2022
Financial Report

REPORT ON OPERATIONS

VOLUME 1

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

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Financial report 2022

Group Profile

Edison is the oldest energy company in Europe, **boasting 140 years of achievements**, and is one of the **sector's leading operators in Italy**. The Group is at the forefront of the **energy transition** challenge, with business activities in **renewable energy**, **energy and environmental services** and **high value-added services for end customers**, consistent with the UN Sustainable Development Goals (SDGs) and European decarbonisation policies.

With about 6.5 GW of power distributed throughout the country, Edison covers 7% of the national electricity production. It is an integrated operator along the entire electricity supply chain: from energy production to the operation and maintenance of generation plants, through to sales to end customers. Its production fleet consists of more than **200 sustainable and flexible power plants**, including more than 100 hydroelectric power plants, 53 wind farms, 56 photovoltaic plants and 14 highly efficient combined gas cycles (CCGTs), which balance the intermittency of renewable sources. The Group is committed to implementing a renewable energy development plan that aims to increase installed renewable capacity from the current 2 GW to at least 5 GW by 2030, bringing **green generation to 40%** of its generation mix.

Through Edison Next, the Group is also a key player in the energy and environmental services market, with solutions to increase the efficiency of processes, buildings and resources of large industries, SMEs, hospitals and public administrations. **Edison Next** operates in Italy, Spain and Poland, managing more than 65 industrial sites, 2,100 public and private facilities and 280 cities.

In the gas sector, an indispensable energy vector for accompanying the country's ecological transition, Edison is committed to diversifying sources and supply routes for the security and competitiveness of the national energy system. The Group has a unique position in Italy, thanks to a large and diversified import portfolio, which satisfies about 20% of demand.

The Company is also committed to promoting **liquefied natural gas (LNG) and green gases** (biomethane, Bio-LNG and green hydrogen) to replace fossil fuels in energy-intensive industrial processes and to make heavy and maritime transport sustainable. To this end, it created **Italy's first integrated logistics chain dedicated to LNG**, through a small-scale coastal depot in Ravenna and a dedicated LNG carrier.

Customer care and proximity are the hallmarks of **Edison Energia**, the Group company that sells electricity, natural gas and integrated energy services to households and businesses. The Company offers modular and customisable services to meet the lifestyle needs of its customers, for whom the home is the centre of multiple activities: a smart home with measurable and transparent costs, powered by environmentally friendly energy thanks to self-production and energy storage systems.

Today, Edison operates in Italy and Europe, employing over **5,500 people**.

A letter to Shareholders

Dear Shareholders,

2022 was another anomalous year: as Europe was still finding its feet following the pandemic, the war at its doorstep highlighted the structural defects of continental energy markets and an excessive dependence on Russia. The disruptive consequences saw gas and energy prices reach all-time highs and experience an unprecedented volatility.

This situation put Edison to the test, but despite all the difficulties, the Group continued to grow and strengthen its business model. The Group's ability to take on these operational challenges and achieve the operating results which are presented to you are testament to the quality of the strategy developed by the Board of Directors.

In 2022, Edison - Italy's second largest gas importer - was instrumental in ensuring gas supplies, having covered approximately 20% of national demand, thanks to its diversified portfolio. Adding to supply contracts with Libya, Algeria, Qatar, and Azerbaijan, in 2023 the group will also have LNG from the United States to further differentiate its sources and achieve complete independence from Russia.

The Edison Group contributes to national security also through Edison Stoccaggio and, by October 2022, had already contributed 100% of the capacity on offer, thereby anticipating regulatory requirements. The Edison Group is also participating in the connection infrastructure projects, Poseidon and Eastmed, which aim to extend the "southern corridor" for natural gas and diversify routes and sources for Europe. The commissioning of the gas pipeline between Greece and Bulgaria (IGB) was announced in October. With a capacity of 3 billion cubic metres, this will provide countries in the south-east of Europe with a new gas supply route.

