions of euros)	Chapter	12.31.2022	of which related parties	12.31.2021	of which related parties
ASSETS					
Property, plant and equipment	5	3,967		3,744	
Intangible assets	5	340		339	
Goodwill	5	2,228		2,184	
Investments in companies valued by the equity method	5	216	216	160	160
Other non-current financial assets	5	86	15	33	12
Deferred-tax assets	7	427		329	
Non-current tax receivables	7	2		2	
Other non-current assets	3	162		71	
Fair Value	4	468	244	863	191
Assets for financial leasing	5	8		2	
Total non-current assets		**7,904**		**7,727**	
Inventories	3	387		176	
Trade receivables	3	4,281	926	3,542	285
Current tax receivables	7	63	48	6	4
Other current assets	3	372	59	432	35
Fair Value	4	3,706	1,528	3,843	1,099
Current financial assets	5;6	17		3	
Cash and cash equivalents	6	456	421	910	850
Total current assets		**9,282**		**8,912**	
Assets held for sale	9	**150**		**69**	
Total assets		**17,336**		**16,708**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		4,736		4,736	
Reserves and retained earnings (loss carryforward)		1,105		980	
Reserve for other components of comprehensive income		(333)		(195)	
Group interest in profit (loss)		151		413	
Total shareholders' equity attributable to Parent Company shareholders	6	**5,659**		**5,934**	
Shareholders' equity attributable to minority shareholders	6	389		419	
Total shareholders' equity		**6,048**		**6,353**	
Employee benefits	5	34		37	
Provisions for decommissioning and remediation of industrial sites	5	192		188	
Provisions for risks and charges	5	195		239	
Provisions for risks and charges for non-Energy Activities	8	300		396	
Deferred-tax liabilities	7	76		44	
Non-current tax payables	7	-		17	
Other non-current liabilities	3;6	37		15	
Fair Value	4	1,153	721	891	314
Non-current financial debt	6	709		614	
Total non-current liabilities		**2,696**		**2,441**	
Trade payables	3	3,778	452	2,872	133
Current tax payables	7	392	110	136	61
Other current liabilities	3	680	118	402	19
Fair Value	4	3,506	1,385	4,092	1,500
Current financial debt	6	200	19	382	20
Total current liabilities		**8,556**		**7,884**	
Liabilities held for sale	9	**36**		**30**	
Total liabilities and shareholders' equity		**17,336**		**16,708**	

Cash flow statement

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

(in millions of euros)		Chapter	2022		2021	
				of which related parties		of which related parties
	Profit (Loss) before taxes		**628**		**488**	
	Depreciation, amortization and writedowns	5	456		358	
	Net additions to provisions for risks		(19)		99	
	Interest in the result of companies valued by the equity method (-)	5	(44)	(44)	(26)	(26)
	Dividends received from companies valued by the equity method	5	10	10	11	11
	(Gains) Losses on the sale of non-current assets		5		(17)	
	Change in employee benefits		(3)		(2)	
	Change in fair value recorded in EBIT	4	(7)		10	
	Change in operating working capital		(79)	(322)	(920)	(105)
	Change in non-operating working capital		70	75	179	4
	Change in other operating assets and liabilities		(1)		(20)	
	Net financial (income) expense		11	(69)	4	(24)
	Net financial income (expense) paid		(5)	69	(9)	24
	Net income taxes paid		(279)	(130)	(65)	(41)
	Operating cash flow from discontinued operations		-		-	
A.	**Operating cash flow**		**743**		**90**	
	Additions to intangibles and property, plant and equipment (-)	5	(560)		(592)	
	Additions to non-current financial assets (-)	5	(7)	-	(286)	(10)
	Net price paid on business combinations	1	(206)	(60)	(53)	(28)
	Proceeds from the sale of intangibles and property, plant and equipment		14		434	
	Proceeds from the sale of non-current financial assets		54		868	
	Cash used in investing activities from discontinued operations		-		-	
B.	**Cash used in investing activities**		**(705)**		**371**	
	Receipt of new medium-term and long-term loans		125		100	
	Redemption of medium-term and long-term loans (-)		(45)		(156)	
	Other net change in financial debt		(223)	(1)	135	(8)
	Change in current financial assets		1	-	57	56
	Net liabilities resulting from financing activities (*)	6	(142)		136	
	Capital and reserves contributions (+)		-		-	
	Dividends and reserves paid to controlling companies or minority shareholders (-)	6	(350)		-	
	Cash used in financing activities from discontinued operations		-		-	
C.	**Cash used in financing activities**		**(492)**		**136**	
D.	**Net currency translation differences**		**-**		**-**	
E.	**Net cash flow for the year (A+B+C+D)**		**(454)**		**597**	
F.	**Cash and cash equivalents at the beginning of the year**		**910**	**850**	**313**	**213**
G.	**Cash and cash equivalents at the end of the year (E+F)**		**456**	**421**	**910**	**850**
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**	**421**	**910**	**850**

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

Changes in consolidated shareholders' equity

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income: Cash Flow Hedge reserve	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses)	Group interest in profit (loss)	**Total shareholders' equity attributable to Parent Company shareholders**	Shareholders' equity attributable to minority shareholders	**Total shareholders' equity**
Balance at December 31, 2020	**5,377**	**(58)**	**30**	**(14)**	**-**	**(5)**	**19**	**5,349**	**131**	**5,480**
Appropriation of the previous year's profit (loss)	-	19	-	-	-	-	(19)	-	-	-
Dividends and reserves distributed	-	-	-	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	365	-	-	-	-	-	365	272	637
Reduction of the share capital to cover loss carry-forward (*)	(641)	641	-	-	-	-	-	-	-	-
Other changes	-	13	-	-	-	-	-	13	(1)	12
Total comprehensive profit (loss)	**-**	**-**	**(213)**	**8**	**-**	**(1)**	**413**	**207**	**17**	**224**
of which:										
- Change in comprehensive income	-	-	(213)	8	-	(1)	-	(206)	-	(206)
- Profit (loss) for 2021	-	-	-	-	-	-	413	413	17	430
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**

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

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.

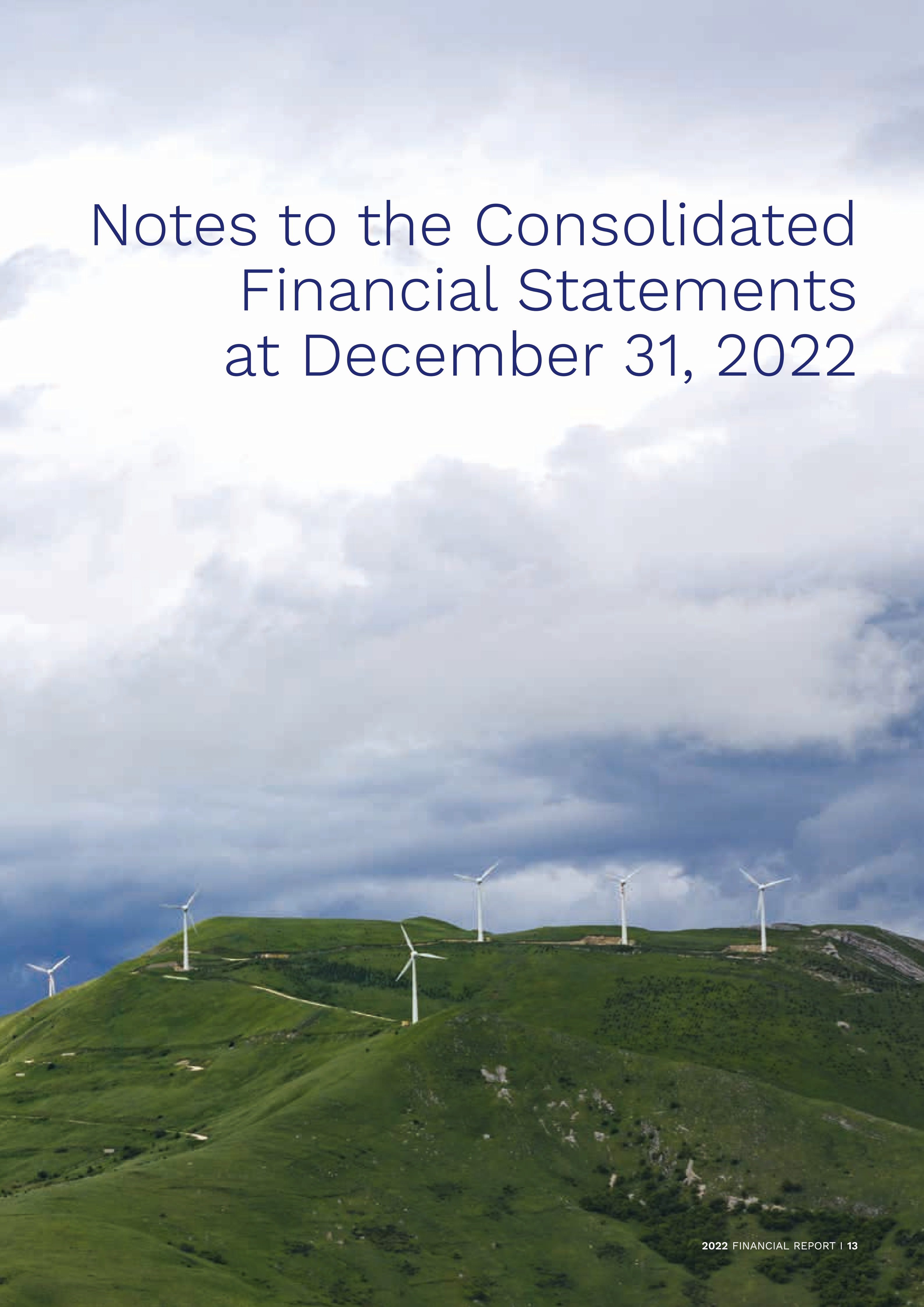
(in millions of euros)	Chapter	12.31.2022	12.31.2021
Net Working Capital	3	**734**	**947**
Trade receivables		4,281	3,542
Inventories		387	176
Trade payables		(3,778)	(2,872)
Other assets (liabilities) (*)		(156)	101
Fair Value commodity	4	**(486)**	**(271)**
Fixed assets, Financial assets and Provisions	5	**6,439**	**5,998**
Property, plant and equipment, intangible assets and goodwill		6,535	6,267
Investments in companies valued by the equity method		216	160
Other non-current financial assets		86	33
Assets for financial leasing		8	2
Current financial assets		15	-
Employee benefits		(34)	(37)
Provisions for decommissioning and remediation of industrial sites		(192)	(188)
Provisions for risks and charges		(195)	(239)
Tax assets (liabilities)	7	**24**	**140**
Current and non-current tax receivables (payables)		(327)	(145)
Deferred-tax assets (Deferred-tax liabilities)		351	285
NET INVESTED CAPITAL (°)		**6,711**	**6,814**
Provisions for risks and charges for non-Energy Activities	8	**(300)**	**(396)**
Net assets (liabilities) held for sale (excluding financial items)	9	**114**	**39**
TOTAL NET INVESTED CAPITAL		**6,525**	**6,457**
SHAREHOLDERS' EQUITY	6	**6,048**	**6,353**
Shareholders' equity attributable to Parent Company shareholders		5,659	5,934
Shareholders' equity attributable to minority shareholders		389	419
TOTAL FINANCIAL INDEBTEDNESS (**)	6	**477**	**104**
Current financial assets (-)		(2)	(3)
Cash and cash equivalents (-)		(456)	(910)
Financial debts (current and non current) (+)		909	996
Fair Value (current and non current) (+/-)		(1)	6
Other non-current liabilities (+)		27	15
Net financial debt Assets held for sale (+/-)		-	-

	12.31.2022	12.31.2021
(°) NET INVESTED CAPITAL - by business segment	**6,711**	**6,814**
Electric Power Operations	5,611	4,971
Gas Operations (***)	998	1,421
Corporate/Eliminations	102	422

(*) The item does not include Other non-current liabilities for 27 million euros (15 million euros at December 31, 2021) which are part of Total financial indebtedness.
(**) The item incorporates the ESMA Guidelines on financial debt and therefore includes Other non-current liabilities.
(***) At December 31, 2022 does not include the assets and liabilities held for sale of Edison Reggane, reclassified pursuant to IFRS 5 among Assets and Liabilities held for sale as Disposal Group.


METANO
EDISON

Notes to the Consolidated Financial Statements at December 31, 2022



1. Introduction

The Consolidated Financial Statements of the Edison Group at December 31, 2022 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 15, 2023, 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 2021 Consolidated Financial Statements.

During the year, certain amendments to IFRSs came into force, applicable for financial years beginning on or after January 1, 2022, which did not have a significant effect:
- amendments to IFRS 3, aimed at completing the update of the references to the Conceptual Framework for Financial Reporting in the accounting standard, providing clarifications on the prerequisites for the recognition at the acquisition date of provisions, contingent liabilities and/or liabilities for taxes assumed as part of a business combination, as well as clarifying when contingent assets cannot be recognized as part of a business combination;
- amendments to IAS 16 in order to clarify that revenues from the sale of goods produced by a plant before it has entered into commercial operation are to be recognized in the income statement together with the related production costs;
- amendments to IAS 37 in order to clarify how the onerousness of a contract is to be determined.

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

It should be noted that, in 2023, IFRS 17 "Insurance Contracts" will come into force, which replaces IFRS 4 "Insurance Contracts" and defines how to account for insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17 are effective for financial years beginning on or after January 1, 2023 and are not expected to have any impact on the Edison Group.

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.

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 to December 31, 2021

The main changes in the year involved:
- the acquisition, executed on January 20, 2022 by Edison Spa, of 100% of the company **Energia Italia**, operating in the mini-hydro sector, which at the closing date owned 50% of Idroelettrica Dogana and 50% of Idroelettrica Restituzione. Later, on May 26, 2022, Energia Italia acquired a further stake of 20% of the company **Idroelettrica Dogana** which therefore is now owned at 70% and consolidated line-by-line, whereas the company **Idroelettrica Restituzione** continues to be evaluated by equity method; the considerations paid for such acquisitions amount to about 23 million euros;
- the acquisition, on April 7, 2022 by Edison Next Spain, of 55% of **Sistrol**, a digital company operating in Spain in the energy services for the tertiary sector and consolidated line-by-line, for a consideration of about 7 million euros;
- the acquisition, executed on May 4, 2022 by Edison Energia, of 70% of **Gaxa**, a company operating in the retail gas market in Sardinia, through the supply of natural gas, LPG and propane-air for civil uses and consolidated line-by-line, for a consideration of 5 million euros, in addition to earn-out subject to the occurring of some conditions precedent;
- the acquisition, on May 10, 2022 by Fenice Qualità per l'Ambiente (now Edison Next), of 100% of **Citelum Italia (now Edison Next Government)**, a company operating in the segment of lighting services for the Public Administration and already owned by EDF Group, for a consideration of about 81 million euros; the transaction is treated as Business Combination between companies under common control and therefore excluded from the scope of IFRS 3 revised;
- the acquisition, on July 19, 2022 by Edison Next Environment, of 55% of **Biotech**, a company operating in the energy and environmental services sector, for a consideration of about 4 million euros;
- the acquisition, on July 28, 2022 by Edison Rinnovabili, of 100% of the company **Winbis**, which in its turn owns 100% of the company **Cerbis**, for a consideration of about 115 million euros; both the companies operate in the wind sector;
- the sale, on September 15, 2022, of the 100% shareholding in the company **Sunflower**, operating in the photovoltaic sector, with a proceed of about 15 million euros.

It should also be noted:

- the acquisitions, executed on February 18, April 26 and September 1, 2022 by Edison Rinnovabili, of 100% respectively of the companies **REN 153**, **REN 141** and **REN 147**, operating in the photovoltaic sector and which have been valued as Group of assets acquisition pursuant to IFRS 3 revised;
- the acquisition, on December 19, 2022, of the remaining 10% stake in **Aerochetto** by Edison Rinnovabili, which therefore now owns 100% of the company;
- the mergers of the companies **Edison Renewables** and **Vibinum** into **Edison Rinnovabili**;
- the mergers of the companies **Idroelettrica Cervino**, **Idroelettrica Brusson** and **Hydro Dynamics** into **Energie Rinnovabili Arpitane**;
- the merger of the company **Edison Facility Solutions** into **Edison Next Government**, with effect starting from December 31, 2022.

The following table shows a summary of the balance sheet impacts deriving from the valuation of the business combination's transactions at the date of acquisition. As previously commented, the acquisition of Citelum Italia (now Edison Next Government), already owned by EDF Group, is treated as a Business Combination between companies under common control and therefore, being excluded from the scope of IFRS 3 revised, is not subject to the Purchase Price Allocation process.

ACQUIRED ASSETS AND LIABILITIES (in millions of euros)	Energia Italia	Sistrol	Gaxa	Citelum Italia (now Edison Next Government)	Biotech	Winbis	**Total business combinations**
Goodwill	-	-	-	4	-	-	4
Other non-current assets	26	5	5	68	1	80	185
Total current assets	5	5	24	121	-	29	184
Total assets	**31**	**10**	**29**	**193**	**1**	**109**	**373**
Shareholders' equity attributable to Parent Company shareholders	-	-	-	(1)	-	-	(1)
Shareholders' equity attributable to minority shareholders	3	-	-	-	-	-	3
Total non-current liabilities	4	6	3	27	2	12	54
Total current liabilities	1	2	29	86	-	6	124
Total liabilities and shareholders' equity	**8**	**8**	**32**	**112**	**2**	**18**	**180**
Net acquired assets	**23**	**2**	**(3)**	**81**	**(1)**	**91**	**193**
% attributable to Edison (*)	100%	100%	100%	100%	80%	100%	
Net assets attributable to Edison	**23**	**2**	**(3)**	**81**	**(1)**	**91**	**193**
Goodwill	-	5	8	-	5	24	42
Price of acquisition	**23**	**7**	**5**	**81**	**4**	**115**	**235**
Cash and cash equivalents acquired	(4)	(1)	-	(21)	-	(20)	(46)
Financial debt reimbursed	-	-	17	-	-	-	17
Net price paid on business combination	**19**	**6**	**22**	**60**	**4**	**95**	**206**

(*) With reference to companies Sistrol, Gaxa and Biotech it includes the valuation of the options to purchase minority interests; for further information please see paragraph 9.1 Information on business combinations.

It should be noted that 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 Extraordinary 'extra-profits' contribution (effects D.L. 21/2022 "Cut Prices" and D.L. 50/2022 "Aiuti") and temporary solidarity contribution (effects Budget Law 2023)

Article 37 of Decree-Law No. 21/2022, amended and supplemented by article 55 of Decree-Law 50/2022, provides for the introduction of an extraordinary contribution to be paid by entities that produce and sell electricity and gas in Italy for subsequent sale of goods and by entities that import electricity and gas from other EU countries. The contribution measure was established at 25% with respect to a taxable base consisting of the increase in the balance between VAT receivable and payable transactions, during the period October 1, 2021 to April 30, 2022 compared to the period October 1, 2020 to April 30, 2021. The contribution was paid in advance for 40% by June 2022 (with additions in July 2022, following clarifications) and settled by November 2022 for a total disbursement of 72 million euros, also following the entry of a new company (Winbis Srl) into the consolidation perimeter, which is also subject to the extraordinary contribution. The changes to the regulation of the extraordinary contribution pursuant to article 37 introduced by the Budget Law 2023 resulted in the conditions for the applicability of the contribution no longer being met for certain Group companies, which therefore show a receivable corresponding to the amount paid in 2022, amounting to 10 million euros, recognized at December 31, 2022 under Current tax receivables.
This contribution resulted in a negative economic effect of 61 million euros, which was recorded under "Income taxes".

The Budget Law 2023, in article 1, paragraphs 115 to 119, introduces an additional "temporary solidarity contribution" to be borne by entities that carry out in the territory of the State, for the subsequent sale of goods, the activity of electricity production, methane gas production or natural gas extraction, entities that sell electricity, methane gas and natural gas, and entities that carry out the activity of production, distribution and trade of petroleum products. Entities that permanently import, or bring into the territory of the State from other EU countries, electricity, natural gas or methane gas or petroleum products are also liable for the contribution.
In any case, the contribution is only due if at least 75% of the 2022 revenues derives from the activities listed.
The amount of the contribution is set at 50% on the portion of total income, determined for corporate income tax purposes, relating to the financial year ending before January 1, 2023, that exceeds the average income of the previous four tax periods by at least 10%. The amount of the contribution, which has been estimated at 240 million euros and is recognized under "Income taxes", may not in any case exceed 25% of the equity for the year ending December 31, 2021 and must be paid by June 30, 2023 in a single installment.

1.5 Application of accounting standard IFRS 5

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

In May 2022 Edison signed an agreement to sell the 11.25% stake in the North Reggane licence in Algeria, held by its subsidiary **Edison Reggane** to Wintershall Dea Algeria Gmbh. The agreement is based on a value for Edison's participating interest in Reggane Nord of approximately 100 million dollars at January 1, 2022 (locked-box date). Subsequently, on June 29, 2022, following the exercise of the pre-emption right by the other partner in the concession, Repsol, on the basis of the related Joint Operating Agreement, Edison announced that it had signed an amendment to the agreement to provide for the sale of the shareholding, partly to Repsol (6.75%) and partly to Wintershall Dea (4.50%). All other contractual conditions remain unchanged.

At the date of preparation of these Consolidated Financial Statements, the finalization of the sale transaction is deemed highly probable, although it is still subject to some approvals. Consequently, the E&P assets located in Algeria were treated as disposal group pursuant to IFRS 5, as alone they do not represent a significant autonomous business unit for the Edison Group and as such it is not possible to classify them as discontinued operations; therefore:

- in the income statement and flows the representation of the contribution to Group values is included under continuing operations;
- the balance sheet balances at December 31, 2022 are instead exposed under Assets and Liabilities held for sale (the balance sheet balances at December 31, 2021 are those published in 2021 Consolidated Financial Statements and have not been restated).

It should be noted that some amounts, always pertaining to the E&P business sold, linked to the sale transactions concluded in the past years with Energean and Sval Energi, are recognized under Assets held for sale and Liabilities held for sale at December 31, 2022. 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

(*) Effect on indebtedness as described in paragraph 6.3 Total financial indebtedness and cost of debt. The value of 2021 does not include the effect of the relevant operations in the renewables sector (acquisition of 70% of E2i Energie Speciali – now Edison Rinnovabili - and sale of 49% Edison Renewables - now merged into Edison Rinnovabili) and the sale of non-core activities (sale of Edison Norge and Infrastrutture Distribuzione Gas (IDG)).

(**) **TFI** Total Financial Indebtedness.

HIGHLIGHTS 2022 (in millions of euros)	Electric Power Operations	Gas Operations (*)	Corporate	Eliminations	Edison Group
EBITDA	596	606	(90)	-	1,112
EBIT	248	583	(183)	(53)	595
Gross investments (**)	551	48	16	-	615

(*) Including E&P business activities in Algeria.
(**) 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; ii) downstream gas: sale to wholesalers and end consumers (industrial and residential); iii) upstream, which include residual assets for exploration, development and production of hydrocarbons in Algeria, in the process of being sold and reclassified under Assets and Liabilities held for sale at December 31, 2022.

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 2022					
Sales revenues	**9,933**	**23,347**	**77**	**(2,977)**	**30,380**
- Third parties	9,909	20,466	5	-	30,380
- Intra-Group	24	2,881	72	(2,977)	-
Commodity and logistic costs	(8,356)	(22,643)	-	2,899	(28,100)
Other costs and services used	(732)	(70)	(98)	81	(819)
Labor costs	(257)	(38)	(73)	-	(368)
Other revenues and income (costs) and receivables (writedowns)/reversals	8	10	4	(3)	19
EBITDA	**596**	**606**	**(90)**	**-**	**1,112**
Net change in fair value of derivatives	(8)	68	-	(53)	7
Depreciation and amortization	(312)	(63)	(25)	-	(400)
(Writedowns) and reversals	(28)	(28)	-	-	(56)
Other income (expense) non Energy activities	-	-	(68)	-	(68)
EBIT	**248**	**583**	**(183)**	**(53)**	**595**
BALANCE SHEET AT 12.31.2022					
Current and non-current assets	8,185	8,608	3,993	(3,600)	17,186
Assets held for sale	-	85	65	-	150
Total assets	**8,185**	**8,693**	**4,058**	**(3,600)**	**17,336**
Current and non-current liabilities	3,741	7,794	1,756	(2,039)	11,252
Liabilities held for sale	-	7	29	-	36
Total liabilities	**3,741**	**7,801**	**1,785**	**(2,039)**	**11,288**
Total shareholders' equity					**6,048**
Total financial indebtedness					**477**
OTHER INFORMATION AND RATIOS					
Number of employees	**4,636**	**477**	**705**	**-**	**5,818**
EBITDA/Sales revenues	6.0%	2.6%	n.m.	n.m.	3.7%
EBIT/Sales revenues	2.5%	2.5%	n.m.	n.m.	2.0%
TFI/EBITDA					0.4
INCOME STATEMENT 2021					
Sales revenues	**4,649**	**7,752**	**86**	**(748)**	**11,739**
- Third parties	4,634	7,097	8	-	11,739
- Intra-Group	15	655	78	(748)	-
Commodity and logistic costs	(3,261)	(7,235)	-	661	(9,835)
Other costs and services used	(519)	(85)	(98)	91	(611)
Labor costs	(222)	(40)	(73)	-	(335)
Other revenues and income (costs) and receivables (writedowns)/reversals	31	(28)	32	(4)	31
EBITDA	**678**	**364**	**(53)**	**-**	**989**
Net change in fair value of derivatives	(1)	(9)	-	-	(10)
Depreciation and amortization	(289)	(45)	(22)	-	(356)
(Writedowns) and reversals	(1)	(1)	-	-	(2)
Other income (expense) non Energy activities	-	-	(155)	-	(155)
EBIT	**387**	**309**	**(230)**	**-**	**466**
BALANCE SHEET AT 12.31.2021					
Current and non-current assets	6,759	8,802	3,762	(2,684)	16,639
Assets held for sale	-	11	58	-	69
Total assets	**6,759**	**8,813**	**3,820**	**(2,684)**	**16,708**
Current and non-current liabilities	2,530	7,582	1,527	(1,314)	10,325
Liabilities held for sale	-	1	29	-	30
Total liabilities	**2,530**	**7,583**	**1,556**	**(1,314)**	**10,355**
Total shareholders' equity					**6,353**
Total financial indebtedness					**104**
OTHER INFORMATION AND RATIOS					
Number of employees	**3,766**	**456**	**696**	**-**	**4,918**
EBITDA/Sales revenues	14.6%	4.7%	n.m.	n.m.	8.4%
EBIT/Sales revenues	8.3%	4.0%	n.m.	n.m.	4.0%
TFI/EBITDA					0.1

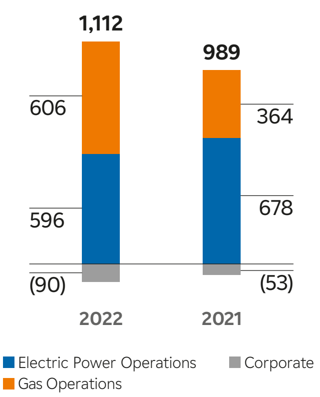
The Group does not view geographic area segment information as meaningful, since it is essentially concentrated in Italy.

Major customers as defined by IFRS 8

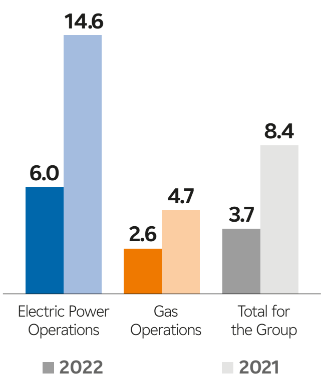
Sales revenues of the Group are usually not concentrated; there is only one major customer (related party) with total sales revenues amounting to about 6,254 million euros in the year, mainly referred to Electric Power Operations (corresponding to about 38.4% of sales revenues of the segment and about 21% of Group's sales revenues).

2.3 EBITDA

EBITDA BY BUSINESS SEGMENT (M€)



EBITDA/SALES REVENUES (%)



EBITDA (in millions of euros)	2022	2021	Change	Change %
Electric Power Operations	596	678	(82)	(12.1%)
Gas Operations	606	364	242	66.5%
Corporate	(90)	(53)	(37)	(69.8%)
Total for the Group	**1,112**	**989**	**123**	**12.4%**

Within a context of a sharp increase in energy commodity prices compared to 2021, Group EBITDA was positive for 1,112 million euros, a significant increase compared to the previous year (989 million euros).

Electric Power Operations reported in particular a sharp growth in the thermoelectric sector compared to the previous year, thanks to a positive generation and the contribution of the capacity market. The contribution of the generation from hydroelectric sources was instead negative, strongly penalized by low hydraulicity, as well as that of the wind sector, on which impacted lower incentives. The hydroelectric sector benefited of a positive one-off component linked to the so called 'Spalma-incentivi', whereas on all of three hydroelectric, wind and photovoltaic sectors weighed the negative effects of D.L. January 27, 2022, n.4 ("Sostegni-ter"), as well as the introduction in the 2023 Budget Law of a market revenue cap of 180 euros/MWh effective from December 2022, to be applied to electricity producers using RES not covered by the "Sostegni ter" Decree-Law. Also the commercial side recorded a sharp decline in results, in particular in the Retail segment, due to the price scenario and despite an increase in sales volumes.

Electric Power Operations also benefited from the contribution of the Energy & Environmental Services Market activities for 106 million euros (92 million euros in 2021); this increase is mainly due to the contribution of the company Edison Next Government, consolidated from May.

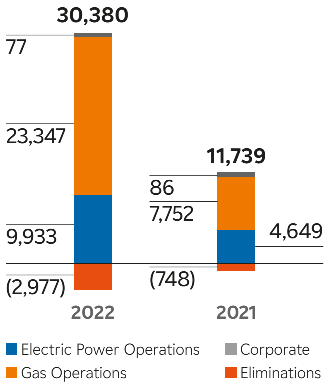
The EBITDA of Gas Operations increased significantly compared to 2021, benefiting inter alia from portfolio optimization actions and new import agreements. It should also be noted that 2021 benefited from certain one-off components, including the positive result of IDG sale. On the commercial side, a reduction in results was recorded, particularly due to the lower margins of the retail segment. E&P activities, which include the contribution of activities in Algeria, being sold, showed a result of 32 million euros (28 million euros in 2021, which also included the contribution of activities in Norway for the first three months of the year), an increase due to the price scenario.

The EBITDA of Corporate recorded a decrease compared to 2021, which benefited from the one-off income for 27 million euros recorded following the favorable conclusion of two disputes concerning registration taxes.

The main components of EBITDA are analyzed below.

2.3.1 Sales revenues

SALES REVENUES (in millions of euros)	2022	2021	Change	Change %
Electric power	8,426	3,302	5,124	155.2%
Natural gas	19,555	6,791	12,764	188.0%
Realized commodity derivatives	801	55	746	n.s.
Steam	106	80	26	32.5%
Transmission revenues	324	803	(479)	(59.7%)
Storage services	89	79	10	12.7%
Revenues from services provided	842	516	326	63.2%
Other revenues	237	113	124	109.7%
Total	**30,380**	**11,739**	**18,641**	**158.8%**

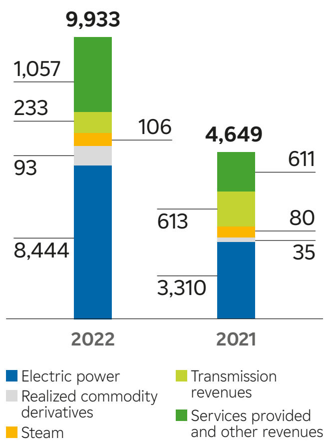


Revenues from the sale of electric power were up mainly due to the increase in energy prices in Italy.

Revenues from services provided include the energy services of Energy and Environmental Services Market activities (654 million euros in 2022, 467 million euros in 2021).

The reduction in transmission revenues is strictly related to the decrease in the corresponding item under Commodity and logistic costs and is essentially attributable to the zeroing of system charges and to other regulatory measures aimed at mitigating the impact of rise in commodities prices on end customers.

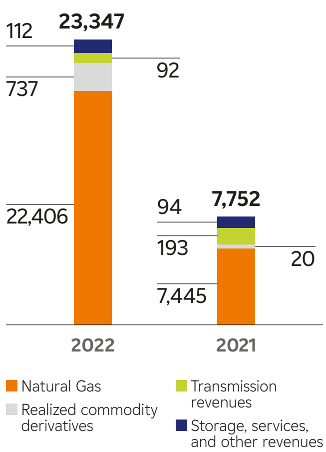
ELECTRIC POWER OPERATIONS (M€)



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

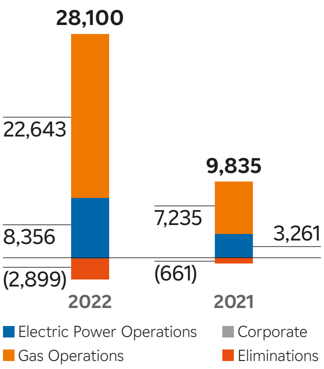
The realized results on commodity derivatives, that should be analyzed together with the corresponding item included in Commodity and logistic costs, concern the commodities and foreign exchange hedge executed to mitigate the risk of fluctuation in the cost of natural gas and that related to its sale,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

GAS OPERATIONS (M€)



2.3.2 Commodity and logistic costs

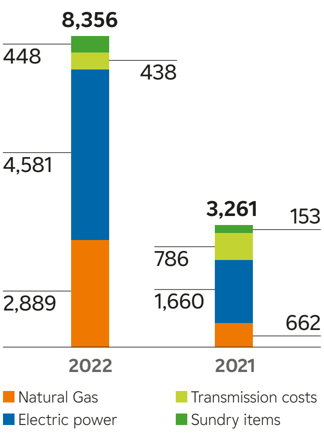
COMMODITY AND LOGISTIC COSTS
(in millions of euros)



	2022	2021	Change	Change %
Natural gas	20,527	6,065	14,462	238.5%
Realized commodity derivatives	1,310	279	1,031	n.s.
Electric power	4,581	1,661	2,920	175.8%
Transmission costs	1,154	1,565	(411)	(26.3%)
Regasification fee	105	114	(9)	(7.9%)
Sundry items	423	151	272	180.1%
Total	**28,100**	**9,835**	**18,265**	**185.7%**

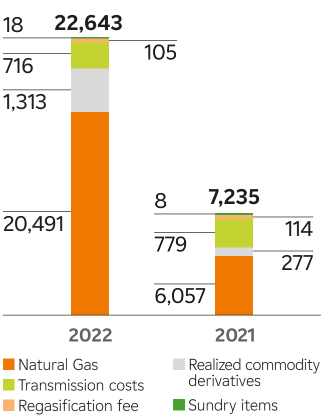
Commodity and logistic costs show a sharp increase and reflect the issues already commented on the previous section.

ELECTRIC POWER OPERATIONS (M€)



The decrease in transmission costs, as commented above, is essentially due to the regulatory measures introduced as support against the rise in commodities prices.
The rise in Sundry items is substantially due to the increase in costs related to CO_2 emissions rights, strongly impacted by the price scenario.

GAS OPERATIONS (M€)

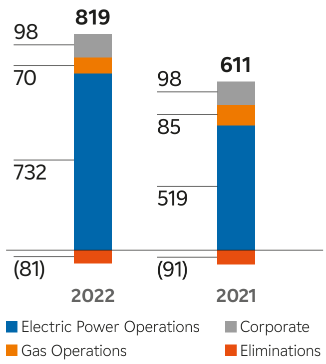


The increase in costs for natural gas is particularly significant due in particular to the price scenario.

The item Regasification fee, amounting to 105 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)	2022	2021	Change	Change %
Maintenance	238	214	24	11.2%
Professional services	161	149	12	8.1%
Use of property not owned	102	86	16	18.6%
Insurance costs	32	26	6	23.1%
Advertising and communication costs	19	16	3	18.8%
Sundry items	267	120	147	122.5%
Total	**819**	**611**	**208**	**34.0%**

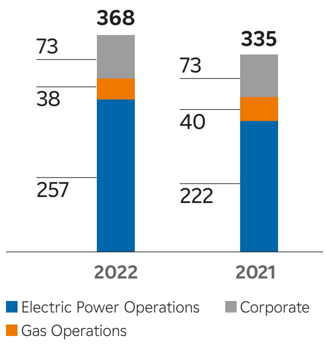


It should be noted an increase in maintenance costs, mainly due to changes in the scope of consolidation, in costs for the use of property not owned, in particular due to higher fees on hydroelectric concessions and royalties related to the operation of wind farms, and in insurance costs. The item Sundry items shows a significant increase attributable partly to higher sales volumes of value-added services (VAS), and partly to changes in the scope of consolidation of the Energy & Environmental Services Market activities.

2.3.4 Labor costs

The labor costs recorded an increase of 33 million euros compared to the previous year, mainly linked to the changes in the scope of consolidation of the Energy and Environmental Services Market activities.

LABOR COSTS (M€)



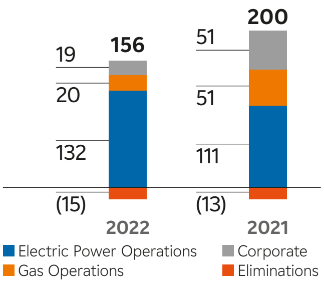
The following table shows the average number of employees in 2022 and 2021 and provides the classification by category together with the changes of the year.

CHANGES BY EMPLOYEE CATEGORY (number of employees)	12.31.2021	Added to payroll (*)	Removed from payroll	Changes of classification	12.31.2022	**Average payroll 2022**	**Average payroll 2021 (°)**
Executives	191	19	(11)	10	209	205	194
Office staff and Middle managers	2,838	580	(204)	16	3,230	3,090	2,826
Production staff	1,889	763	(247)	(26)	2,379	2,203	1,833
Total for the Group	**4,918**	**1,362**	**(462)**	**-**	**5,818**	**5,498**	**4,853**

(*) Including changes in the scope of consolidation effects referred to acquired companies (755 employees).
(°) Including employees of Edison Norge A.S. and IDG until the date of the sale.

2.3.5 Other revenues and income and Other costs

OTHER REVENUES AND INCOME
(in millions of euros)

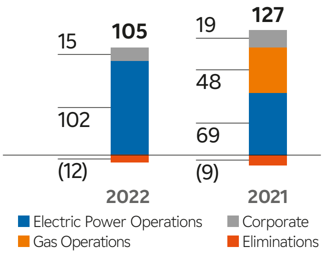


	2022	2021	Change	Change %
Net reversals in earnings of provisions for sundry risks	27	41	(14)	(34.1%)
Gains on disposals	-	20	(20)	n.s.
Insurance indemnities	3	4	(1)	(25.0%)
Out of period and other income	126	135	(9)	(6.7%)
Total	**156**	**200**	**(44)**	**(22.0%)**

Gains on disposals in 2021 included, among the others, the income resulting from the sale of the company IDG.

It should be noted that the item Out of period and other income includes 18 million euros (11 million euros in 2021) from the operations managed in compliance with MASA joint venture agreement with EDF Trading; such item in 2021 included also income for 27 million euros recorded following the favorable conclusion of two disputes for registration taxes.

OTHER COSTS
(in millions of euros)



	2022	2021	Change	Change %
Indirect taxes and duties	16	16	-	-
Additions to provisions for risks	36	68	(32)	(47.1%)
Out of period and sundry items	53	43	10	23.3%
Total	**105**	**127**	**(22)**	**(17.3%)**

Out of period and sundry items include losses on disposals for 5 million euros (4 million euros in 2021), which include, 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, an amount of 400 million euros (356 million euros in 2021) in depreciation and amortization and 56 million euros (2 million euros in 2021) in writedowns of fixed assets (see chapter 5. Fixed assets, Financial assets and Provisions).

Net expense on non Energy activities amounted to 68 million euros (155 million euros in 2021); for further detail please refer to chapter 8. Non-Energy Activities.

EBIT amounted to 595 million euros (466 million euros in 2021).

Financial items recorded a total of 11 million euros in net expense (net expense of 4 million euros in 2021).

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)	**2022**	2021	Change
Financial expenses on provisions	(11)	(11)	-
Net foreign exchange translation gains (losses) (*)	45	17	28
Reversal of provision for doubtful accounts	-	5	(5)
Other	(8)	3	(11)
Other net financial income (expense)	**26**	**14**	**12**

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

The significant improvement in the item Net foreign exchange translation gains (losses) is mainly attributable to net gains realized in 2022 on hedging operations on exchange risk outstanding with EDF Sa.
The item Reversal of provision for doubtful accounts, positive for 5 million euros in 2021, reflected the cancellation of the provision relating to the financial receivable towards Elpedison Sa, following its reimbursement by the affiliated company.