In terms of the production of electrical energy, as well as the energy crisis, 2022 also saw a concurrent serious water crisis. Edison made up for the reduction in hydroelectric energy (-45% compared to 2021), thanks to the diversification of its production sources and the effectiveness of its thermoelectric facilities. Nevertheless, Edison continued to listen to requests from local territories and to protect local communities. Indeed, the Group decided to release water downstream from reservoirs in Valtellina and temporarily revised electrical production scheduling to support irrigation use and maintain the water level of Lake Como.
At the same time Edison is continuing its commitment to renewable energies. The Group has an installed wind capacity of more than 1 GW and has confirmed its status as one of the sector’s leaders in Italy. In June a new 45 MW facility was unveiled in Sicily. In July a 66 MW wind farm was acquired in Campania, in the vicinity of an existing 70 MW facility that was already in the group’s portfolio. The combination of the two will represent one of Italy’s largest wind farms, with an overall capacity of 136 MW.

Alongside Edison’s development of renewables and activities in the gas sector oriented towards the energy transition, another line of strategic development is confirmed which sees the Group working alongside its customers and local territories, including through energy services which are essential for guaranteeing efficiency in consumption, competitiveness and environmental sustainability. In this context, Edison Next was launched in 2022 in Italy, Spain and Poland, with the aim of accompanying companies and governments in the path of environmental transition and decarbonisation.

Amongst other things, Edison Next offers solutions for the requalification of energy facilities, district heating, urban regeneration, as well as for the production of hydrogen and biomethane. In 2022 Edison Next acquired Citelum Italia, a leader in the sector of public lighting in Italy and Spain, and Sistrol, which provides energy services for the tertiary sector.

In the final market, the Group increased its customer base by more than 10% and acquired a majority shareholding in Gaxa, thereby entering the retail market in Sardinia. In the retail market, Edison enables families and companies to take an active role in the production of energy from renewable sources in order to increase their independence, reduce energy costs as well as CO2 emissions. The creation of energy communities plays a key role in the Group’s strategy, as demonstrated by condominium energy community projects and the recent agreement Edison signed with certain companies in the municipality of Trecenta (VE).

In a year which saw the looming threat of the rationing of energy sources, Edison still succeeded in fulfilling its commitment to accelerating its environmental transition. In terms of green gases, in 2022 Edison made an important step forward in the development of the Puglia Green Hydrogen Valley, one of the first Italian projects for the large-scale production and transportation of green hydrogen.

Finally, in 2022 Edison signed an agreement with Wintershall and Repsol for the sale of its Algerian E&P businesses. This will be executed upon the conclusion of the necessary legislative steps and will mark Edison’s definitive exit from the sector.

In each intervention area Edison has committed tomedium-long term ESG objectives, the fulfilment of which will contribute to specific Sustainable Development Goals included in the United Nation’s 2030 Agenda. Sustainability is an inherent part of the mission Edison has set itself of being an energy transition leader and is reflected in all the Group's choices: from the development of a new renewable capacity and the construction of efficient combined cycles, like the plants in Marghera Levante and Presenzano, through to development objectives for renewable sources, support for the most vulnerable customers, and initiatives with green gases, such as biomethane and hydrogen, as well as energy efficiency. These will all contribute to protecting our planet and fighting climate change.

In conclusion, in 2022 there was a clear slowdown in the global economy; domestic demand for electrical energy fell (-0.8%), while demand for gas collapsed (-9.6%). However, the Edison Group has seen both an increase in turnover (+ 158.8%), resulting from commodity price rises, and an improvement in EBITDA, which went from 989 to 1,112 million euro, thanks to excellent industrial performances. Financial debt increased to 477 million euro, in light of new investments, but still remains at one of the lowest levels in the market in relation to EBITDA. The Group’s net result amounts to 151 million euro and is burdened by the "extraordinary solidarity contribution", a new and extended fiscal measure placed on energy operators in support of citizens and companies. Despite this onerous new government measure, Edison will be in a position to pay dividends to its ordinary and savings shareholders.

I am delighted that Edison has succeeded in achieving strong industrial and financial results in such a challenging environment, while taking an even more central role in guaranteeing Italy's energy security.