After including the net expense for **income taxes** (452 million euros, on which impact in particular the extraordinary contributions provided by the recent provisions of law, compared to net expense for 57 million euros in 2021 which included the positive effect of fiscal realignment; please see chapter 7. Taxation) and net income from equity investments (44 million euros, compared to net income for 26 million euros in 2021; please see paragraph 5.2 Equity investments and Other financial assets), the **Profit (Loss) from continuing operations is 176 million euros in profit, 431 million euros in profit in 2021**.

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

Profit (Loss) from discontinued operations relating to 2022, a profit for 6 million euros, includes mainly an income determined by the revision of the estimated present value of the additional consideration set forth in the agreement with Energean (up to 100 million USD subject to the commissioning of Cassiopea gas field in Italy); for further information please refer to paragraph 9.2 Information pursuant to IFRS 5.

Minority interest in profit (loss) is 31 million euros in profit (17 million euros in profit in 2021), in increase following the sale of 49% of Edison Renewables and its subsidiaries carried out in December 2021. After considering the items described above the **Group interest in profit (loss) is equal to 151 million euros in profit** (a profit for 413 million euros in 2021). Both the Minority interest in profit (loss) and the Group interest in profit (loss) are heavily penalized by the extraordinary contributions required by the recent provisions of law regarding energy companies.

3. Net working capital

NET WORKING CAPITAL (in millions of euros)	12.31.2022	12.31.2021	Change
Trade receivables	4,281	3,542	739
Inventories	387	176	211
Trade payables	(3,778)	(2,872)	(906)
Operating working capital (A)	**890**	**846**	**44**
Other non-current assets	162	71	91
Other current assets	372	432	(60)
Other non-current liabilities (*)	(10)	-	(10)
Other current liabilities	(680)	(402)	(278)
Other assets (liabilities) (B)	**(156)**	**101**	**(257)**
Net working capital (A+B)	**734**	**947**	**(213)**

(*) 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 27 million euros (15 million euros at December 31, 2021); reference should be made to paragraph 6.3 Total financial indebtedness and cost of debt.

The Operating working capital overall is slightly increased compared to December 31, 2021. The year 2022 was characterized, for a good part, by the persistence of the rise in the commodity price scenario that had already impacted the last quarter of 2021.

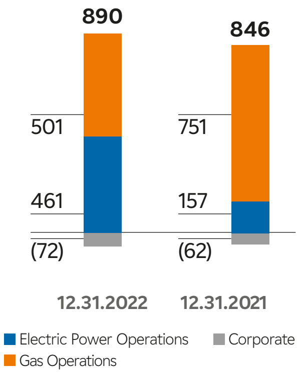
3.1 Credit risk management

The credit risk represents Edison Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations.
To control this risk, the Edison Group strengthened the procedures and programs designed to evaluate customer credit standing and optimized the collection strategies for the various customer segments.
The significant increase of volatility in commodity prices occurred during 2022, also as a result of the geopolitical context related to the Russia-Ukraine conflict, contributed to increase the exposure to credit risk; the actions implemented by the Group, better commented in section 3.2.1, enabled it to mitigate such risk.
When it comes to choosing counterparties for transactions to manage temporary excess liquidity or execute financial hedging contracts (derivatives) the Group deals only with entities with a high credit rating. It should be noted that at December 31, 2022, there were no significant exposures to risks related to a possible deterioration of the overall financial environment and no significant levels of concentration held by non-institutional individual counterparties.

3.2 Operating working capital

Compared to December 31, 2021, the Electric Power Operations shows a significant increase, mainly on trade receivables, related to the rise in the price of electricity. This effect, however, is offset by the Gas Operations which benefits, among others, from optimization actions referred to long-term contracts.

OPERATING WORKING CAPITAL (M€)



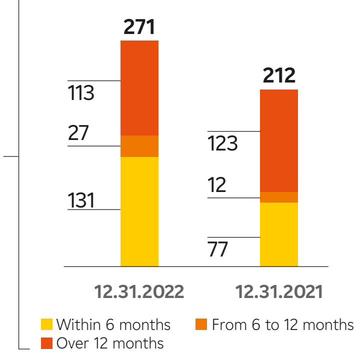
3.2.1 Trade receivables

TRADE RECEIVABLES (in millions of euros)	12.31.2022	12.31.2021	Change
Electric Power Operations	1,756	1,088	668
Gas Operations	2,571	2,484	87
Corporate and eliminations	(46)	(30)	(16)
Trade receivables	**4,281**	**3,542**	**739**
of which allowance for doubtful accounts	**(171)**	**(163)**	**(8)**
Guarantees in place to hedge receivables outstanding	38	11	27

Trade receivables stem from contracts to supply electric power and steam, contracts to supply natural gas and Power Exchange transactions.
Edison Group regularly carries out transactions to assign trade receivables without recourse on a revolving monthly basis and by the transfer of credit risk on a non-recourse basis. Note that in 2022 the receivables assigned with such transactions totalled 9,431 million euros (4,942 million euros in 2021). These receivables were not exposed to the risk of recourse at December 31, 2022. The costs related to managing these activities are recorded under financial items and amount to 28 million euros (10 million euros in 2021).

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 last year, there was an increase in the range within 6 months in both Operations. This was particularly driven by the Business segment, impacted by increased deferment requests and payment delays by customers as a consequence of the difficult economic context and the sharp increase in the value of commodities; there was also an increase, mainly related to acquisitions made during the year, in the Public Administration segment.

PAST DUE RECEIVABLES (M€)



The table that follows shows the changes in "Allowance for doubtful accounts".

(in millions of euros)	12.31.2021	Additions	Utilizations	Change in the scope of consolidation/ Others	12.31.2022
Allowance for doubtful accounts (*)	**(163)**	(49)	50	(9)	**(171)**

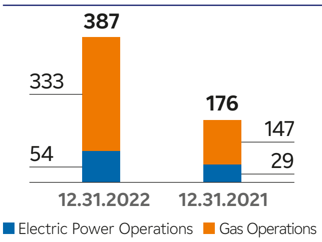
(*) Including default interests

Additions to the allowance reflect the result of an assessment, performed consistent with the Group's policy, of the different status of receivables, taking into account each customer segment, the corresponding past-due receivables and the aging; utilizations were mainly recognized for receivables deemed uncollectible during the year.
EBITDA for the year shows net charges related to writedowns and reversals on receivables for 32 million euros (42 million euros in 2021).

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



	12.31.2022	12.31.2021	Change
Stored natural gas	331	145	186
Engineering consumables	43	20	23
Other	13	11	2
Inventories	**387**	**176**	**211**

The inventories include for about 177 million euros (40 million euros at December 31, 2021) stored natural gas the use of which is restricted either as a strategic reserve or to secure performance under the balancing system. The increase in stored natural gas is also due to the rise in prices and volumes of stocks.

3.2.3 Trade payables

TRADE PAYABLES (in millions of euros)	12.31.2022	12.31.2021	Change
Electric Power Operations	1,349	960	389
Gas Operations	2,403	1,880	523
Corporate and eliminations	26	32	(6)
Trade payables	**3,778**	**2,872**	**906**

Trade payables reflect mainly purchases of electric power, natural gas and other utilities, as well as services related to plant maintenance; they also include a contractual fee following an agreement signed with a counterparty for the long-term supply of gas.

3.3 Other assets and liabilities

OTHER ASSETS AND LIABILITIES (in millions of euros)	12.31.2022	12.31.2021	Change
VAT credit	69	78	(9)
Other tax receivables	27	40	(13)
Deposits	18	19	(1)
Advances to suppliers	48	45	3
Receivables for take or pay advances	-	65	(65)
Other	372	256	116
Total Other assets (A)	**534**	**503**	**31**
Amount owed to employees	49	50	(1)
Payables owed to social security institutions	31	29	2
VAT debt	43	-	43
Other	567	323	244
Total Other liabilities (B)	**690**	**402**	**288**
Other assets and liabilities (A-B)	**(156)**	**101**	**(257)**

The change in Other tax receivables reflects, among other things, the collection in the first half of 2022 of receivables registered toward the tax authorities at December 31, 2021 and related to the favourable outcome of two disputes for registration tax (approximately 30 million euros).
The zeroing of the item Receivables for take or pay advances, which amounted to 65 million euros at December 31, 2021, was due to the recovery during the year of previously uncollected volumes relating to long-term natural gas importation contracts, for which Edison Spa had accrued an obligation to pay following the activation of take or pay clauses.
With reference to the item Other of Other assets, there was, on the one hand, an increase in receivables related to the exercise of the assignment of tax credits by customers in the commercial area to whom goods, such as boilers, air conditioners and photovoltaic plants, were sold, and, on the other hand, a decrease due to the collection of the price adjustment on the sale of 49% of Edison Renewables, completed in December 2021.
The change 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 to be paid to Solvay in the context of the arbitration promoted on the sale of the Agorà equity investment, previously recognized in the item "Provisions for risks and charges for non-Energy Activities" (please refer to chapter 8. Non-Energy Activities).

COMMITMENTS

At December 31, 2022, guarantees of about 338 million euros (391 million euros at December 31, 2021) were recognized to the Revenue Agency, provided mainly from Edison Spa and referred to VAT credit refunds related to years from 2017 to 2020.

4. Market risk management

This chapter provides an overview of the policies and principles adopted by the Edison Group to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities, the foreign exchange risk linked to commodities and other risks related to foreign exchange rate.
In accordance with IFRS 7 Financial Instruments - Disclosure, 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, 2022 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 of the energy commodities that it handles (electric power, natural gas, petroleum products and environmental securities), both directly, with pricing formula, and indirectly, through statistical correlations and economic relations, which have an impact on the revenues and expenses of its production, storage and marketing operations. Moreover, because some contracts are settled in currencies different from euro and/or include a translation into different currencies through price indexing formulas, the Group is also exposed to exchange rate risk.
The management and control of these risks are governed by the Energy Risk Policies, which involve the use of derivatives for hedging purposes in order to reduce or mitigate the related risk.
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, 2022, 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, 2022 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, 2022.

VALUE AT RISK (VaR) (*) (in millions of euros)	**12.31.2022**	12.31.2021
Maximum negative variance in the fair value of derivatives	6,032	2,256
Maximum negative variance in the fair value including the change in the fair value of the contracts object of hedge; of which:	1,824	350
- potential impact on income statement (**)	66	37
- potential impact on balance sheet in Cash Flow Hedge reserve (***)	1,758	313

(*) 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 increase of the maximum variance in the fair value, compared with the level measured at December 31, 2021, is mainly attributable to the extraordinary higher volatility in commodity prices; the value is significantly reduced by including the change in the fair value of the hedged contracts in Fair Value Hedge accounting.

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	**2022**		2021	
	without derivatives	with derivatives	without derivatives	with derivatives
Average absorption of the approved limit of Economic Capital	453%	67%	173%	33%
Maximum absorption	736% - Sept.'22	97% - Jan.'22	264% - Jan.'21	54% - Jan.'21

We remind that the trading operations of Edison Spa are carried out under the joint venture agreement with EDF Trading: from third quarter of 2017, in fact, is in force, between EDF Trading and Edison Spa the MASA (Trading Joint Venture and Market Access Services Agreement) which disciplines the proprietary trading, defining the performance of the activity through a joint desk with EDF Trading, and the methods to access to the forward power market.

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 Hedges - CFH) on interest rates, exchange rates and commodity and (ii) transactions that hedge the fair value of the hedged item (Fair Value Hedges - FVH) on commodity (price and exchange rate).
2) **Forward transactions and derivatives that do not qualify as hedges in accordance with IFRS 9** that comply with 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, 2022, one category is classified at this level whose fair value is negative for about 38 million euros (one category at December 31, 2021 whose fair value was negative for about 2 million euros).

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

4.3 Effects of derivatives transactions on income statement and balance sheet at December 31, 2022

4.3.1 Effects of derivatives transactions on income statement at December 31, 2022

(in millions of euros)	12.31.2022			12.31.2021		
	Realized (A)	Change in Fair Value in the period (B)	Amounts recognized in earnings at 12.31.2022 (A+B)	Realized (A)	Change in Fair Value in the period (B)	Amounts recognized in earnings at 12.31.2021 (A+B)
Result from price risk and exchange risk hedges for commodities of which:						
Total definables as hedges pursuant to IFRS 9 (CFH) (*)	**(953)**	**(2)**	**(955)**	**(859)**	**7**	**(852)**
Price risk hedges for energy products	(975)	(2)	(977)	(850)	7	(843)
Exchange risk hedges for commodities	22	-	22	(9)	-	(9)
Total definables as hedges pursuant to IFRS 9 (FVH)	**358**	**16**	**374**	**631**	**(17)**	**614**
Price risk hedges for energy products	316	391	707	637	(814)	(177)
Exchange risk hedges for commodities	42	18	60	(6)	67	61
Fair value physical contracts	-	(393)	(393)	-	730	730
Total not definables as hedges pursuant to IFRS 9	**86**	**(7)**	**79**	**4**	**-**	**4**
Price risk hedges for energy products	89	(7)	82	4	-	4
Exchange risk hedges for commodities	(3)	-	(3)	-	-	-
Total price risk and exchange risk hedges for commodities	**(509)**	**7**	**(502)**	**(224)**	**(10)**	**(234)**
TOTAL INCLUDED IN EBIT	**(509)**	**7**	**(502)**	**(224)**	**(10)**	**(234)**
Result from interest rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	(2)	-	(2)	(6)	-	(6)
Not definables as hedges pursuant to IFRS 9	-	-	-	-	-	-
Total interest rate hedges (A)	**(2)**	**-**	**(2)**	**(6)**	**-**	**(6)**
Result from exchange rate hedges:						
Definables as hedges pursuant to IFRS 9 (CFH)	58	-	58	25	-	25
Not definables as hedges pursuant to IFRS 9	11	-	11	(1)	-	(1)
Total exchange rate hedges (B)	**69**	**-**	**69**	**24**	**-**	**24**
TOTAL INCLUDED IN FINANCIAL ITEMS (A+B)	**67**	**-**	**67**	**18**	**-**	**18**

(*) Includes the ineffective portion.

Specifically with regard to the derivatives results recorded in 2022, the general increase in the prices of all of the commodities had a negative effect on the value of hedging financial derivatives.

The economic results of the operations managed in compliance with MASA joint venture agreement with EDF Trading – so-called Profit Sharing – aren't included in the table above because are recorded in the item 'Other revenues and income' (positive for about 18 million euros in 2022, 11 million euros in 2021).

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

The table below provides the 2022 and 2021 effects on the Income Statement from the changes in the fair value of the derivatives (commodity and foreign exchange rate), positive for 7 million euros and negative for 10 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**
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**
2021				
Hedges of price risk on energy products	7	(814)	-	(807)
Hedges of foreign exchange risk on commodities	-	67	-	67
Change in fair value in physical contracts (FVH)	-	730	-	730
Total 2021	**7**	**(17)**	**-**	**(10)**

(*) 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, 2022

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

(in millions of euros)	12.31.2022			12.31.2021		
Broken down as follows:	Receivables	Payables	Net	Receivables	Payables	Net
- Financial assets (liabilities)	1	-	1	-	(6)	(6)
- Non-current assets (liabilities)	468	(1,153)	(685)	863	(891)	(28)
- Current assets (liabilities)	3,705	(3,506)	199	3,843	(4,086)	(243)
Fair Value recognized as assets or liabilities (a)	**4,174**	**(4,659)**	**(485)**	**4,706**	**(4,983)**	**(277)**
of which of (a) related to:						
- Interest Rate Risk Management	1	-	1	-	(6)	(6)
- Exchange Rate Risk Management	102	(27)	75	45	(12)	33
- Commodity Risk Management	2,739	(3,626)	(887)	2,493	(3,516)	(1,023)
- Fair value on physical contracts	1,332	(1,006)	326	2,168	(1,449)	719
Broken down on fair value hierarchy:						
- Level 1	188	(12)	176	154	(5)	149
- Level 2	3,986	(4,609)	(623)	4,552	(4,976)	(424)
- Level 3 (*)	-	(38)	(38)	-	(2)	(2)
IFRS 7 potential offsetting (b)	**(1,720)**	**1,720**		**(1,628)**	**1,628**	
Net Fair Value including potential offsetting (a+b)	**2,454**	**(2,939)**	**(485)**	**3,078**	**(3,355)**	**(277)**

(*) The fair value classified at level 3 is recognized for 6 million euros in change in fair value of derivatives and for 32 million euros in Cash Flow Hedge reserve (a negative amount of 2 million euros recognized entirely in Cash Flow Hedge reserve at 12.31.2021).

It is worth of mentioning that, as a counterpart of assets and liabilities shown above, a negative Cash Flow Hedge reserve by 472 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, 2022

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 12.31.22 (**)	Notional amount at 12.31.21 (*)	Balance sheet value at 12.31.21 (**)
		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	8	36	7	51	1	70	(6)
Total interest rate derivatives		**8**	**36**	**7**	**51**	**1**	**70**	**(6)**

	Fair Value Hierarchy (***)	due within 1 year		due between 2 and 5 years		due after 5 years		Total		Balance sheet value at 12.31.22 (**)	Total		Balance sheet value at 12.31.21 (**)
		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:										**40**			**15**
- on commercial transactions	2	2,539	(75)	795	-	-	-	3,334	(75)	39	1,386	(20)	15
- on financial transactions	2	-	(58)	-	-	-	-	-	(58)	1	-	-	-
B. Fair Value Hedge pursuant to IFRS 9, broken down as follows:										**36**			**18**
- on commercial transactions	2	-	-	-	-	-	-	-	-	35	-	-	18
- on financial transactions	2	11	-	-	-	-	-	11	-	1	-	-	-
C. Contracts that do not qualify as hedges in accordance with IFRS 9, to hedge margins:										**(1)**			**-**
- on commercial transactions	2	1	(1)	2	(3)	-	-	3	(4)	(1)	-	(5)	-
Total foreign exchange rate derivatives		**2,551**	**(134)**	**797**	**(3)**	**-**	**-**	**3,348**	**(137)**	**75**	**1,386**	**(25)**	**33**

(*) 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

	Fair Value Hierarchy (***)	Notional amount (*)					Balance sheet value at 12.31.22 (**) (in millions of euros)	Notional amount at 12.31.21 (*)	Balance sheet value at 12.31.21 (**) (in millions of euros)
		Unit of measure	Due within one year	Due within two years	Due after two years	Total		Total	
Price risk management for energy products									
A. Cash Flow Hedge pursuant to IFRS 9, broken down as follows:							**(529)**		**(281)**
- Electric power	2 ; 3	TWh	(4.87)	-	-	(4.87)	(15)	(3.47)	(2)
- Natural Gas	1 ; 2	Millions of therms	302.19	104.84	129.18	536.21	(524)	415.36	(548)
- LNG and oil	2	Millions of Barrels	4.91	1.52	-	6.43	(15)	5.72	139
- CO_2	1	Millions of tons	2.49	0.09	-	2.58	25	3.85	130
B. Fair Value Hedge pursuant to IFRS 9, broken down as follows:							**(351)**		**(741)**
- Natural Gas	2	Millions of therms	(855.00)	(246.90)	-	(1,101.90)	(419)	(712.72)	(1,101)
- LNG and oil	2	Millions of Barrels	11.34	4.66	-	16.00	68	14.96	360
C. Contracts that do not qualify as hedges pursuant to IFRS 9, to hedge margins:							**(7)**		**(1)**
- Natural Gas	2	Millions of therms	2.96	-	-	2.96	(4)	(4.21)	(1)
- LNG and oil	2	Millions of Barrels	3.30	-	-	3.30	(1)	-	-
- CO_2	1	Millions of tons	0.32	-	-	0.32	(2)	-	-
Total							**(887)**		**(1,023)**

(*) + 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".

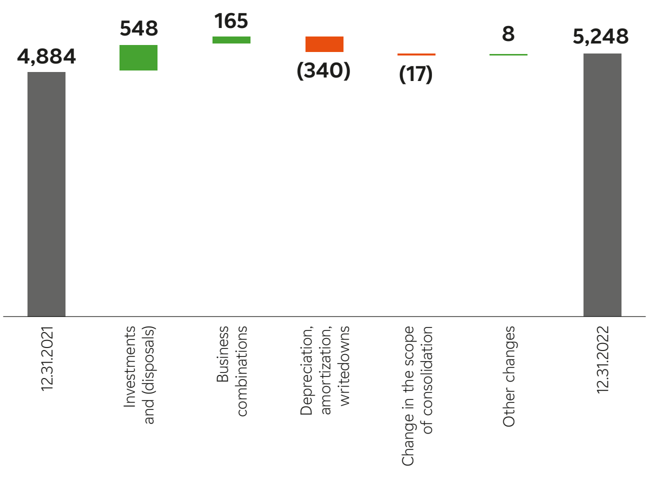
The derivatives in “level 3” include one category of instruments whose fair value is negative for about 38 million euros, of which 6 million euros recognized in Income Statement as Change in fair value of derivatives (ineffective portion) and 32 million euros recognized in CFH reserve (one category at December 31, 2021 whose fair value was negative for about 2 million euros, entirely 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

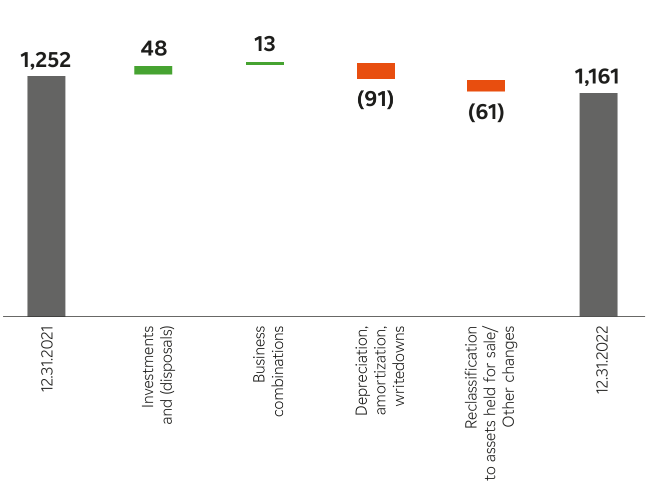
5.1 Tangible, intangible assets and goodwill

TANGIBLE, INTANGIBLE ASSETS AND GOODWILL (in millions of euros)	Property, plant and equipment	Intangible assets	Goodwill	**Total**
Balance at 12.31.2021 (A)	**3,744**	**339**	**2,184**	**6,267**
Changes in 2022:				
- investments	481	134	-	615
- business combinations	103	29	46	178
- disposals (-)	(3)	-	-	(3)
- depreciation and amortizations (-)	(309)	(91)	-	(400)
- writedown (-)	(8)	(46)	(2)	(56)
- change in the scope of consolidation	(17)	-	-	(17)
- reclassifications to assets held for sale (-)	(62)	-	-	(62)
- other changes	38	(25)	-	13
Total changes (B)	**223**	**1**	**44**	**268**
Balance at 12.31.2022 (A+B)	**3,967**	**340**	**2,228**	**6,535**

CHANGES IN ELECTRIC POWER OPERATIONS (M€)



CHANGES IN GAS OPERATIONS (M€)



COMMITMENTS ON FIXED ASSETS

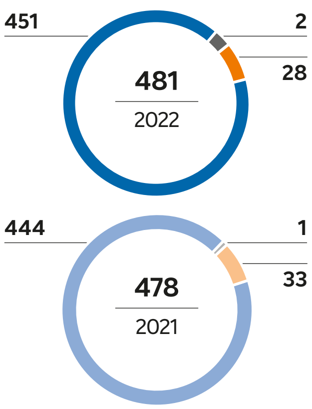
Total commitments amount to 186 million euros (303 million euros at December 31, 2021) and mainly include investments in progress in Italy, of which 66 million euros linked to the construction of a latest-generation combined-cycle thermoelectric power plant powered by natural gas in Presenzano in the province of Caserta and 40 million euros linked to minor extraordinary maintenance interventions to be carried out in the coming years on existing hydroelectric and thermoelectric power plants.

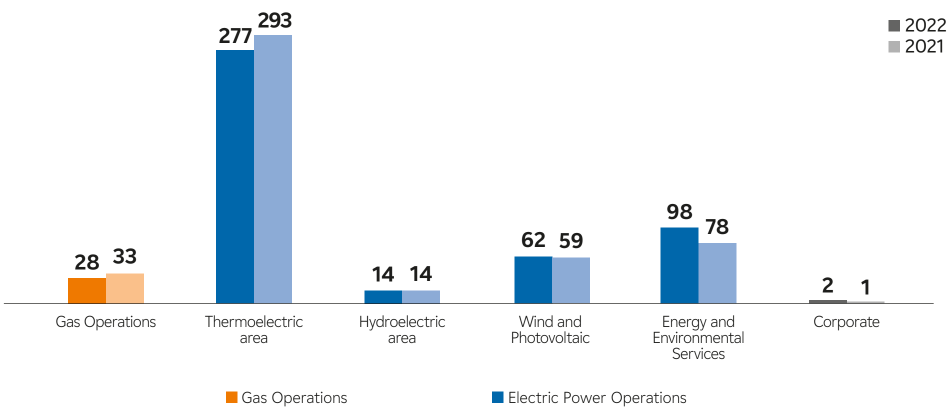
5.1.1 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT (in millions of euros)	Land and buildings	Plant and machinery	Assets transferable at no cost	Assets under leases IFRS 16 (*)	Other assets	Construction in progress and advances	**Total**
Balance at 12.31.2021 (A)	**317**	**2,320**	**93**	**329**	**16**	**669**	**3,744**
Changes in 2022:							
- investments	15	184	3	-	3	276	481
- business combinations	2	94	-	6	1	-	103
- disposals (-)	(1)	(2)	-	-	-	-	(3)
- depreciation (-)	(14)	(236)	(12)	(42)	(5)	-	(309)
- writedowns (-)	-	(8)	-	-	-	-	(8)
- change in the scope of consolidation	(1)	(16)	-	-	-	-	(17)
- reclassification to assets held for sale (-)	-	(61)	-	-	-	(1)	(62)
- other changes/reclassifications	19	367	3	27	1	(379)	38
Total changes (B)	**20**	**322**	**(6)**	**(9)**	**-**	**(104)**	**223**
Balance at 12.31.2022 (A+B)	**337**	**2,642**	**87**	**320**	**16**	**565**	**3,967**

(*) Recorded as required by IFRS 16; relative financial debt is exposed in "Non-current Financial debt" (234 million euros) and in "Current Financial Debt" (39 million euros).

INVESTMENTS (M€)





Investments

Investments related to **Electric Power Operations** mainly include:
- construction of new combined-cycle gas turbines of the thermoelectric plants of Presenzano and Marghera Levante, the latter has come into operation;
- construction of new plants in the wind and photovoltaic sectors;
- investments of Energy & Environmental Services Market activities, mainly related to the construction of industrial plants for historic customers (Stellantis, CNHI, Iveco and Avio), cogeneration, trigeneration and photovoltaic plants and a new district heating network located in a municipality of Piedmont.

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

The item business combinations refers mainly to the acquisition of the companies Energia Italia, Citelum Italia (now Edison Next Government) and Winbis, for further information please see paragraph 9.1 Information on business combinations.

The item change in the scope of consolidation refers to the company Sunflower sold on September 15, 2022.

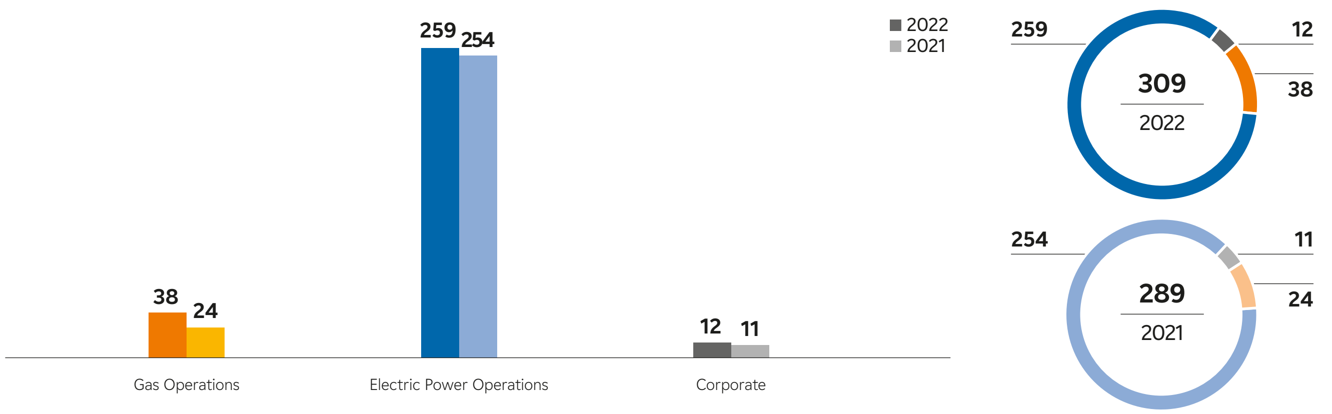
The item reclassification to assets held for sale refers to the assets of the E&P activities in Algeria of Edison Reggane which were treated as disposal group pursuant to IFRS 5 following the sale agreements signed with the counterparties. For more information please see paragraph 9.2 Information pursuant to IFRS 5.

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

For details on **writedowns**, about 8 million euros, please refer to the disclosure in the section **5.1.4 Impairment test in accordance with IAS 36** below.

Depreciation

DEPRECIATION PROPERTY, PLANT AND EQUIPMENT (M€)



5.1.2 Intangible assets

INTANGIBLE ASSETS (in millions of euros)	Hydrocarbon concessions	Concessions, licenses, patents and similar rights	Other intangible assets	Work in progress and advances	**Total**
Balance at 12.31.2021 (A)	**5**	**41**	**248**	**45**	**339**
Changes in 2022:					
- investments	-	14	72	48	134
- business combinations	-	3	26	-	29
- amortization (-)	(2)	(22)	(67)	-	(91)
- writedowns (-)	-	-	(46)	-	(46)
- other changes/reclassifications	-	11	(3)	(33)	(25)
Total changes (B)	**(2)**	**6**	**(18)**	**15**	**1**
Balance at 12.31.2022 (A+B)	**3**	**47**	**230**	**60**	**340**

Investments

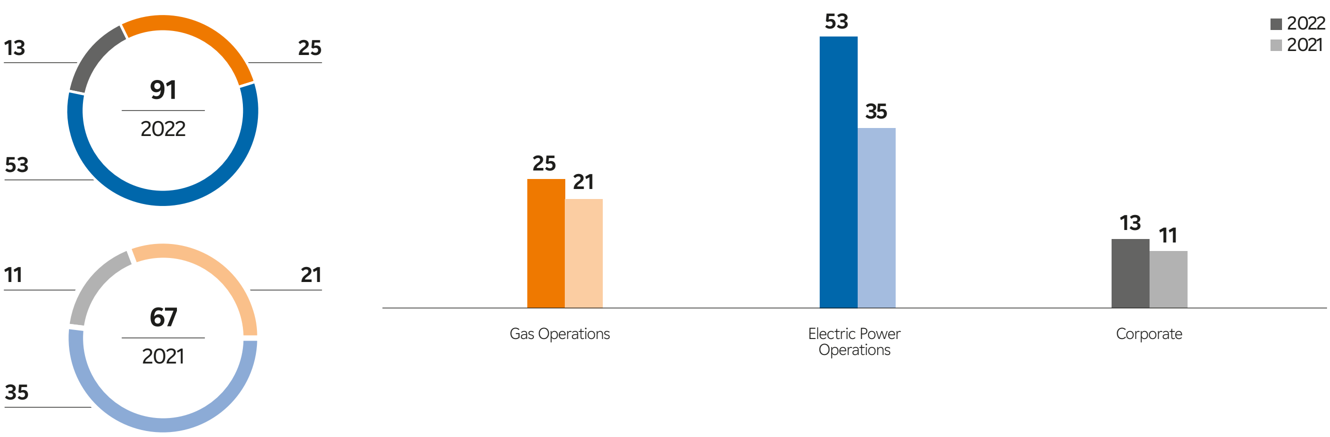
The investments amount to **134 million euros** and mainly concern:
- the capitalization under the item Other intangible assets of incremental costs of obtaining new contracts in the commercial sector, for about 57 million euros;
- interventions of the Energy & Environmental Services Market activities in particular for orders relating to the Public Administration and software development for the implementation of digital platforms and communication interfaces among the different IT systems in use.

Business combinations item is referred to the acquisition of the companies Citelum Italia (now Edison Next Government), Gaxa and Sistrol; for further information please see paragraph 9.1 Information on business combinations.

It should be noted that the item other changes/reclassifications includes a reduction for about 17 million euros of the company Edison Next Government, which now books part of its activities under Financial assets for the effect of the IFRIC 12 (financial asset model) application.

Amortization

AMORTIZATION OF INTANGIBLE ASSETS (M€)



For details on **writedowns**, about 46 million euros, please refer to the disclosure in the section **5.1.4 Impairment test in accordance with IAS 36** below.

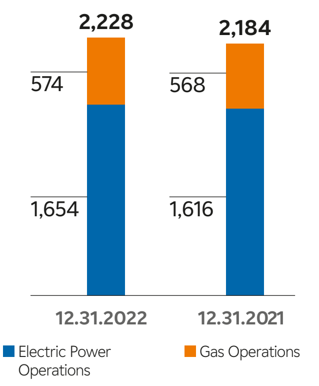
5.1.3 Goodwill

The increase of goodwill is due to the acquisitions of the following companies:
- Winbis, Citelum Italia (now Edison Next Government), Sistrol and Biotech in Electric Power Operations;
- Gaxa in Gas Operations.

It should be noted also the effect of writedowns for 2 million euros related to Gas Operations recorded in the year, for details please refer to the disclosure in the section **5.1.4 Impairment test in accordance with IAS 36** below.

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.

GOODWILL (M€)



5.1.4 Impairment test in accordance with IAS 36

During the year, writedowns for about 56 million euros were recognized (8 million euros on Tangible assets and 48 million euros on Intangible assets and Goodwill); writedowns are related to Electric Power Operations for 28 million euros and to Gas Operations for 28 million euros. Writedowns deriving from the impairment test process (for 53 million euros) are broken down in the following table; in addition the other writedowns for 3 million euros refer to some Italian and foreign assets of the Energy & Environmental Services Market activities.

The impairment test results and sensitivities are shown below; the methodology is thoroughly reviewed in the chapter 10. Criteria and methods, paragraph 10.2 – section 10.2.1.

In 2022 the test was performed on 19 CGUs; the outcomes are shown in the following table.

SEGMENT/CGU	Main impairment indicators	WACC	Writedowns (in millions of euros)
Electric Power Operations			
CGU Hydro - Frendy Group	Lower future producibility	6.7%	6
CGU B2G - Energy & Environmental Services Market	Lower future profitability	6.3%	19
Gas Operations			
CGUs Gas & Power Market	Churn rate increase, lower volumes, lower marginality	7.4% - 8.4%	28 (*)
Total impairment writedowns			**53**

(*) of which 2 million euros related to goodwill.

The global macroeconomic environment in 2022 was deeply characterized by high inflation, worsening financial conditions, uncertainty related to the war conflict in Ukraine, the continued, albeit improved, supply difficulties along the value chain, as well as the reduction of activity in China following the third big wave of COVID-19.

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 November 2019 and February 2022 referring:
  - for existing generation capacity: to years 2023 and 2024;
  - for new generation capacity that will be 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 will be available from completion of new investments. In particular, the contribution of two new thermoelectric power plants was included, whereas for the existing plants it has been supposed the extension of the incentives based on prudential tariffs compared to those resulting from previous tenders.
- 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:
  - D.L. Sostegni-Ter, L. 25/2022; the maintenance of a price cap of 60 €/MWh was assumed for the entire three-year period 2023-2025 even though the law provides for it only until June 30, 2023;
  - Art.1 comma 30 Budget Law 2023, L. 197/2022; for the other renewable source plants not falling within the scope of application of the D.L. Sostegni-Ter from December 1, 2022 until June 30, 2023 a ceiling of 180 €/MWh was set. Prudentially, it was included in the plans for the entire three-year period 2023-2025;
  - D.L. 21/2022 "Cut Prices"; also the Budget Law 2023 provides for the establishment of the extraordinary solidarity contribution. An extension of this rule was also taken into account, with a probabilistic sensitivity analysis, for the entire three-year period 2023-2025.
- The WACC used in the 2022 impairment test, in particular for the Electric Power Operations, are higher than the one used in the previous year and are affected by both the recovery of the markets, and the significant scenaristic trend that occurred during 2022.
- The WACC reference values are 6.7% for Electric Power Operations (5.7% in 2021) and between 5.3% and 8.4% for Gas Operations (between 5.5% and 7.6% in 2021).

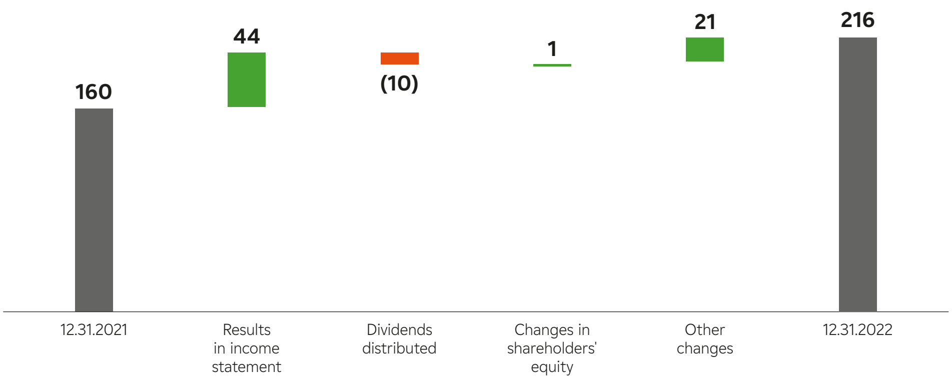
Specifically for the impairment test of the goodwill, in addition to the hypothesis explained above, in the determination of the terminal value was assumed a growth rate in the range 0 – 1.5% according to Group's different businesses' peculiarities.
Overall, the goodwill's recoverable amount is widely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

To support the analyses resulting from the test, sensitivity analyses 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 at the end of the periods already assigned to Edison (2025 for the existing plants and after 15 years for the plants in construction). 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 180 million euros anyway without the arising of an impairment.
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 +/- 4%) of about 300 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 companies Elpedison Sa and Ibiritermo. It should be noted that, in accordance with contractual provisions, the investment in the company Ibiritermo was sold during the year, resulting in the reclassification in the income statement for an amount of about 12 million euros of the translation losses that had been suspended up to that time in equity. The **dividends distributed** refer mainly to Ibiritermo and Dolomiti Edison Energy.

The **other changes**, in addition to what has already been commented on with reference to Ibiritermo, mainly include the change in the scope of consolidation referring to the 50% stake in Idroelettrica Restituzione, held by Energia Italia.

5.2.2 Other financial assets and Assets for financial leasing

The **Other non-current financial assets** amounted to 86 million euros (33 million euros at December 31, 2021) increasing essentially for the acquisition of the company Citelum Italia (now Edison Next Government), which assets are partially accounted for pursuant to IFRIC 12 (financial asset model) and are recognized under this item for an amount of approximately 56 million euros.

At December 31, 2022 include, moreover, mainly:

- for 10 million euros (amount unchanged compared to December 31, 2021) the financial receivable of Edison towards the company Depositi Italiani GNL (DIG) referring to a shareholders loan granted in 2020 expiring in 2036;
- for 8 million euros (10 million euros at December 31, 2021) the investment in the FPCI Electranova - Idinvest Smart City Venture Fund, which concentrates on unlisted companies experiencing rapid growth (from the initial phase to the advanced phase) in the Energies & Cities sector, primarily at EU level. This investment is measured at fair value and during the year a negative change for about 1 million euros has been booked in the income statement;
- for 3 million euros (not present at December 31, 2021) the financial receivable of the subsidiary Energia Italia towards the affiliated company Idroelettrica Restituzione;
- for 1 million euros restricted bank deposits (8 million euros at December 31, 2021).

The **Assets for financial leasing** amount to 8 million euros (2 million euros at December 31, 2021), increased due to the recognition of assets in the face of new contracts of the subsidiary Edison Next Spain.