2023 looks set to be another difficult year. The geopolitical crisis, the energy crisis and the climate crisis will present everyone with complex challenges. Nevertheless, Edison confirms its commitment towards a sustainable and inclusive energy transition and will continue to contribute to the security of Italy’s energy system. In what will be the 140th year since its founding, Edison will be supported by the solidity of its values and the ambition to continue contributing to Italy's progress through its robust organisation and the extraordinary and distinctive expertise of its people.

Operational Presence


6 Edison headquarters and offices
2 Officine Edison
8 Operating locations (Edison Energia)
27 Operational sites managed for environmental services (Edison Next)
65 Managed Production Sites (Edison Next)
14 Hydroelectric power plants
107 Hydroelectric power plants of which 73 mini-hydro
53 Wind farms
56 Photovoltaic parks
3 Gas storage facilities
1 LNG storage
3 LNG storages under development

Value chain

UPSTREAM

MIDSTREAM

Electricity

Power Asset

Management and development of electricity generation plants from renewable sources and high-efficiency gas-fired combined cycles

7.2 GW(1)
Net installed power in Italy

19.7 TWh(1)
Net production

107
Hydroelectric power plants
(of which **73** mini-hydro)(2)

14
Thermoelectric plants (2)

53
Wind farms (2)

56
Photovoltaic fields (2)

Gas

Gas Assets

Development and management of gas transport infrastructure

1 Pipeline

1 Pipeline project

Development and operation of Small Scale LNG storage

1 LNG storage

1 Authorised LNG storage

2 LNG Storages in the authorization phase

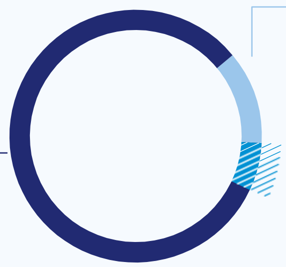
Gas storage management

3
Storage Centres

(1) Includes Energy & Environmental Services Market Division (2) Does not include Energy & Environmental Services Market Division

ITALIAN MARKET

2022
Electricity
Total gross demand Italy
315.6 TWh



40.5 TWh
Imports or other

275.1 TWh
Net production

83.1 TWh
Renewable sources

192 TWh
Thermoelectric

19.7 TWh
Edison production
(Share of total Italy = **7.2%**)

DOWNSTREAM

Gas & Power Portfolio Management & Optimization

Proprietary and third-party plant dispatching and energy portfolio optimization

37.7 TWh
Managed volumes

Long-term gas supply contracts

12,6 bn m3/a*
Contractual quantity
(of which **6.4** from terminal)

Management of long-term gas supply contracts, logistics, gas sales to the thermoelectric and wholesale markets

21.1 bn m3
Volumes managed

Gas & Power Market

Sale of electricity, natural gas and value-added services to all market segments, from the customer of residential companies to large industry

14.2 TWh
Electricity sold to end customers

1.8 million
Contracts for electricity, gas points and value-added services

6.6 bn m3
Gas sold for civil and industrial use

Energy & Environmental Services Market

Platform of services, technologies and skills for decarbonization and energy transition of industry and Public Administration

65
Production sites managed

2,100
Public and private facilities managed

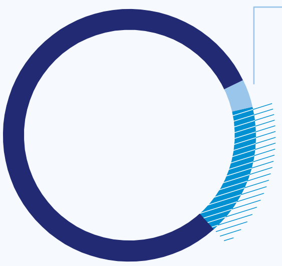
280
Local municipalities with 1,280,000 lighting points

40
District heating networks

27
Operational sites managed for environmental services

*Figures in line with the consolidation criterion

2022
Gas
Total need Italy(3)
69 bn m3



3.1 bn m3
Production

68.6 bn m3
Imports

14.5 bn m3
Import **Edison**
(Share of total Italy = **21%**)