Furthermore, at December 31, 2022, an additional amount of 15 million euros, 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)	2022	2021	Change
Investments valued by equity method	44	26	18
Capital Gain	-	1	(1)
Others	-	(1)	1
Income from (Expense on) equity investments	**44**	**26**	**18**

COMMITMENTS

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

5.3 Provisions for risks and employee benefits

(in millions of euros)	12.31.2021	Changes in the scope of consolidation	Additions	Utilizations	Financial expenses	Other changes/ reclassifications	Reclassification to liabilities held for sale	12.31.2022
Employee benefits	37	2	-	(3)	-	(2)	-	34
Provisions for decommissioning and remediation of industrial sites	188	1	-	(2)	7	4	(6)	192
Provisions for risks and charges	239	1	36	(48)	2	(35)	-	195
Total	**464**	**4**	**36**	**(53)**	**9**	**(33)**	**(6)**	**421**

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 increase for the discounting effect, under the income statement item 'Other net financial income (expense)'; (ii) the posting of a new provision with the increase of the related fixed assets in the item 'plant and machinery';(iii) the increase due to the changes in the scope of consolidation related to the company Winbis; (iv) the reclassification to liabilities held for sale of the provision related to the activities under disposal of Edison Reggane.

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, 2022 the amount also include a provision of 30 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, during January 2023 payment was made of the higher amount of ICI tax with relative interest for years from 2003 to 2005 and 2008, following a final sentence issued by the Court of Cassation which moreover annulled the penalties. Both the charge for the amount paid at the beginning of 2023 and possible charges deriving from litigation still pending are covered by specific provisions for risks, adapted during 2022 following the end of the risk related to part of the penalties.

5.4 Contingent assets and liabilities

Contingent assets

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

At December 31, 2022 there are no Contingent assets.

Contingent liabilities

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

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 Spa - Autorità Garante della Concorrenza e del Mercato (Antitrust Authority) - Unilateral contract amendments

On December 13, 2022, the Italian Antitrust Authority notified the company, together with 6 other leading energy operators (and after having done the same with Iren Mercato and Dolomiti Energia in October 2022), 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, on the other hand, consisted of an injunction to suspend not only any unilateral amendments to existing contracts, but also 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.

However, on December 22, 2022, in the context of a parallel and entirely similar proceeding concerning Iren Mercato, the Council of State issued an order suspending the Authority's injunction to discontinue the procedures for the renewal of the expiring economic conditions, recognizing their full legitimacy.

Following this new case law, first, the Authority itself rectified its precautionary measure against Edison Energia (excluding renewals from the prohibition) and, then, the legislator, with the so-called "Milleproroghe Decree", definitively clarified that the moratorium provided for by the "Aiuti-Bis Decree" concerned and concerns only unilateral amendments to contracts in force and not the renewal processes of economic conditions that have expired or are about to expire.

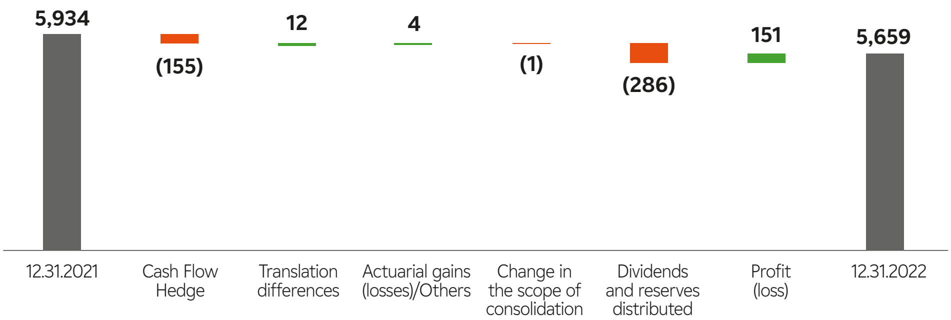
In light of this, the conduct of Edison Energia, which has only ever proposed renewals of economic conditions that have expired or are about to expire and never any changes during their term, is entirely legitimate.
The proceedings for alleged unfair commercial practices, meanwhile, continue in a dialectical dispute between Edison Energia and the Authority, and are expected to be concluded by the first half of 2023.

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

6.1 Shareholders' equity

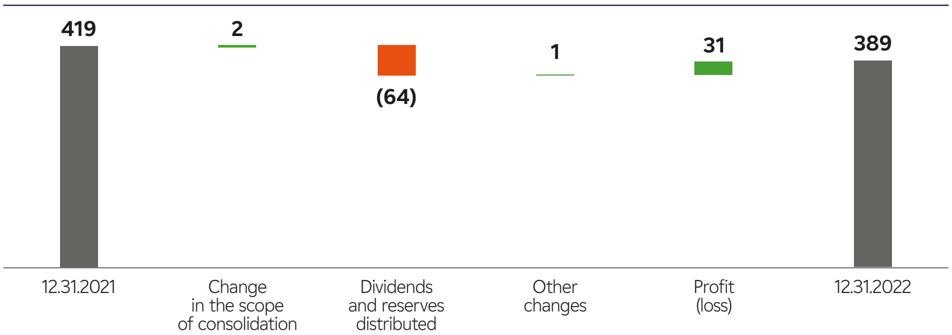
The main changes that occurred during the year in shareholders' equity attributable to the shareholders of the Parent Company and in net equity attributable to minority shareholders are presented below. A breakdown of the shareholders' equity attributable to Parent Company shareholders and to minority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

CHANGES IN SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS (M€)



Regarding the changes in shareholders' equity attributable to Parent Company shareholders, it should be noted that Edison Spa Shareholders' Meeting on March 31, 2022 resolved to distribute dividends to saving and ordinary shares on the result of 2021 for a total amount of 286 million euros. This amount, showed in the item "**Dividends and reserves distributed**" was paid on April 27, 2022. The item "**Translation differences**", as previously described, reflects the reclassification in the income statement of the translation losses of the company Ibiritermo, following its sale.

CHANGES IN SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS (M€)



Regarding the changes in shareholders' equity attributable to minority shareholders, the item "**Dividends and reserves distributed**" refers almost exclusively to the distribution of dividends from the company Edison Rinnovabili to minority shareholders for 64 million euros, paid in December 2022.
The item "**Change in the scope of consolidation**" includes an increase of 3 million euros related to the acquisition of Energia Italia and refers in particular to the recognition of

shareholders' equity attributable to minority shareholders related to Idroelettrica Dogana, as well as a decrease of about 1 million euros due to the aforementioned acquisition of the remaining 10% stake in Aerochetto by Edison Rinnovabili.

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 12.31.2021	**(256)**	**73**	**(183)**
Change in the period	(216)	61	(155)
Reserve at 12.31.2022	**(472)**	**134**	**(338)**

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

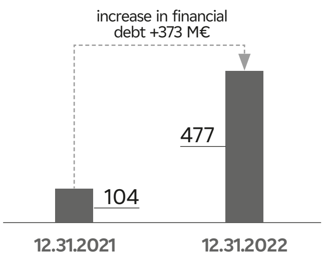
6.2 Management of financial resources

Edison defines its financial strategy with the primary objective of guaranteeing the availability of financial resources at the best market conditions and, with the appropriate balancing, to support ordinary business management and the development of investments to sustain future growth.
For this purpose, Edison also, but not exclusively, relies on the controlling company EDF Sa to obtain loans in any technical form, to guarantee flexibility in liquidity and/or coverage of structural needs. For Edison, terms and conditions are in line with the best market conditions.
Concerning treasury, Edison dedicates one of its current bank accounts to 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 certain investment activities, Edison resorts to the market whenever specifically attractive opportunities of financing arise and this is the case of some credit lines granted to Edison by the European Investment Bank (EIB).
At December 31, 2022 Edison's credit rating is BBB with a stable outlook for Standard & Poor's and Baa3 with a negative outlook for Moody's following the downgrades of the rating of the controlling company EDF.

6.3 Total financial indebtedness and cost of debt

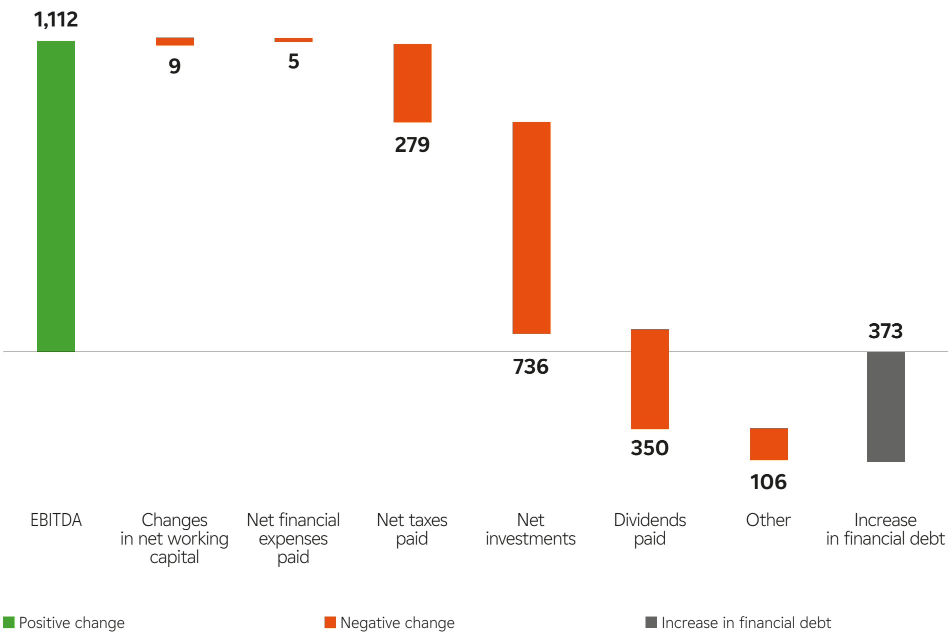
Total financial indebtedness at December 31, 2022 amounts to 477 million euros (104 million euros at December 31, 2021).

CHANGE IN FINANCIAL DEBT (M€)



An analysis of change in financial debt is reported below:

ANALYSIS OF CHANGE IN FINANCIAL DEBT (M€)



The main cash flows of the year derive from the positive operating performance described above, the payment of dividends to shareholders (please refer to paragraph 6.1 Shareholders' equity), the payment of taxes (see section 7.2.2 Income taxes paid) and net investments for 736 million euros, which include:

- net capital expenditures (559 million euros), mainly for the construction of combined cycle gas turbines in the thermoelectric plants of Marghera Levante (90 million euros) and Presenzano (103 million euros), the environmental and energy services (144 million euros), the wind and photovoltaic sectors (58 million euros), as well as the commercial sector (70 million euros) mainly related to incremental costs incurred to obtain new contracts;
- business combinations with an overall impact on debt of about 237 million euros, relating to the acquisition of the companies Winbis (95 million euros), Citelum Italia (now Edison Next Government) (90 million euros), Energia Italia (19 million euros), Gaxa (22 million euros), Sistrol (7 million euros) and Biotech (4 million euros);
- the proceed for about 54 million euros of the price adjustment on the sale of 49% of Edison Renewables, finalized in December 2021;
- investments in financial assets for 7 million euros;
- the sale of the equity investment in Sunflower, which determined a positive effect on debt of 13 million euros.

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

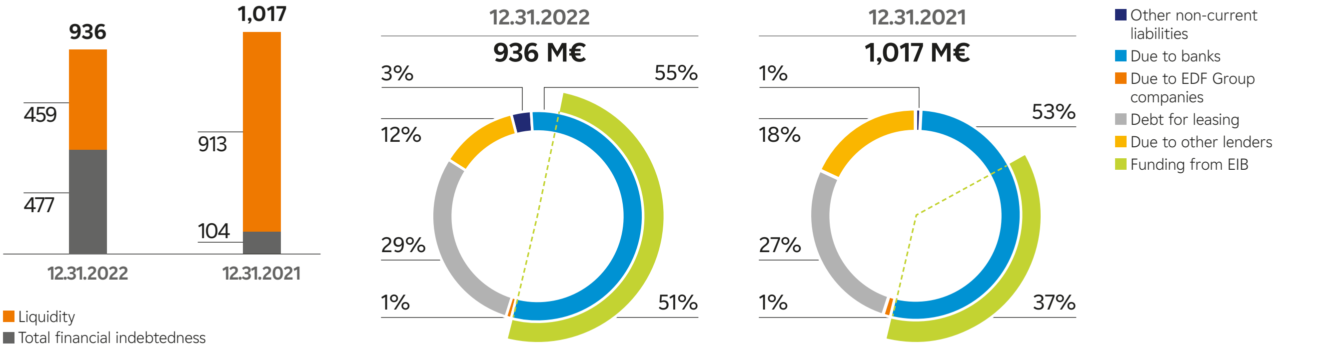
TOTAL FINANCIAL INDEBTEDNESS (in millions of euros)	12.31.2022	12.31.2021	Change
Non-current financial debt	**709**	**614**	**95**
- Due to banks	462	372	90
- Due to EDF Group companies	-	-	-
- Debt for leasing	234	241	(7)
- Due to other lenders	13	1	12
Other non-current liabilities	**27**	**15**	**12**
Non-current financial indebtedness	**736**	**629**	**107**
Current financial debt (excluding current portion of non-current financial debt)	**126**	**330**	**(204)**
- Due to banks	15	135	(120)
- Due to EDF Group companies	7	8	(1)
- Debt for valuation of Cash Flow Hedge derivatives	-	6	(6)
- Due to other lenders	104	181	(77)
Current portion of non-current financial debt	**74**	**58**	**16**
- Due to banks	35	24	11
- Debt for leasing	39	34	5
Current financial assets	**(3)**	**(3)**	**-**
- Credit for valuation of Cash Flow Hedge derivatives	(1)	-	(1)
- Other current financial assets	(2)	(3)	1
Cash and cash equivalents	**(456)**	**(910)**	**454**
Net current financial indebtedness	**(259)**	**(525)**	**266**
Net financial debt Assets held for sale	**-**	**-**	**-**
Total financial indebtedness	**477**	**104**	**373**
of which:			
Gross financial indebtedness	**936**	**1,017**	**(81)**
of which Other non-current liabiliites	27	15	12
Liquidity	**(459)**	**(913)**	**454**

The increase in **non-current financial indebtedness**, compared to December 31, 2021, is mainly due to the drawdowns of the Green Framework Loan with the EIB for about 120 million euros. In fact, the EIB approved the allocation of funds for certain renewable energy and energy efficiency projects to support energy transition investments. This increase was partially offset by reimbursements under the repayment plans and the early repayment of certain loans held by companies within the renewables perimeter (Edison Rinnovabili and Aerochetto), which were refinanced intra-group at more competitive conditions.
The increase in debt due to other lenders derives almost exclusively from the changes in the scope of consolidation.

The sharp decrease in **current financial debt**, compared to December 31, 2021, derives mainly from the lower exposition of the accounts dedicated to margin-setting activity for hedging obligations linked to industrial portfolio and lower temporary overdrafts on current accounts due to normal operations management.

Cash and cash equivalents, amounting to 456 million euros (910 million euros at December 31, 2021), are mainly represented by available funds held in the current account with EDF Sa for 421 million euros (850 million euros at December 31, 2021). It should be noted that cash and cash equivalents at December 31, 2021 benefited from the collection, in mid-December, of about 865 million euros from the sale of 49% of Edison Renewables.
The treasury current account overdraft with EDF Sa, amounting to 199 million euros, was not used at December 31.

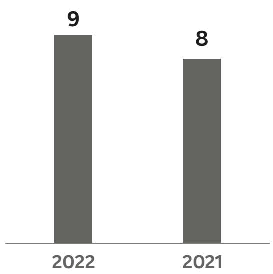
GROSS FINANCIAL DEBT AND BREAKDOWN BY FINANCIAL SOURCE (M€)



More than 50% of the gross financial debt at December 31, 2022 is represented by recourse to EIB loans, which are at the best market conditions and of long duration.

Net financial expense on debt increased mainly as a result of the rise in interest rates.
For the analysis of interest rate risks, please refer to paragraph 6.4 - section 6.4.1 below.

NET FINANCIAL EXPENSE ON DEBT (M€)



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)		12.31.2021	Cash Flow (*)	Non-cash flows						12.31.2022
				Changes in scope of consolidation (**)	New IFRS 16 leases	Other IFRS 16 leases (***)	Currency differences	Changes in fair value (°)	Other changes	
Financial debt (non-current and current)		996	(143)	31	19	6	-	-	-	909
Fair value on interest rate derivatives		6	-	-	-	-	-	(7)	-	(1)
Current financial assets		(3)	1	-	-	-	-	-	-	(2)
Net liabilities resulting from financing activities	**(a)**	**999**	**(142)**	**31**	**19**	**6**	**-**	**(7)**	**-**	**906**
Cash and cash equivalents (*)	**(b)**	**(910)**	**498**	**(44)**	**-**	**-**	**-**	**-**	**-**	**(456)**
Net financial debt Assets held for sale	(c)	-	-	-	-	-	-	-	-	-
Subtotal net financial debt	(d)=(a+b+c)	89	356	(13)	19	6	-	(7)	-	450
Other non-current liabilities	(e)	15	-	10	-	-	-	-	2	27
Total financial indebtedness	**(f)=(d+e)**	**104**	**356**	**(3)**	**19**	**6**	**-**	**(7)**	**2**	**477**

(*) Flows shown in the Cash Flow Statement.
(**) Referred to business combinations and the sale of the company Sunflower.
(***) Refers to the effect of the reference index update for the interest calculation on some debts for leasing.
(°) Related to the hedges on interest rate (IRS) outstanding on some loans.

6.4 Financial risk management

6.4.1 Interest rate risk

Edison Group reduced its exposure to interest rate risk during the year. Please remember that fixed-rate debts are represented in good portion by IFRS 16 leases and by drawdowns for 263 million euros on EIB funds. Variable-rate debt (mainly Euribor rate), which decreased compared to December 31, 2021, mainly consists 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.

The recourse to fixed-rate debt is increased compared to December 31, 2021, ensuring Edison a higher protection against the incremental costs deriving from the rise in interest rates.

GROSS FINANCIAL DEBT MIX FIXED AND VARIABLE RATE: (in millions of euros)	12.31.2022			12.31.2021		
	without derivatives	with derivatives	% with derivatives	without derivatives	with derivatives	% with derivatives
- fixed rate portion (*)	480	531	58%	374	444	44%
- variable rate portion	429	378	42%	628	558	56%
Total gross financial debt (*)	**909**	**909**	**100%**	**1,002**	**1,002**	**100%**

(*) Includes the effects of application of accounting standard IFRS 16 and does not include Other non-current liabilities.

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

SENSITIVITY ANALYSIS (in millions of euros)	**2022**			2021		
	Impact on financial expense			Impact on financial expense		
	+50 bps	base	-50 bps	+50 bps	base	-50 bps
Edison Group	**11**	**10**	**9**	**13**	**13**	**12**

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

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

CASH FLOW PROJECTIONS (*) (in millions of euros)	**12.31.2022**			12.31.2021		
	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 (**)	54	83	813	156	59	681
Trade payables	3,593	185	-	2,690	182	-
Total liabilities	**3,647**	**268**	**813**	**2,846**	**241**	**681**
Guarantees provided to third parties (***)	**-**	**115**	**-**	**-**	**115**	**-**
Cash and cash equivalents	**456**	**-**	**-**	**910**	**-**	**-**

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

The future cash outflows are compared with available resources below.

The **financial debt due within one year**, amounting to 137 million euros (215 million euros at December 31, 2021) at December 31, 2022 relates mainly to the principal and interest on long-term loans falling due and, to a lesser extent, to temporary overdrafts on current accounts due to normal operations management.
Financial debt due after one year (813 million euros) increased compared to December 31, 2021 (681 million euros) mainly for the drawdown of the Green Framework Loan granted by the EIB.

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

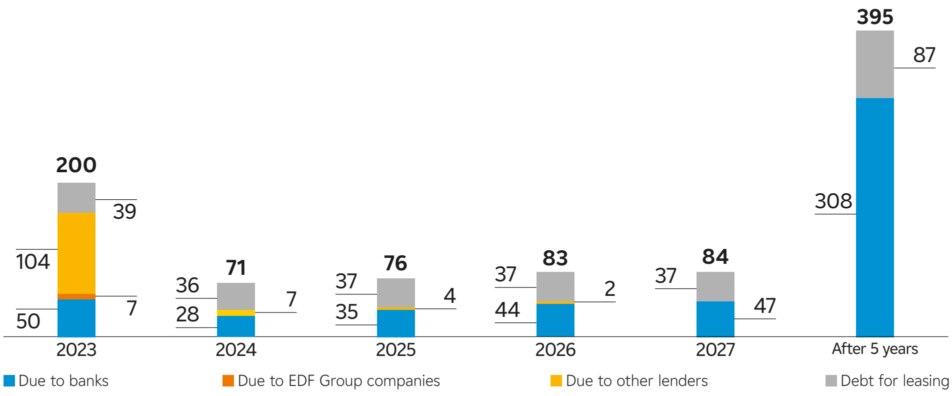
At December 31, 2022, the Edison Group also has cash and cash equivalents of 456 million euros, of which 421 million euros on the treasury current account with EDF Sa.