(3) Includes injections to/withdrawals from storage

Highlights of the Group

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

Income Statement Data (in millions of euros)	**Chapter (*)**	**2022 financial year**	2021 financial year	Change %
Sales revenues	2	30,380	11,739	*158.8%*
EBITDA	2	1,112	989	*12.4%*
as a % of sales revenues		*3.7%*	*8.4%*	-
EBIT		595	466	*27.7%*
as a % of sales revenues		*2.0%*	*4.0%*	-
Profit (Loss) from Continuing Operations		176	431	*(59.2%)*
Profit (Loss) from Discontinued Operations	2; 9	6	(1)	*n.m.*
Minority interest in profit (loss)		31	17	*82.4%*
Group interest in profit (loss)		151	413	*(63.4%)*

Financial Data (in millions of euros)	**Chapter (*)**	**12/31/2022**	12/31/2021	Change %
Net invested capital (A + B) (1)		6,525	6,457	*1.1%*
Total financial indebtedness (A) (1)(2)	6	477	104	*358.7%*
Total shareholders' equity (B)(1)	6	6,048	6,353	*(4.8%)*
Shareholders' equity attributable to the Parent Company shareholders (1)	6	5,659	5,934	*(4.6%)*

Rating	**12/31/2022**	12/31/2021
Standard & Poor's		
- Medium/Long-term rating	BBB	BBB
- Medium/Long-term outlook	Stable	Stable
- Short-term rating	A-2	A-3
Moody's		
- Rating	Baa3	Baa2
- Medium/Long-term outlook	Negative	Stable

Key Indicators	**12/31/2022**	12/31/2021	Change %
Debt / Equity (A/B)	0.08	0.02	-
Gearing (A/A+B)	7.3%	1.6%	-
Number of employees (1)	5,818	4,918	*18.3%*

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

(2) This item incorporates the ESMA Guidelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted as of May 5, 2021. The breakdown of this item is shown in section 6.3 "Total financial debt and cost of debt" of the Notes to the consolidated financial statements.

(*) See the Notes to the consolidated financial statements.

Operating data	**2022 financial year**	2021 financial year	Change %
Net production of electricity (TWh)	19.0	16.8	*13.2%*
Sales of electricity to end users (TWh)	14.2	13.3	*6.6%*
Gas imports (Bn m^3)	14.5	14.4	*1.0%*
Total net gas sales in Italy (Bn m^3)	21.1	18.9	*11.9%*
Locations served power and gas (in thousands)	1,761	1,593	*10.6%*

Information about the Edison shares

Shares at December 31, 2022	number	price
Common shares	4,626,557,357	(*)
Savings shares	109,559,893	1.404(**)

Shareholders with significant holdings at December 31, 2022	% of voting rights	% interest held
Transalpina di Energia Spa (***)	99.473%	97.172%

(*) Delisted as of September 10, 2012.
(**) Average value for the month of December.
(***) 100% indirectly controlled by EDF Eléctricité de France Sa, in turn controlled by the French State.

Corporate Governance Bodies

Board of Directors (****) (1)		
Chairman		Marc Benayoun
Chief Executive Officer		Nicola Monti
Directors		Béatrice Bigois
	Independent Director	Paolo Di Benedetto
	Independent Director	Fabio Gallia
	Independent Director	Angela Gamba
		Xavier Girre
		Nelly Recrosio
		Florence Schreiber
		Luc Rèmont (2)
Secretary to the Board of Directors		Lucrezia Geraci

Board of Statutory Auditors (****) (3)	
Chairman	Serenella Rossi
Statutory Auditors	Lorenzo Pozza
	Gabriele Villa
Independent auditors (4)	KPMG Spa

(****) At the document adoption date.
(1) Elected by the Shareholders' Meeting of March 31, 2022 for a three-year period ending with the Shareholders' Meeting convened to approve the 2024 financial statements.
(2) Co-opted by the Board of Directors on December 7, 2022 following the resignation of Jean Bernard Lévy and in office until the next Shareholders' Meeting.
(3) Elected by the Shareholders' Meeting on April 28, 2020 and in office until the Shareholders' Meeting convened to approve the 2022 financial statements.
(4) Engagement confirmed by the Shareholders' Meeting on April 28, 2020 for the nine-year period 2020-2028.

Report on Operations

Key Events

Edison enters Hydrogen Park

January 12, 2022 - Edison acquires 9.732% of Hydrogen Park, a consortium company located in Porto Marghera in 2003 having the aim of carrying out industrial-scale experiments in the hydrogen sector. The experience gained and the integration of existing infrastructures allow today the Consortium to be the first point of application of the European energy strategy based on the green molecule.

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

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

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

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

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

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

Edison: acquisition by Italgas and Marguerite of the majority of Gaxa to contribute to the development of the retail market in Sardinia

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

Edison completes exit from Exploration and Production activities

May 5, 2022/June 29, 2022- Edison announces that it has signed that it has signed an agreement to sell its 11.25% interest in the Reggane Nord on-shore gas field in Algeria to Wintershall Dea Algeria GmbH. The agreement is based on a value of Edison's stake in Reggane Nord of about USD 100 million as of January 1, 2022. Subsequently, on June 29, 2022, following the exercise of the right of first refusal by the other partner in the concession, Repsol, on the basis of the relevant Joint Operating Agreement, Edison announced that it had signed an amendment to the agreement to provide for the sale of the interest, partly to Repsol (6.75%) and partly to Wintershall Dea (4.50%). All other contractual conditions remain unchanged. The transaction is subject to the approval of the competent authorities. Edison thus completes the divestment of all Exploration and Production (E&P) activities initiated following the company's strategic reorganisation of its energy transition business.

Fenice (now Edison Next) acquires Citelum Italia (now Edison Next Government)

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

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

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

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

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

Edison inaugurates the new Palestro (PV) hydroelectric power plant

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

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

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

Water crisis, Edison increases water releases from reservoirs in Valtellina

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

Snam and Edison sign an agreement for the joint development of Small-Scale LNG projects in Italy

July 25, 2022 - Snam and Edison sign a Memorandum of Understanding (MoU) with the aim of collaborating on the development of the Small-Scale LNG market in Italy to foster the decarbonization of land, sea and rail transport, as well as off-grid industrial and domestic users.

The initiative aims to leverage the development of the Italian liquefied natural gas sector, also thanks to planned new infrastructure investments, to encourage the progressive replacement of diesel and at the same time support the use of liquid biomethane (Bio-LNG). The shared vision of the two companies is that LNG is the most effective and practical energy carrier to decarbonize transport on a large scale, reducing its environmental impact by replacing diesel. The LNG market in heavy duty transport in Italy even now has about 4,000 trucks, roughly 130 filling stations and annual consumption of around two hundred thousand tonnes. With the development of small-scale infrastructure and the penetration of LNG in the ship bunkering sector, the market will more than double by 2025, with potential of up to 1.5 million tonnes in annual consumption by 2030.

Edison acquires a 66 MW wind farm in Campania from Axpo

July 28, 2022 - Edison announces that it has acquired a 66 MW wind farm in Campania, in the province of Avellino, from Axpo, continuing with its growth strategy in the renewables sector, which calls for increasing installed green capacity from the current 2 GW to 5 GW by 2030, through investments totalling 3 billion euros. In the same area, Edison is already present with another 70 MW wind farm and, following this acquisition, created one of Italy's largest wind farms, with total power of 136 MW. The new wind hub meets the energy needs of about 96,000 households and prevents the emission of about 90,000 tons of CO_2 per year into the atmosphere. The Bisaccia wind farm consists of 22 Vestas-type wind turbines of 3 MW each and is capable of producing an average of 100 GWh of electricity per year.

Edison and Saipem invest in the special purpose company for the implementation of the Puglia Green Hydrogen Valley project

August 1, 2022- Following the agreements signed in September 2021, Edison and Saipem communicate that they have purchased the 50% and 10% respectively of the company Alboran Hydrogen Brindisi Srl for the implementation of the Puglia Green Hydrogen Valley project. Saipem also holds an exclusive right for the implementation of the project.