At December 31, 2022, Edison Group has unused committed lines of credit totalling 780 million euros, represented:

- by the revolving credit line (available for 600 million euros). This credit line, originally of 250 million euros, with a two-year duration and signed with EDF Sa on April 29, 2021, has been increased, during 2022, by 350 million euros. The increase in the line provided Edison with the greater financial flexibility needed to securely face the rise in prices, primarily energy prices, and the strong volatility and uncertainty linked to macroeconomic and geopolitical scenarios that characterized the year. The line is due between March and April 2023;
- by the Green Framework Loan (180 million euros) granted by the EIB at the end of June 2020 to finance the creation of a portfolio of projects throughout Italy for energy efficiency and for the construction of renewable energy plants. The line of credit has a duration of 15 years and may be used until June 2024.

Faced with the expiry of the revolving credit line with EDF Sa, and in view of the market scenario that remains volatile and uncertain, Edison is considering a new credit line, also for revolving use, intended to finance its short-term needs and to effectively manage cash flows.

GROSS FINANCIAL INDEBTEDNESS: DEBT MATURITIES (*) (M€)



(*) 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, 2022, 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, 2022, 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

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

7.2 Taxes

7.2.1 Income taxes and tax rate

INCOME TAXES (in millions of euros)	2022	2021	Change
Current taxes	(177)	(122)	(55)
Net deferred-tax assets/(liabilities)	19	108	(89)
Other	(294)	(43)	(251)
Total	**(452)**	**(57)**	**(395)**
Tax rate	**72.0%**	**11.7%**	**n.a.**

Taxes for the year include under the item "Other":
- 61 million euros paid within the terms of the law as an extraordinary solidarity contribution established for the year 2022 pursuant to article 37 of Decree-Law No. 21 of March 21, 2022, as amended (so-called "extra-profits" Contribution pursuant to article 37 D.L. No. 21/2022);
- the temporary solidarity contribution pursuant to Budget Law 2023, estimated at 240 million euros to date, as the requirements of the current legislative provision have been verified. This additional contribution is due by June 30, 2023.

For more information, refer to the comments in paragraph 1.4.

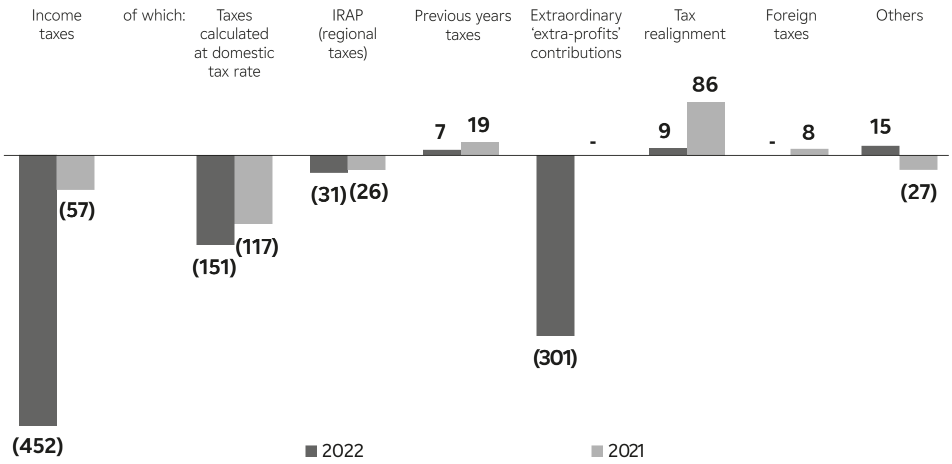
The Group's tax rate is mainly affected by:
- the application of the aforementioned extraordinary contributions included in the item "Other" for a total amount of 301 million euros;
- net positive tax effect of fiscal realignment of goodwill for 9 million euros;
- lower foreign taxes compared to previous year.

In absence of the extraordinary contributions the tax rate would be 24%, therefore the extraordinary items impact overall for about 50%.

In 2021, the application of fiscal realignment determined in income statement a net positive effect of 86 million euros; the substitute tax was included in item "Other" for 51 million euros, applied at 3% to higher tax values; the tax rate was also impacted by the addition of some provisions without tax effects.

The reconciliation between the theoretical tax burden, determined by applying the IRES tax rate in force in Italy of 24% (unchanged compared to 2021), and the effective tax burden is shown in the following chart:

INCOME TAXES (M€)



7.2.2 Income taxes paid

Net income taxes paid in the year amounted to 279 million euros and mainly include the following payments:

- 130 million euros as net amount of IRES to controlling company Transalpina di Energia in the Consolidated Income Tax Return;
- 18 million euros for IRAP;
- 40 million euros for IRES (from the companies of the Group excluded from the Consolidated Income Tax Return);
- the extraordinary solidarity contribution established for the year 2022 pursuant to article 37 of Decree-Law No. 21 of March 21, 2022, as amended (so-called "extra-profits" Contribution pursuant to article 37 D.L. No. 21/2022) paid within the terms of the law;
- 17 million euros for the second 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, 2022, net payables of 327 million euros are recognized (net payables of 145 million euros at December 31, 2021); details are provided in the following table.

CURRENT AND NON-CURRENT TAX RECEIVABLES AND PAYABLES (in millions of euros)	12.31.2022	12.31.2021	Change
Non-current tax receivables	2	2	-
Current tax receivables	15	2	13
Receivables owed by the controlling company in connection with the filing of the consolidated income tax return	48	4	44
Total tax receivables (A)	**65**	**8**	**57**
Non-current tax payables	-	17	(17)
Current tax payables	282	75	207
Liabilities owed to the controlling company in connection with the filing of the consolidated income tax return	110	61	49
Total tax payables (B)	**392**	**153**	**239**
Current and non-current tax receivables (payables) (A-B)	**(327)**	**(145)**	**(182)**

Current tax payables also include 240 million euros for the estimation of the temporary solidarity contribution pursuant to Budget Law 2023 and 17 million euros for the third tranche of substitute tax due for realignment of tax values applied in 2021. Current tax receivables include instead 10 million euros for the amount to be requested as reimbursement relating to the extraordinary ‘extra-profits’ contribution already paid in 2022.

Receivables and liabilities towards the controlling company in connection with the filing of the consolidated income tax return refer to the so called National Consolidated Tax return IRES, as reported below.

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

During the year 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, 2022, net deferred-tax assets of 351 million euros are recognized (net deferred-tax assets of 285 million euros at December 31, 2021); details are provided below.

DEFERRED-TAX ASSETS (in millions of euros)	**12.31.2022**	12.31.2021	Change
Tax losses carryforward	1	-	1
Taxed provision for risks	102	113	(11)
Application of accounting standard on financial instruments:			
- on Income statement	13	-	13
- on Shareholders' equity	151	76	75
Valuation differences of fixed assets	157	136	21
Others	3	4	(1)
Deferred-tax assets	**427**	**329**	**98**

Deferred-tax assets for valuation differences of fixed assets increased for 5 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).

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)	**12.31.2022**	12.31.2021	Change
Valuation differences of fixed assets	59	39	20
Application of accounting standard on financial instruments:			
- on Shareholders' equity	17	3	14
Others	-	2	(2)
Deferred-tax liabilities	**76**	**44**	**32**

Deferred-tax liabilities for valuation differences of fixed assets increased for 17 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)	12.31.2021	Impact on Income Statement	Impact on Shareholders' equity	Changes in scope of consolidation	Other changes/ Reclassifications/ Offsets	12.31.2022
Deferred-tax liabilities:						
Valuation differences of fixed assets (*)	39	(16)		17	19	59
Application of accounting standard on financial instruments:						
- on Shareholders' equity	3		14	-	-	17
Others	2	(2)		-	-	-
Total	**44**	**(18)**	**14**	**17**	**19**	**76**
Offset	-	-	-	-	-	-
Deferred-tax liabilities net of offset	**44**	**(18)**	**14**	**17**	**19**	**76**
Deferred-tax assets:						
Tax losses carryforward	-	-		-	1	1
Taxed provisions for risks	113	(10)		-	(1)	102
Application of accounting standard on financial instruments:						
- on the income statement	-	13		-	-	13
- on Shareholders' equity	76		75	-	-	151
Valuation differences of fixed assets (*)	136	(2)		4	19	157
Others	4	-		-	(1)	3
Total	**329**	**1**	**75**	**4**	**18**	**427**
Offset	-	-	-	-	-	-
Deferred-tax assets net of offset	**329**	**1**	**75**	**4**	**18**	**427**
(Deferred-tax liabilities)/Deferred-tax assets	**285**	**19**	**61**	**(13)**	**(1)**	**351**

(*) The changes in the period include the effect of the realignment of tax values.

8. Non-Energy Activities

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

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

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

Net expenses for 2022 amounts to 68 million euros (net expenses of 155 million euros in the previous year) and include 14 million euros for legal costs.

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)	12.31.2021	Additions	Utilizations	Financial expenses	Other changes	12.31.2022
A) Risks for disputes, litigations and contracts	115	-	(27)	2	-	90
B) Charges for contractual guarantees on sale of equity investments	152	-	-	-	(92)	60
C) Environmental risks	126	51	(29)	-	2	150
D) Disputed tax items	3	-	(3)	-	-	-
Provisions for risks and charges for non-Energy Activities	**396**	**51**	**(59)**	**2**	**(90)**	**300**

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	Status of proceedings
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.	As per the description of the disputes.
Actions for damages and administrative proceedings arising from the operation of industrial facilities conveyed to Enimont **Edison is a party to these proceedings as universal successor to Montedison Spa**		
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 May 5, 2023. 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 programme 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.	As per description.
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.	As per the description of the disputes.
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 setting of the hearing is pending.	As per the description of the dispute.

Date started/Jurisdiction	Description of dispute	Status of proceedings
Crotone - administrative proceedings		
November 2022 Province of Crotone	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.	As per the description of the proceedings.
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	Status of proceedings
Civil lawsuits, criminal trials and administrative proceedings concerning the sale of Agorà Spa, which owned 100% of the shares of Ausimont Spa **Edison is a party to these proceedings in its capacity as universal successor to Montedison Spa**		
Ausimont - Bussi sul Tirino - Administrative proceedings of remediation of so-called “Solvay Internal Areas”		
December 18, 2019	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.	As per the description of the dispute.
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.	As per the description of the dispute.

Date started/Jurisdiction	Description of dispute	Status of proceedings
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.	As per the description of the proceedings.
Ausimont - Solvay Arbitration		
May 2012 ICC - Geneva	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 is therefore obliged to pay approximately 92 million euros; consequently, this amount was reclassified from the existing specific risk provision to Other current liabilities. Edison is considering a further appeal to the Court of Cassation. 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 hearing is scheduled for September 2023.	As per the description of the dispute.

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

Bussi sul Tirino National Interest Site - "former Montedison Srl" area and Bolognano site		
2011 and 2018 Abruzzo Regional Administrative Court - Pescara Section	**"Former Montedison Srl" area**: 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), 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. **Bolognano site**: 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.	As per the description of the proceedings.

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

Date started/Assessing office	Description of dispute	Status of proceedings
Income Tax Assessments for 1991 and 1992 (Old Calcestruzzi Spa)		
Assessments notified in 1997-1998 by the former Ravenna Income Tax Office	The disputes, relating to the years 1991 and 1992, regard the tax treatment of transactions performed by Calcestruzzi Spa involving beneficial interests in shares. Last March 31, 2022 the Supreme Court of Cassation issued two decisions, almost favorable for Edison, postponing before the Tax Regional Court to decide once again about taxes and penalties requested on shares' usufruct, but definitively cancelling the other items contested by the tax authorities. The residual risk provision has therefore been released.	As per the description of the proceeding.

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	Status of proceedings
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.	These proceedings are currently pending at the court of first instance at the preliminary investigation phase with the technical advice provided by the judge.

Date started/Jurisdiction	Description of dispute	Status of proceedings
	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. With reference to this dispute, Edison, as a result of the checks shared with leading legal and accounting advisors, does believe that there aren't met the necessary conditions for defining a provision linked to a contingent liability, i.e. the issues of actual existence, probability and quantification. Substantially, indeed, there isn't any present obligation, either juridical or environmental to be fulfilled actually with the commitment of economic resources.	
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").	As per the description of the disputes.
Port of Augusta - Administrative proceedings		
2020	In 2020, the Minister of Ecology 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.	As per the description of the proceedings.
Bussi - River Tirino - Remediation proceedings		
July 2022	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.	As per the description of the proceedings.

9. Other notes

9.1 Information on business combinations

The year 2022 was characterized by:

- **Some business combination's transactions** related to:
  - **Energia Italia**
  - **Sistrol**
  - **Gaxa**
  - **Biotech**
  - **Winbis**

  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.

- **Some business combination's transactions** related to:
  - **REN 153, REN 141 and REN 147**

  These transactions are 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 Purchase Price Allocation (or PPA).

- **A business combination's transaction** related to:
  - **Citelum Italia (now Edison Next Government)**

  This transaction, as previously commented in the paragraph 1.3 Main changes in the scope of consolidation compared to December 31, 2021, is treated as a Business Combination between companies under common control and therefore, is excluded from the scope of IFRS 3 revised.

- **Finalization of PPA process referred to 2021 acquisitions:**
  - **Hydro Dynamics**
  - **Energia Etica**
  - **Vibinum and Aerochetto**
  - **MS Energy**

  Please note that in 2022 the PPA process related to the acquisitions occurred in 2021, 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 2021 Consolidated Financial Statements.

The transactions carried out during 2022 are described below.

Energia Italia

The acquisition, executed on January 20, 2022, of 100% of the company **Energia Italia**, operating in the mini-hydro sector, which at the closing date owned 50% of Idroelettrica Dogana and 50% of Idroelettrica Restituzione. Later, on May 26, 2022, Energia Italia acquired a further stake of 20% of the company **Idroelettrica Dogana** which therefore is now owned at 70% and consolidated line-by-line, whereas the company **Idroelettrica Restituzione** continues to be evaluated by equity method; the considerations paid for such acquisitions amount to about 23 million euros.

Sistrol

The acquisition, on April 7, 2022, of 55% of **Sistrol**, a digital company operating in Spain in the energy services for the tertiary sector and consolidated line-by-line, for a consideration of about 7 million euros. The valuation carried out includes the valuation of the options to purchase the remaining 45% share of the company's capital.

Gaxa

The acquisition, executed on May 4, 2022, of 70% of **Gaxa**, a company operating in the retail gas market in Sardinia, through the supply of natural gas, LPG and propane-air for civil uses and consolidated line-by-line, for a consideration of 5 million euros (earn-out subject to the occurring of some conditions precedent are provided by contract). The valuation carried out includes the valuation of the options to purchase the remaining 30% share of the company's capital.

Citelum Italia

The acquisition, on May 10, 2022, by Fenice Qualità per l'Ambiente (now Edison Next) of 100% of **Citelum Italia (now Edison Next Government)**, a company operating in the segment of lighting services for the Public Administration and already owned by EDF Group, for a consideration of about 81 million euros; the transaction is treated as Business Combination between companies under common control and therefore is excluded from the scope of IFRS 3 revised.
It should be noted that following the acquisition, Edison Next Government has applied IFRIC 12 (financial asset model) to the accounting of part of its assets, which therefore are now recognized under Financial assets.

Biotech

The acquisition, on July 19, 2022, of 55% of **Biotech**, a company operating in the energy and environmental services sector, for a consideration of about 4 million euros. The valuation carried out includes the valuation of the options to purchase an additional 25% share of the company's capital.

Winbis

The acquisition, on July 28, 2022, of 100% of the company **Winbis**, which in its turn owns 100% of the company **Cerbis**, for a consideration of about 115 million euros; both the companies operate in the wind sector.

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 2022 of the acquired entities, starting from the acquisition date.

The recorded amounts should be viewed provisional since, pursuant to the IFRS 3 revised, the valuation becomes final 12 months after the date of acquisition.

ACQUIRED ASSETS AND LIABILITIES (in millions of euros)	Energia Italia	Sistrol	Gaxa	Citelum Italia (now Edison Next Government)	Biotech	Winbis	**Total business combinations**
ASSETS							
Goodwill	-	-	-	4	-	-	4
Property, plant and equipment	18	-	1	7	1	76	103
Intangible assets	-	5	4	20	-	-	29
Equity investments	5	-	-	-	-	-	5
Other non-current financial assets	3	-	-	40	-	-	43
Deferred-tax assets	-	-	-	1	-	4	5
Other non-current assets	-	-	-	-	-	-	-
Total non-current assets	**26**	**5**	**5**	**72**	**1**	**80**	**189**
Inventories	-	-	1	5	-	-	6
Trade receivables	-	4	20	70	-	3	97
Current tax receivables	-	-	-	1	-	1	2
Other current assets	1	-	3	17	-	5	26
Current financial assets	-	-	-	7	-	-	7
Cash and cash equivalents	4	1	-	21	-	20	46
Total current assets	**5**	**5**	**24**	**121**	**-**	**29**	**184**
Total assets (A)	**31**	**10**	**29**	**193**	**1**	**109**	**373**
LIABILITIES							
Shareholders' equity attributable to Parent Company shareholders	-	-	-	(1)	-	-	(1)
Shareholders' equity attributable to minority shareholders	3	-	-	-	-	-	3
Employee benefits	-	-	-	2	-	-	2
Provisions for decommissioning and remediation of industrial sites	-	-	-	-	-	1	1
Provisions for risks and charges	-	-	-	1	-	-	1
Deferred-tax liabilities	4	1	-	1	-	11	17
Other non-current liabilities	-	5	3	-	2	-	10
Non-current financial debt	-	-	-	23	-	-	23
Total non-current liabilities and shareholders' equity	**7**	**6**	**3**	**26**	**2**	**12**	**56**
Trade payables	-	1	10	72	-	-	83
Current tax payables	1	-	-	2	-	6	9
Other current liabilities	-	-	2	5	-	-	7
Current financial debt	-	1	17	7	-	-	25
Total current liabilities	**1**	**2**	**29**	**86**	**-**	**6**	**124**
Total liabilities and shareholders' equity (B)	**8**	**8**	**32**	**112**	**2**	**18**	**180**
Net acquired assets (A-B)	**23**	**2**	**(3)**	**81**	**(1)**	**91**	**193**
- % attributable to Edison	**100%**	**100%**	**100%**	**100%**	**80%**	**100%**	
Net assets attributable to Edison (C)	**23**	**2**	**(3)**	**81**	**(1)**	**91**	**193**
Goodwill (D-C)	**-**	**5**	**8**	**-**	**5**	**24**	**42**
Price of acquisition (D)	**23**	**7**	**5**	**81**	**4**	**115**	**235**
Cash and cash equivalents acquired (E)	**(4)**	**(1)**	**-**	**(21)**	**-**	**(20)**	**(46)**
Financial debt reimbursed (F)	**-**	**-**	**17**	**-**	**-**	**-**	**17**
Total net price paid on business combination (D+E+F)	**19**	**6**	**22**	**60**	**4**	**95**	**206**

INCOME STATEMENT FROM ACQUISITION DATE (in millions of euros)	Energia Italia	Sistrol	Gaxa	Citelum Italia (now Edison Next Government)	Biotech	Winbis	**Total business combinations**
Sales revenues (*)	2	5	11	134	-	11	163
EBITDA	**(1)**	**1**	**(5)**	**24**	**-**	**8**	**27**
Depreciation, amortization and writedowns	(4)	-	(1)	(2)	-	(2)	(9)
Net financial income (expense) (*)	-	-	-	(1)	-	-	(1)
Profit (Loss) before taxes	**(5)**	**1**	**(6)**	**21**	**-**	**6**	**17**
Profit (Loss)	**(4)**	**1**	**(6)**	**15**	**-**	**4**	**10**

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

9.2 Information pursuant to IFRS 5

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

As previously described in paragraph 1.5 Application of accounting standard IFRS 5, in May 2022 Edison signed an agreement to sell the 11.25% stake in the North Reggane licence in Algeria, held by its subsidiary **Edison Reggane** to Wintershall Dea Algeria Gmbh, subsequently amended to provide for the sale of the shareholding, partly to Repsol (6.75%) and partly to Wintershall Dea (4.50%).