The project calls for the construction of three green hydrogen production plants in Brindisi, Taranto and Cerignola (FG), with a total electrolysis capacity of 220 MW, fuelled by around 400 MW of photovoltaic solar energy. Once fully operational, the three plants will be able to produce a total of up to about 300 million normal cubic meters of renewable hydrogen per year, which will be used to fuel industries in the area and sustainable mobility, including through injection into the local gas network. The Brindisi project, which is at an advanced stage of development, calls for the construction of a green hydrogen production plant through electrolysers with a capacity of 60 MW powered by a dedicated photovoltaic plant. The project was proposed, among others, for the European IPCEI (Important Projects of Common European Interest) funding call.

Edison Next, Federmetano and Greenfuel together to promote the use of hydrogen for sustainable mobility

August 2, 2022 - Edison Next, Federmetano and Greenfuel communicate that they have started a partnership in the field of sustainable mobility for the joint development of a Pilot Project that leverages hydrogen production for the decarbonization of the existing car fleet. The project involves the construction of a green hydrogen production plant and its use at the CNG/biomethane filling station of Greenfuel - a Federmetano member company - in Brescia, through mixing with natural gas. Hydrogen blended with CNG/biomethane in automotive applications represents an important resource for sustainable mobility as it is a solution that can already be used in the short term and can offer a significant contribution and improvement in terms of the carbon footprint of transport, enabling the automotive sector to gradually transition towards the use of hydrogen.

Edison joins Musa to transform Milan into a hub for sustainability, urban redevelopment and innovation

September 6, 2022 - Edison announces the entry with a 7% stake in the company MUSA s.c.a.r.l (Multilayered Urban Sustainability Action), an innovation ecosystem funded by the Ministry of University and Research as part of the PNRR initiatives and promoted by the University of Milan-Bicocca. The Musa project involves the collaboration of twenty-nine public and private stakeholders and aims to transform the Milan metropolitan area into a hub for sustainability, urban redevelopment and innovation. The Project has been awarded ministerial funding of 110 million euros over three years and involves a total investment of nearly 116 million euros. Musa aims to develop smart solutions for renewable energy and waste management, study new green mobility models, create an incubation and acceleration hub for start-ups, optimize the use of big data for citizen health and well-being, develop new sustainable finance solutions and create the conditions for an increasingly inclusive society.

Edison at Gastech 2022: we are working to further diversify our gas portfolio and confirm 20% coverage of italian demand

September 6, 2022 - On the occasion of its participation in Gastech 2022, the world’s largest event dedicated to natural gas, LNG, hydrogen and low-carbon solutions, Edison announces that it has launched a review of its gas contract portfolio to further increase the diversification of sources and, in the future, limit the risks associated with the continuity of inflows by pipeline from countries most exposed to domestic crises and tensions. To this end, Edison announced that it is working to balance its supply portfolio through an increasing share of LNG. Edison aims to maintain and strengthen its position in Italy’s natural gas value chain, with which it meets about 20 per cent of the requirement.

Edison announces that the first concrete step in this new strategic plan, which will see an increased contribution of long-term LNG contracts, is the inauguration in 2023 of the first supply channel from the United States, under an agreement signed in 2018 with Venture Global, which envisages volumes of 1.4 billion cubic metres per year from the Calcasieu Pass plant in Louisiana.

Edison: launch of commercial operations of the Greece-Bulgaria interconnection gas pipeline (IGB) to contribute to european diversification

October 1, 2022- Edison announces that it has launched commercial operations of the Greece - Bulgaria IGB interconnection gas pipeline. The infrastructure, developed by IGI-Poseidon (joint venture 50% Edison 50% Depa) and Bulgarian Energy Holding (BEH), was inaugurated in Sofia. The pipeline has a capacity of 3 billion cubic meters, enough to Bulgaria's entire gas requirement, and in a second phase it can be increased to approximately 5 billion cubic meters of natural gas. Its entry into operation opens up a new supply route for South East European countries, which are strategic in terms of security and diversification, while providing access to sources alternative to Russia's. Along with the Poseidon and Eastmed projects, this project is part of an infrastructure system promoted by IGI Poseidon that contributes to the expansion of the "Southern Gas Corridor" and the diversification of routes and sources for Europe.