At the date of preparation of these Consolidated Financial Statements, the finalization of the sale transaction is deemed highly probable, although it is still subject to some approvals. Consequently, the E&P assets located in Algeria were treated as disposal group pursuant to IFRS 5, as alone they do not represent a significant autonomous business unit for the Edison Group and as such it is not possible to classify them as discontinued operations; therefore, while in the income statement and flows the representation of the contribution to Group values is included under continuing operations, the balance sheet balances at December 31, 2022, aligned with the presumed realizable value, are exposed under Assets and Liabilities held for sale (the balance sheet balances at December 31, 2021 are those published in 2021 Consolidated Financial Statements and have not been restated).

More in detail, the activities under disposal of Edison Reggane contribute to Group EBITDA for 33 million euros and to EBIT for 15 million euros; moreover in the Balance Sheet at December 31, 2022 are recorded:
- **Assets held for sale** for 74 million euros, represented by property, plant and machinery 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

At December 31, 2022 also some amounts, always pertaining to the E&P business, linked to the sale transactions concluded in the past years with Energean and Sval Energi, are recognized under Assets held for sale and Liabilities held for sale.

In particular, **Assets held for sale** refer to non-current non-financial assets for 76 million euros (69 million euros at December 31, 2021) and include:
- for 65 million euros (58 million euros at December 31, 2021), the estimated present value of the additional consideration set forth in the agreement with Energean (up to 100 million USD, subject to the commissioning of Cassiopea gas field in Italy); this consideration will be determined on the basis of gas prices (PSV) observed at the time of the commissioning of the field, actually expected in 2024; the increase in the year is booked under the item ‘Profit (loss) from discontinued operations’;
- for 11 million euros (11 million euros at December 31, 2021) the deferred consideration provided for by the contract for the sale of Edison Norge to Sval Energy and that will be received at the Dvalin field production start-up.

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

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

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 prior to the locked-box date (December 31, 2018).

As noted, the Court of Cassation, by some rulings issued in 2016, stated the subjection to ICI/IMU of the offshore hydrocarbon extraction platforms located in territorial waters, although it did not specify which would be the criteria for the allocation of territorial jurisdiction to the different coastal municipalities, and especially, assets which, as they are not on land, by legislation cannot be enrolled in the property registry, were deemed subject to enrolment in the property registry. From 2020 a specific tax, essentially due to the Revenue Agency, was introduced for offshore platforms and only for the value of the structure above the surface of the water, regulating the case for the future, but without a clear position for the past. Moreover, according to the new tax, the specific competence of the coastal municipalities for every offshore platform has been established by ministerial decree.
Disputes with the municipalities of Cupra Marittima and Scicli are currently still pending for the years 2016 - 2018 towards Edison Spa, while the dispute with the municipality of Pineto is pending only towards Energean with reference also to years linked to Edison Spa.
Possible charges arising from disputes that are still pending are adequately covered by the existing provision for risks and charges.

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; therefore, it will be Edison that manages the proceedings intended to recover the sums and obtain compensation for damages.

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. Civil proceedings are still pending in first instance.
The facts in question have already been the subject of a criminal procedure declared closed 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 made for the disposal of the E&P business in July 2019, the newly established Edison Exploration & Production Spa ("Edison E&P") assumed the liability relating 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 litigation. Therefore, Edison deemed it appropriate, on a completely prudential basis, to forecast an expense related to this litigation. This value, along with the estimates of other expenses linked to the disposal, was recognized in 2019 in the net result from discontinued operations and at December 31, 2022 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)	12.31.2022	12.31.2021	Change
Guarantees provided	2,520	1,397	1,123
Other commitments and risks	163	133	30
Total for the Group	**2,683**	**1,530**	**1,153**

Guarantees provided were determined based on the undiscounted amount of contingent commitments on the end of the reporting period. They consist mainly of guarantees provided by the Group's parent company or by banks with the parent company's counter-guarantee to secure the performance of contractual obligations by subsidiaries and affiliated companies. They also include, guarantees issued to third parties concerning activities on the Power Exchange, in particular to the GME, plus sureties issued to the individual operators with which the Group carries out electricity and gas purchases and sales. Moreover, they include guarantees concerning the activities related to the Energy & Environmental Services Market.
With reference to the increase compared to December 31, 2021, it should be noted that Edison is the beneficiary, as the buyer, of a gas sale agreement with Azerbaijan Gas Supply Company (AGSC) for the long-term supply of gas for a contractual volume of 1 billion cubic meters per year until 2044. As part of this agreement, AGSC benefits from a rating trigger clause which allows to call for a cash or bank guarantee should Edison fall below a certain credit quality rating. On February 21, 2022 Moody's downgraded Edison Spa's long-term unsecured debt rating from Baa2 to Baa3/negative outlook. Per the contractual terms this entitles AGSC to ask Edison for a credit support equivalent to 6 months of forward delivery. In this context, the controlling company EDF Sa procured a bank guarantee in favor of AGSC, in the interest of its subsidiary Edison for an amount of 682 million dollars (639 million euros).

Other commitments and risks include, among other things, 116 million euros against a 7-year long-term contract signed with a shipowner for the hire of an LNG vessel. The vessel is under construction and will be delivered by the first quarter of 2023 at the latest.

Unrecognized commitments and risks

It should be noted that within Gas Operations contracts are outstanding for the importation of hydrocarbons for a total maximum nominal supply of 12.4 billion cubic meters a year. These contracts typically have an extended duration (at December 31, 2022 up to 22 years) therefore their margins are susceptible to change over time as conditions change in the economic and external competitive context and in the commodities scenarios used as a reference in the purchase cost/sale price indexing formulas. The presence of procurement price renegotiation clauses as well as revisions of flexibility conditions thus represent important elements to partially mitigate the risk noted above to which the parties may make recourse during contractual windows that open periodically.

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

		within 1 year	from 2 to 5 years	over 5 years	Total
Natural gas	Billions of m^3	12.0	47.8	63.5	**123.3**

The economic data are based on prospective pricing formulas.

It should be noted that, following a Commercial Agreement signed with a counterpart for a long-term natural gas supply, the Group will pay in 2023, in the face of agreements revision, a contractual fee.

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

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

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

9.4 Intercompany and Related-party transactions

In line with the Group policies, the economic, equity and financial transactions in place at December 31, 2022 with related parties are shown below, in accordance with the disclosure required by IAS 24. These transactions are implemented under the scope of normal operations and regulated at contractual conditions established by the parties in line with ordinary market practices.

(in millions of euros)	Related parties pursuant to IAS 24				Total for financial statement item	Impact %
	With unconsolidated Edison Group companies (A)	With controlling companies (B)	With other EDF Group companies (C)	Total for related parties		
Balance Sheet transactions:						
Investments in companies valued by the equity method	216	-	-	**216**	**216**	**100.0%**
Other non-current financial assets	15	-	-	**15**	**86**	**17.4%**
Trade receivables	8	-	918	**926**	**4,281**	**21.6%**
Current tax receivables	-	48	-	**48**	**63**	**76.2%**
Other current assets	3	6	50	**59**	**372**	**15.9%**
Cash and cash equivalents	-	421	-	**421**	**456**	**92.3%**
Trade payables	10	6	436	**452**	**3,778**	**12.0%**
Current tax payables	-	110	-	**110**	**392**	**28.1%**
Other current liabilities	-	1	117	**118**	**680**	**17.4%**
Current financial debt	12	7	-	**19**	**200**	**9.5%**
Income Statement transactions:						
Sales revenues	55	4	6,274	**6,333**	**30,380**	**20.8%**
Other revenues and income	1	-	20	**21**	**156**	**13.5%**
Commodity and logistic costs	(33)	-	(2,945)	**(2,978)**	**(28,100)**	**10.6%**
Other costs and services used	(3)	(31)	(6)	**(40)**	**(819)**	**4.9%**
Net financial income (expense) on debt	-	(3)	-	**(3)**	**(9)**	**33.3%**
Other net financial income (expense)	-	72	-	**72**	**26**	**n.s.**

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

A) Transactions with unconsolidated Edison Group companies

These outstanding transactions relating to unconsolidated Group companies, joint ventures and affiliated companies, primarily include:
- financial transactions, consisting in lending facilities;
- commercial transactions mainly related to the electric power sector.

Relating to Investments in companies valued by the equity method and Other non-current financial assets please refer to the chapter 5. Fixed assets, 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, 2022, the current account established by Edison Spa with TdE had a debit balance of about 7 million euros (debit balance of 8 million euros at December 31, 2021).

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

B.2 With EDF Sa

Cash-pooling
At December 31, 2022 the Edison Spa current account, dedicated to cash-pooling with EDF Sa, had a credit balance of 421 million euros (credit balance of 850 million euros at December 31, 2021).

Credit Lines
It is active the revolving credit line granted to Edison Spa by EDF Sa in April 2021 with a two-year duration, for a nominal value of 250 million euros. In view of the high volatility of macroeconomic scenarios and the energy market, with the aim of further mitigating liquidity risk, Edison negotiated a temporary increase, until January 31, 2023, of this revolving credit line granted by EDF Sa for a further 350 million euros up to a maximum of 600 million euros. On January 31, 2023 the maturity of this increase has been extended until March 31, 2023. At December 31, 2022, the credit line is fully available.
The provisions of the Procedure for Transactions with Related Parties adopted by the company for transactions of greater importance of an ordinary nature at market conditions were applied to the credit line and its increase.

More detailed information is provided in chapter 6. Shareholders' equity, Financial debt and cost of debt.

Other transactions
Considering the economic transactions it should be noted:
- costs of period for 30 million euros referred mainly to insurance costs, royalties for the utilization of the brand, services rendered and the recharges of corporate costs mainly referred to the compensation of the Board of Directors;
- sales revenues and other income for a total of 4 million euros referred mainly to the services provided in the activity relating to gas portfolio.

As part of financial transactions, Edison entered into transactions to hedge exchange rate risk that, affected by currency trends, generated a net positive balance for about 72 million euros (net positive balance for 24 million euros in 2021).

At the date the Consolidated Financial Statements are prepared the fair value on Cash Flow Hedge derivatives outstanding with EDF Sa is estimated for a net positive amount of about 41 million euros, booked in the item Fair Value (58 million euros among Assets and 17 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 (*)	Citelum Italia (**)	Others	Total
Balance Sheet transactions:				
Trade receivables	918	-	-	**918**
Other current assets	47	-	3	**50**
Trade payables	434	-	2	**436**
Other current liabilities	116	-	1	**117**
Income Statement transactions:				
Sales revenues	**6,254**	**20**	**-**	**6,274**
Electric power and natural gas	5,636	20	-	5,656
Realized commodity derivatives	618	-	-	618
Other revenues	-	-	-	-
Other revenues and income	**18**	**-**	**2**	**20**
Commodity and logistic costs	**(2,945)**	**-**	**-**	**(2,945)**
Electric power and natural gas	(2,539)	-	-	(2,539)
Realized commodity derivatives	(404)	-	-	(404)
Sundry items	(2)	-	-	(2)
Other costs and services used	**-**	**-**	**(6)**	**(6)**
Professional services	-	-	(6)	(6)

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

Referring to EDF Trading it is worth mentioning that from September 1, 2017 is in force the MASA (Trading Joint Venture and Market Access Services Agreement); the so-called profit sharing (remuneration mechanism) is booked in "Other revenues and income" for 18 million euros (about 11 million euros in 2021).
There are derivatives qualified as Cash Flow Hedge, Fair Value Hedge and Economic Hedge outstanding with EDF Trading; the fair value estimated on such derivatives is booked in the balance sheet in the item Fair Value among assets and liabilities (net liabilities for 375 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 reimbursement of about 2 million euros were obtained by Wagram Insurance Company.

D) Other transactions with related parties

It should be noted that on March 17, 2022, a **Novation Agreement** was signed between Edison Spa, EDF Trading and Uniper Global Commodities SE, on the basis of which EDF Trading replaces the third-party counterpart and takes over all contractual obligations and rights and under the same conditions previously stipulated with Edison Spa, concerning forward deal on natural gas for a total of approximately 3.8 TWh. This Novation operation was carried out in execution of policies of counterparty risk mitigation and guarantees in consideration of the current extreme volatility and riskiness of the gas market.

Please consider also the acquisition, on May 10, 2022, by Fenice Qualità per l'Ambiente (now Edison Next) of 100% of **Citelum Italia** (now Edison Next Government), a company operating in the segment of lighting services for the Public Administration and already owned by EDF Group; the transaction is treated as Business Combination between companies under common control. For further details, please see the paragraph 9.1 Information on business combinations.

10. Criteria and methods

10.1 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.

10.2 Valuation criteria

10.2.1 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 2023 budget approved by the Board of Directors on December 7, 2022;
- the 2024-2026 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 and the useful life's extension of renewable power plants.
These assumptions and the corresponding financials were deemed to be suitable for impairment test purposes by the Board of Directors of February 15, 2023, 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;
- 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 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 2022, 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.

    In this context, it is worth mentioning the specificity of the hydrocarbons Exploration & Production sector which is impacted by the oil market scenario, the estimates of reserves, the technological complexity and the dedicated legislation. These activities are usually performed in joint ventures and are disciplined by specific contractual clauses which may include the decommissioning phase. After the disposals concluded in 2020 and 2021, the E&P business now includes the activities in Algeria which, at December 31, 2022, are classified under Assets and Liabilities held for sale.
  - **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.

10.2.2 Other valuation criteria

10.2.2.1 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 10.2.2.6 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.

10.2.2.2 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).

10.2.2.3 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 table that follows shows the range of the depreciation rates:

	Electric Power Operations		Gas Operations		Corporate	
	min.	max.	min.	max.	min.	max.
Buildings	1.0%	13.0%	2.0%	3.0%	4.0%	5.0%
Plant and machinery	2.0%	17.0%	2.0%	6.0%	6.0%	13.0%
Other assets	5.0%	25.0%	6.0%	35.0%	1.0%	20.0%

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).

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.

Assets of E&P business, sold, with the exception of Algerian assets which at December 31, 2022 are classified under Assets and Liabilities held for sale:
Hydrocarbons sector's property, plants and equipment and intangible assets
A relevant part of the property, plant and equipment and intangible assets of the hydrocarbon sector is depreciated in accordance with the **unit of production (UOP) method**; according this method the depreciation rate is determined as the ratio between the quantities produced during the year and the estimated remaining available reserves at the beginning of the year; the value of the initial reserves is based on the best and most recently updated estimates available at the end of each period.
Using the UOP method are depreciated the plants appurtenant to hydrocarbon production concessions and the related costs incurred to close mineral wells, clear the drill site and dismantle or remove structures recognized as assets as well as the concessions.
Hydrocarbon concessions, exploration activities and measurement of mineral resources
The costs incurred to **acquire mineral leases** or extend the duration of existing concessions are recognized as "Intangible assets" and amortized on a straight-line basis over the length of the lease in the exploration phase. If an exploration project is later abandoned, the residual cost is immediately recognized in the income statement.
Exploration costs and costs incurred in connection with geological surveys, exploratory testing, geological and geophysical mapping and exploratory drilling are recognized as "Intangible assets" but their full amount is amortized in the year they are incurred.
Development costs related to successful mineral wells and **production costs incurred to build facilities to extract and store hydrocarbons** are recognized as "Property, plant and equipment", in accordance with the nature of the asset, and are depreciated by the UOP method. The costs incurred to shut down wells, abandon the drill site and dismantle or remove the equipment (**decommissioning costs**) are capitalized and amortized in accordance with the UOP method.

Hydrocarbon production concessions are amortized in accordance with the UOP method. In addition, a test is conducted each year to make sure that the carrying amounts of these assets are not greater than their realizable value, computed by discounting future cash flows which are estimated based on future production programs, or their market value if higher.

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.

10.2.2.4 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.

10.2.2.5 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 10.2.1 Use of estimated values.

10.2.2.6 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 10.2.2.3 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).

10.2.2.7 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 10.2.1 Use of estimated values.

11. Other information

11.1 Significant non-recurring events and transactions

In accordance with CONSOB Communication No. DEM/6064293 of July 28, 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 2022 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 2022 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 under the operational programme "Horizon Europe" for the project: H-HOPE - Hidden Hydro Oscillating Power for Europe.	European Executive Agency for Climate, Infrastructure and the Environment (CINEA) ("EU executive agency" or "granting authority"), within the powers delegated by the European Commission.	54,855

Significant events occurring after December 31, 2022

No significant events occurred after December 31, 2022.

Milan, February 15, 2023

The Board of Directors
By Nicola Monti
Chief Executive Officer

Scope of Consolidation at December 31, 2022

List of equity investments

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2022	Consolidated Group interest (a) 12.31.2021	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (c)	Notes
A) Investments in companies included in the scope of consolidation									
A.1) Companies consolidated line by line									
Group Parent Company									
Edison Spa	Milan (IT)	EUR	4,736,117,250						
Electric Power Operations									
Aerochetto Srl (single shareholder)	Milan (IT)	EUR	2,000,000	51.00	45.90	100.00	Edison Rinnovabili Spa	S	(1)
Ambyenta Campania Spa (single shareholder)	Rivoli (TO) (IT)	EUR	195,397	100.00	95.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Ambyenta Lazio Srl	Rivoli (TO) (IT)	EUR	10,000	70.00	70.00	70.00	Edison Next Environment Srl (single shareholder)	S	-
Ambyenta Srl (single shareholder)	Rivoli (TO) (IT)	EUR	10,000	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Assistenza Casa Spa (single shareholder) - Electric Power Activities	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Biotech Srl	Naples (IT)	EUR	1,050,000	55.00	-	55.00	Edison Next Environment Srl (single shareholder)	S	(8)
Bonorva Windenergy Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
CEA Biogas Srl (single shareholder)	Caivano (NA) (IT)	EUR	1,000,000	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Cellina Energy Srl (single shareholder)	Milan (IT)	EUR	5,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Cerbis Srl (single shareholder)	Milan (IT)	EUR	20,000	51.00	-	100.00	Winbis Srl (single shareholder)	S	(1)
Citelum Servicios Energeticos Sl	Madrid (E)	EUR	3,100	100.00	-	100.00	Edison Next Government Srl (single shareholder)	S	-
Conef Solutions Slu	Madrid (E)	EUR	3,001	100.00	100.00	100.00	Edison Next Spain Sl	S	-
Consorzio Interrompibilità We're - Attività Energia Elettrica	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	Edison Next Government Srl (single shareholder)	S	-
Don Diego Solar Sl	Barcelona (E)	EUR	3,100	97.80	-	89.00 11.00	Edison Next Government Srl (single shareholder) Esigman Soluciones Sl	S	-
Ecologica Marche Srl (single shareholder)	Monsano (AN) (IT)	EUR	20,000	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Ecotermica Cirié Srl	Rivoli (TO) (IT)	EUR	10,000	60.00	60.00	60.00	Edison Next Spa (single shareholder)	S	(2)
EDF Fenice Maroc	Casablanca (MA)	MAD	300,000	100.00	100.00	99.97 0.03	Edison Next Spain Sl Edison Next Spa (single shareholder)	S	-
Edison Energia Spa (single shareholder) - Attività Energia Elettrica	Milan (IT)	EUR	40,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison Next Environment Srl (single shareholder) - ex Sersys Ambiente Srl (single shareholder)	Rivoli (TO) (IT)	EUR	1,000,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	(2)
Edison Next Government Srl (single shareholder) ex Citelum Italia Srl (single shareholder)	Milan (IT)	EUR	64,900,000	100.00	-	100.00	Edison Next Spa (single shareholder)	S	(2)
Edison Next Government Napoli Scarl	Milano (IT)	EUR	260,000	99.50	-	99.50	Edison Next Government Srl	S	-
Edison Next Recology Srl (single shareholder) ex Rendina Ambiente Srl (single shareholder)	Rivoli (TO) (IT)	EUR	50,000	100.00	100.00	100.00	Edison Next Environment Srl (single shareholder)	S	(2)
Edison Next Services Slu ex Edf Fenice Services Iberica Sl	Madrid (E)	EUR	6,010	100.00	100.00	100.00	Edison Next Spain Sl	S	-
Edison Next Spa (single shareholder) ex Fenice Qualità per l'Ambiente Spa (single shareholder)	Rivoli (TO) (IT)	EUR	330,500,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison Next Spain Sl ex EDF Fenice Iberica Slu	Madrid (E)	EUR	12,000,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	-
Edison Rinnovabili Spa (single shareholder)	Milan (IT)	EUR	4,200,000	51.00	51.00	51.00	Edison Spa	S	(1)
Edison Teleriscaldamento Srl (single shareholder)	Rivoli (TO) (IT)	EUR	120,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	(2)
Elio Sicilia Srl (single shareholder)	Palermo (IT)	EUR	10,000	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Energia Etica Srl (single shareholder)	Milan (IT)	EUR	375,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Energia Italia Srl (single shareholder)	Milan (IT)	EUR	20,000	100.00	-	100.00	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	Edison Next Government Srl (single shareholder)	S	(3)
Esigman Soluciones Sl	Barcelona (E)	EUR	3,100	80.00	-	80.00	Edison Next Government Srl (single shareholder)	S	-
Fenice Assets Iberica Sl	Madrid (E)	EUR	10,000	100.00	100.00	100.00	Edison Next Spain Sl	S	-
Fenice Poland Sp.z.o.o.	Bielsko Biala (PL)	PLZ	30,000,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	-
Fenice Services Polska	Bielsko Biala (PL)	PLZ	600,000	100.00	100.00	100.00	Fenice Poland Sp.z.o.o.	S	-

List of equity investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2022	Consolidated Group interest (a) 12.31.2021	Interest held in share capital % (b)	Interest held in share capital by	Type of investment relationship (c)	Notes
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	-	88.00	Edison Next Government Srl (single shareholder)	S	-
						12.00	Esigman Soluciones Sl		
Hinojo Certero Sl	Barcelona (E)	EUR	3,100	97.00	-	85.00	Edison Next Government Srl (single shareholder)	S	-
						15.00	Esigman Soluciones Sl		
Idroblu Srl	Milan (IT)	EUR	100,000	39.26	39.26	51.00	Frendy Energy Spa	S	(4)
Idrocarrù Srl	Milan (IT)	EUR	20,410	39.26	39.26	51.00	Frendy Energy Spa	S	(4)
Idroelettrica Dogana Srl	Milan (IT)	EUR	10,000	70.00	-	70.00	Energia Italia Srl (single shareholder)	S	(1)
Interecogen Srl (single shareholder)	Rivoli (TO) (IT)	EUR	110,000	100.00	100.00	100.00	Edison Next Spa (single shareholder)	S	(2)
Jara Meridional Sl	Barcelona (E)	EUR	3,100	97.20	-	86.00	Edison Next Government Srl (single shareholder)	S	-
						14.00	Esigman Soluciones Sl		
Jesi Energia Spa	Milan (IT)	EUR	5,350,000	70.00	70.00	70.00	Edison Spa	S	(1)
Magnoli & Partners Srl (single shareholder)	Rivoli (TO) (IT)	EUR	10,000	100.00	60.00	100.00	Edison Next Spa (single shareholder)	S	(2)
Margarita Alternativa Sl	Barcelona (E)	EUR	3,100	97.40	-	87.00	Edison Next Government Srl (single shareholder)	S	-
						13.00	Esigman Soluciones Sl		
MF Energy Srl (single shareholder)	Milan (IT)	EUR	10,000	51.00	51.00	100.00	Edison Rinnovabili Spa	S	(1)
Ms Energy Srl (single shareholder)	Milan (IT)	EUR	20,000	100.00	100.00	100.00	Edison Spa	S	(1)
Ren 141 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	-	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	-	100.00	Edison Rinnovabili Spa	S	(1)
Ren 153 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00	-	100.00	Edison Rinnovabili Spa	S	(1)
Salamandra Nitida Sl	Barcelona (E)	EUR	3,100	96.80	-	84.00	Edison Next Government Srl (single shareholder)	S	-
						16.00	Esigman Soluciones Sl		
Sistemi di Energia Spa	Milan (IT)	EUR	10,083,205	88.28	88.28	88.28	Edison Spa	S	(1)
Sistrol Sa	Madrid (E)	EUR	1,496,094	55.00	-	55.00	Edison Next Spain Sl	S	(8)
Sorrento Power and Gas Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	-	100.00	Edison Energia Spa (single shareholder)	S	(1)
Tabacchi Srl (single shareholder)	Milan (IT)	EUR	298,488	100.00	100.00	100.00	Edison Next Government Srl (single shareholder)	S	(3)
Termica Cologno Srl	Milan (IT)	EUR	1,000,000	65.00	65.00	65.00	Edison Spa	S	(1)
Triton Cristalino Sl	Barcelona (E)	EUR	3,100	98.00	-	90.00	Edison Next Government Srl (single shareholder)	S	-
						10.00	Esigman Soluciones Sl		
Winbis Srl (single shareholder)	Milan (IT)	EUR	120,000	51.00	-	100.00	Edison Rinnovabili Spa	S	(1)
Gas Operations									
Amg Gas Srl	Palermo (IT)	EUR	100,000	80.00	80.00	80.00	Edison Energia Spa (single shareholder)	S	(1)
Assistenza Casa Spa (single shareholder) - Gas Operations	Milan (IT)	EUR	50,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Attiva Spa (single shareholder)	Milan (IT)	EUR	200,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Consorzio Interrompibilità We're - Gas Operations	Milan (IT)	EUR	5,300	94.34	94.34	1.89	Attiva Spa (single shareholder)	S	-
						92.45	Edison Energia Spa (single shareholder)		
Edison Energia Spa (single shareholder) - Gas Operations	Milan (IT)	EUR	40,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison International Spa (single shareholder)	Milan (IT)	EUR	75,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison Reggane Spa (single shareholder)	Milan (IT)	EUR	200,000	100.00	100.00	100.00	Edison Spa	S	(1)
Edison Stoccaggio Spa (single shareholder)	Milan (IT)	EUR	90,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Energia Etica Srl (single shareholder)	Milan (IT)	EUR	375,000	100.00	100.00	100.00	Edison Energia Spa (single shareholder)	S	(1)
Gaxa Spa	Cagliari (IT)	EUR	50,000	70.00	-	70.00	Edison Energia Spa (single shareholder)	S	(1)(8)
Sorrento Power and Gas Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00	-	100.00	Edison Energia Spa (single shareholder)	S	(1)
Corporate									
Atema Dac	Dublin 2 (IRL)	EUR	1,500,000	100.00	100.00	100.00	Edison Spa	S	-
Edison Hellas Sa	Athens (GR)	EUR	263,700	100.00	100.00	100.00	Edison Spa	S	-
Edison International Shareholdings Spa (single shareholder)	Milan (IT)	EUR	26,000,000	100.00	100.00	100.00	Edison Spa	S	(1)
Nuova Alba Srl (single shareholder)	Milan (IT)	EUR	2,016,457	100.00	100.00	100.00	Edison Spa	S	(1)
Tre Monti Srl	Milan (IT)	EUR	100,000	20.00	20.00	15.00	Edison Spa	S	-
						5,00	Edison Next Environment Srl (single shareholder)		

List of equity investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2021	Interest held in share capital % (b)	by	Carring value (in millions of euros) (d)	Type of investment relationship (c)	Notes
B) Investments in companies valued by the equity method									
Alboran Hydrogen Brindisi Srl	Bari (IT)	EUR	2,750,471		50.00	Edison Spa	-	JV	(5)
Elpedison Bv (*)	Amsterdam (NL)	EUR	1,000,000		50.00	Edison International Shareholdings Spa (single shareholder)	89	JV	(5)
IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita - Poseidone (**)	Athens (GR)	EUR	148,250,000		50.00	Edison International Shareholdings Spa (single shareholder)	56	JV	(5)
Chioggia Servizi Scarl	Chioggia (VE) (IT)	EUR	20,000		25.00	Edison Next Government Srl (single shareholder)	-	AC	-
Consorzio Barchetta	Jesi (AN) (IT)	EUR	2,100		47.62	Jesi Energia Spa	-	AC	-
Depositi Italiani GNL Spa	Ravenna (IT)	EUR	20,000,000		30.00	Edison Spa	7	AC	-
Dolomiti Edison Energy Srl	Trento (IT)	EUR	5,000,000		49.00	Edison Spa	27	AC	-
Enllumenats Costa Brava Sociedad Limitada	Girona (E)	EUR	6,010		50.00	Edison Next Government Srl (single shareholder)	-	AC	-
Idroelettrica Restituzione Srl	Novara (NO) (IT)	EUR	10,000		50.00	Energia Italia Srl (single shareholder)	5	AC	-
Iniziativa Universitaria 1991 Spa	Varese (IT)	EUR	16,120,000		32.26	Edison Spa	5	AC	-
Italia Servizi Integrati Spa	Milan (IT)	EUR	1,000,000		40.00	Edison Next Government Srl (single shareholder)	-	AC	-
Kalamaki Energeiaki Single Member Private Company	Amaroussion, Attica (GR)	EUR	61,000		100.00	Elpedison Sa	-	AC	-
Korisos I Energeiaki Single Member Private Company	Amaroussion, Attica (GR)	EUR	45,000		100.00	Elpedison Sa	-	AC	-
Kraftwerke Hinterrhein Ag	Thusis (CH)	CHF	100,000,000		20.00	Edison International Shareholdings Spa (single shareholder)	25	AC	-
Lekka Energeiaki Single-Member Private Company	Amaroussion, Attica (GR)	EUR	19,000		100.00	Elpedison Sa	-	AC	-
Melagrana Srl	Vigevano (PV) (IT)	EUR	20,000		22.15	Edison Next Government Srl (single shareholder)	-	AC	-
Prometeo Spa	Ancona (IT)	EUR	2,826,285		20.91	Edison Energia Spa (single shareholder)	2	AC	(6)
San Gerardo Servizi Scarl	Zola Predosa (BO) (IT)	EUR	10,000		40.00	Edison Next Government Srl (single shareholder)	-	AC	-
T.E.S.I. Engineering Srl	Trento (IT)	EUR	104,000		24.00	Edison Next Government Srl (single shareholder)	-	AC	-
Triferr Ambiente	Rivoli (TO) (IT)	EUR	10,200		33.33	Edison Next Environment Srl (single shareholder) ex Sersys Ambiente Srl (single shareholder)	-	AC	-
Trireme Srl	Rivoli (TO) (IT)	EUR	10,000		48.00	Edison Next Environment Srl (single shareholder) ex Sersys Ambiente Srl (single shareholder)	-	AC	-
Total investments in companies valued by the equity method							**216**		

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2021	Interest held in share capital % (b)	by	Type of investment relationship (c)	Notes
(*) The carrying value includes the valuation of Elpedison Sa								
Elpedison Sa	Marousi, Athens (GR)	EUR	99,633,600		100.00	Elpedison Bv	JV	(5)
(**) The carrying value includes the valuation of ICGB AD								
ICGB AD	Sofia (BG)	BGL	115,980,740		50.00	IGI Poseidon Sa - Nat. Gas Subm. Interc. Gre-Ita-Poseidon	JV	(5)

List of equity investments (continued)

Company name	Head office	Currency	Share capital	Consolidated Group interest (a) 12.31.2021	Interest held in share capital % (b)	Interest held in share capital by	Carring value (in millions of euros) (d)	Type of investment relationship (c)	Notes
C) Investments in companies in liquidation or subject to permanent restrictions									
Citelum Acea Napoli Pubblica Illuminazione Scarl (in liquidation)	Milan (IT)	EUR	90,000		10.50	Edison Next Government Srl (single shareholder)	-	NG	-
E.E.S.CO. Srl (in liquidation)	Marcallo con Casone (MI) (IT)	EUR	150,000		30.17	Edison Next Government Srl (single shareholder)	-	AC	-
Esco Brixia Srl (in liquidation)	Bovegno (BS) (IT)	EUR	45,000		10.00	Edison Next Government Srl (single shareholder)	-	NG	-
Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	Milan (IT)	EUR	1,549,350		100.00	Edison Spa	2	S	(1)
Nuova I.S.I. Impianti Selez. Inerti Srl (in bankruptcy)	Vazia (RI) (IT)	L in Euros	150,000,000 77,468,53		33.33	Edison Spa	-	AC	-
Palmanova Servizi Energetici Scarl (in liquidation)	Zola Predosa (BO) (IT)	EUR	10,000		40.00	Edison Next Government Srl (single shareholder)		AC	
Poggio Mondello Srl (single shareholder)	Palermo (IT)	EUR	364,000		100.00	Nuova C.I.S.A. Spa (in liquidation) (single shareholder)	-	S	(1)
Prima Aviv Energy Technologies Ltd (in liquidation)	Ramat Gan (IL)	ILS	1,000		100.00	Edison Next Government Srl	-	S	-
Sistema Permanente di Servizi Spa (in bankruptcy)	Rome (IT)	EUR	154,950		12.60	Edison Spa	-	NG	-
Soc. Gen. per Progr. Cons. e Part. Spa (in receivership)	Rome (IT)	L in Euros	300,000,000 154,937,07		59.33	Edison Spa	-	S	-
Total investments in companies in liquidation or subject to permanent restrictions							**2**		
D) Investments in other companies valued at fair value through profit and loss									
Amsc-American Superconductor	Devens (MA) (USA)	USD	284,577		0.06	Edison Spa	-	NG	-
Bake Two Srl	Milan (IT)	EUR	13,889		8.00	Edison Spa	-	NG	-
Città Salute Ricerca Milano Spa	Milan (IT)	EUR	5,000,000		10.00	Edison Next Government Srl (single shareholder)	1	NG	-
European Energy Exchange Ag - Eex	Lipsia (D)	EUR	60,075,000		0.50 (*)	Edison Spa	1	NG	-
Hydrogen Park - Marghera per l'idrogeno Scrl	Venezia (VE) (IT)	EUR	245,000		9.73	Edison Spa	-	NG	-
Reggente Spa	Lucera (FG) (IT)	EUR	260,000		5.21	Edison Spa	-	NG	-
Renit Group Srl	Giulianova (TE) (IT)	EUR	300,000		19.49	Edison Next Government Srl (single shareholder)	-	NG	-
Synchron Nuovo San Gerardo Spa	Zola Pedrosa (BO) (IT)	EUR	8,160,000		6.85	Edison Next Government Srl (single shareholder)	1	NG	-
Syremont Monument Management Spa	Rose (CS) (IT)	EUR	3,248,200		9.24	Edison Spa	-	NG	(7)
Total investments in other companies valued at fair value through profit and loss							**3**		
Total equity investments							**221**		

(*) 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 12.31.2022

Company name	Head office	Currency	Share capital at 12.31.2022	Consolidated Group interest
Acquired companies				
Biotech Srl	Naples (IT)	EUR	1,050,000	55.00
Cerbis Srl (single shareholder)	Milan (IT)	EUR	20,000	51.00
Citelum Servicios Energeticos Sl	Madrid (E)	EUR	3,100	100.00
Covedi Compagnia Veneziana d'illuminazione Scarl	Milan (IT)	EUR	1,000,000	58.00
Don Diego Solar Sl	Barcelona (E)	EUR	3,100	97.80
Edison Next Government Napoli Scarl	Milan (IT)	EUR	260,000	99.50
Edison Next Government Srl (single shareholder)	Milan (IT)	EUR	64,900,000	100.00
Energia Italia Srl (single shareholder)	Milan (IT)	EUR	20,000	100.00
Esigman Soluciones Sl	Barcelona (E)	EUR	3,100	80.00
Gaxa Spa	Cagliari (IT)	EUR	50,000	70.00
Girasol Renovable Sl	Barcelona (E)	EUR	3,100	97.60
Hinojo Certero Sl	Barcelona (E)	EUR	3,100	97.00
Idroelettrica Dogana Srl	Milan (IT)	EUR	10,000	70.00
Jara Meridional Sl	Barcelona (E)	EUR	3,100	97.20
Margarita Alternativa Sl	Barcelona (E)	EUR	3,100	97.40
Ren 141 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00
Ren 153 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00
Ren. 147 Srl (single shareholder)	Milan (IT)	EUR	1,500	51.00
Salamandra Nitida Sl	Barcelona (E)	EUR	3,100	96.80
Sistrol Sa	Madrid (E)	EUR	1,496,094	55.00
Sorrento Power And Gas Srl (single shareholder)	Milan (IT)	EUR	100,000	100.00
Triton Cristalino Sl	Barcelona (E)	EUR	3,100	98.00
Winbis Srl (single shareholder)	Milan (IT)	EUR	120,000	51.00
Established companies				
Energy Performance Company per il Trentino Scarl	Trento (IT)	EUR	135,000	55.00

List of equity investments (continued)

Companies removed from the scope of consolidation in the year ended 12.31.2022

Company name	Head office	Currency	Share capital at 12.31.2021	Consolidated Group interest at 2022	Consolidated Group interest at 12.31.2021
Sold companies					
Sunflower Srl (single shareholder)	Rome (IT)	EUR	10,000	51.00	51.00
Merged companies					
Edison Facility Solutions Spa (single shareholder)	Trento (IT)	EUR	1,263,704	100.00	100.00
Edison Renewables Spa	Milan (IT)	EUR	20,000,000	51.00	51.00
Hydro Dynamics Srl (single shareholder)	Aosta (IT)	EUR	100,000	100.00	100.00
Idroelettrica Brusson Srl (single shareholder)	Aosta (IT)	EUR	20,000	100.00	100.00
Idroelettrica Cervino Srl (single shareholder)	Aosta (IT)	EUR	100,000	100.00	100.00
Medicoora Srl (single shareholder)	Milan (IT)	EUR	30,000	100.00	100.00
Vibinum Srl (single shareholder)	Milan (IT)	EUR	351,097	51.00	51.00
Deconsolidated companies					
Prima Aviv Energy Technologies Ltd (in liquidation)	Ramat Gan (IL)	ILS	1,000	100.00	100.00

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, and for a quota of 80% for Biotech Srl.

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

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

Certification of the 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, 2022:
   - were adequate in light of the Company's characteristics; and
   - 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 15, 2023

Chief Executive Officer

Nicola Monti

I Dirigenti Preposti alla redazione dei documenti contabili societari

Ronan Lory

Roberto Buccelli

Report of the independent auditors

KPMG S.p.A.
Revisione e organizzazione contabile
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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 2022, 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, which include a summary of the significant accounting policies.

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 2022 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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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KPMG

Edison Group
Independent auditors' report
31 December 2022

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	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 include goodwill of €2,228 million, intangible assets of €340 million and property, plant and equipment of €3,967 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 (€1,654 million) and the gas segment (€574 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. It tests its assets for impairment with the assistance of an independent expert, by estimating their recoverable amount (i.e., value in use) and their ability to generate future cash flows. Impairment testing is complex and requires management to make assumptions about, inter alia, the CGUs' expected cash flows and the appropriate discount (WACC) and long-term growth (g-rate) rates. To estimate the future cash flows the group made mainly reference to: • the 2023 budget approved by the board of directors on 7 December 2022; • the 2024-2026 medium-term projections approved by the board of directors on the same date; • the long-term projections prepared by management. The most significant variables underlying the estimated cash flows are as follows: • variations in the national single price (PUN) and the related spark spread, changes in the Italian regulations governing and incentivising producers and national demand trends with respect to the electricity power segment; • variations in the price of oil commodities and natural gas and in the €/USD exchange rate, with respect to the gas segment;	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) and long-term growth (g-rate) rates; • 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.

2

KPMG

Edison Group
Independent auditors' report
31 December 2022

• the discount and long-term growth rates to assess the terminal value with respect to the goodwill. 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 "10.2.1 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 €8,426 million and €19,555 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. 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 "10.2.1 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

3

Edison Group
Independent auditors' report
31 December 2022

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 include provisions for non-energy activities of €300 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 and iv) tax disputes. 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 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 "10.2.1 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.

Edison Group
Independent auditors' report
31 December 2022

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 2022 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 2022 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, when extracted from XHTML to an XBRL instance, some information contained in the illustrative notes to the consolidated financial statements prepared in ESEF may not be formatted in a manner that is exactly the same as the corresponding information presented in the consolidated financial statements in XHTML.

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 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

Edison Group
Independent auditors' report
31 December 2022

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 2022 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 2022 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, 23 February 2023

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi
Director of Audit

This document is also available
on the Company website: www.edison.it

Editorial coordination
External Relations and Communications Department

Art direction by
In Pagina, Saronno (Italy)

Photographs by
www.edisonmediacenter.edison.it

Cover photo
Milan skyline
Photo by Bernardo Ricci Armani
(Getty Images)

Printed by
Faenza Printing Industries Srl, Milan (Italy)

Milan, March 2023

This publication was printed on environmentally friedly paper with low impact on the environment.

Edison Spa
31 Foro Buonaparte
20121 Milan, Italy

Capital stock 4,736,117,250.00 euros, fully paid
in Milan - Monza - Brianza - Lodi Company Register
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