Edison Energia accelerates the development plan for condominium energy communities: 13 agreements concluded and 2 under implementation

October 13, 2022 - Edison Energia, the Edison Group company active in the sale of electricity and natural gas alongside sustainable offers, services and solutions, has unveiled an ambitious plan for the development of condominium energy communities, with the aim of setting up 200 of them in Italy by 2024. The company, in partnership with Gabetti Lab, announces that it has started work on the development of two residential energy communities in Bergamo that will be commissioned in early 2023, and has thirteen more in the pipeline, including one that will become the largest in Italy, in Vimercate, with a capacity of around 150 kW. The association in energy communities will enable the approximately 400 families in the fifteen apartment condominiums to not only achieve significant economic benefits, which can be as much as halving their annual electricity bills, but also to produce a significant positive impact on the environment by avoiding the emission into the air of approximately 200 tons of CO_2 per year.

Edison and Chiron Energy sign a long-term PPA to support the development of photovoltaic plants in Northern Italy

November 24, 2022 - Edison and Chiron Energy, an independent platform for the development, investment and management of renewable energies, announce that they have signed a Power Purchase Agreement (PPA) in preparation for the construction of a number of photovoltaic plants in Northern Italy. The agreement, which has a duration of up to ten years, envisages the construction and commissioning of eight photovoltaic plants in Piedmont and Veneto by Chiron Energy and the collection by Edison of the renewable energy produced and the guarantees of origin, in order to increase the green generation in its portfolio in line with national and European decarbonization objectives. The plants, which are scheduled to be commissioned in the first half of 2023, will have an average annual output of around 45 GWh, equivalent to the needs of sixteen thousand households, which will avoid the emission of more than 35,000 tons of CO_2 into the atmosphere annually.

Edison joins the Board of the Energy Bank Foundation against energy poverty

December 1, 2022 - Edison, already a signatory of the Manifesto "Together to Fight Energy Poverty", announces that it will join the Board of Directors of the Energy Bank Foundation, with an initial three-year commitment and the aim to promote new initiatives to fight energy poverty and to involve a growing number of players in the sector.

Trecenta (RO), agreement signed between Confindustria, Edison Next and seven companies for the creation of a renewable energy community

December 5, 2022 - The Vice President of Confindustria Venezia Rovigo Paolo Armenio and the CEO of Edison Next Giovanni Brianza signed the memorandum of understanding between Confindustria Venezia, Edison Next and the companies Ghiotti B. e L. Snc, Mobilferro Srl, Bellinato Lamiere Srl, Termoidraulica Avanzi Srl, Nuova Stagione Srl, C.I.Z.A. Soc. Coop., FG Falegnameria Giraldo thanks to which the companies are willing to install photovoltaic systems on the roofs of their premises in order to share the renewable energy produced. The first step is a feasibility assessment, to compare their needs with the actual benefits of CER. To meet this need, Confindustria Venezia involved its associate Edison Next, which is already experimenting with energy communities in other Italian regions.

Vodafone Business and Edison Next alongside companies and PA to tackle the energy crisis

December 6, 2022 - Vodafone Business and Edison Next announce a strategic partnership to accelerate the digital and energy transformation of medium and large Italian companies and the public administration. The collaboration aims at the development of scalable energy efficiency and consumption optimization solutions, to offer concrete tools to tackle the global energy crisis and meet the ecological transition targets set by the National Recovery and Resilience Plan (PNRR). The first result of the partnership between Vodafone Business and Edison Next is the launch of Vodafone Business Energy Data Management, a solution for monitoring, controlling and optimizing the energy flows of heating, air conditioning and ventilation in buildings, which enables companies to manage and optimize their consumption, generating savings on their energy bills.

Energy upgrading of public lighting Municipality of Siena

December 14, 2022 - The progress of the energy and technological upgrading of the public lighting systems in the historic centre of Siena, which began last October 31, was illustrated.

The work, which will affect a total of 1,422 lighting points between the first and second segments, is being carried out by Edison Next, working on the existing lanterns and replacing the lighting technology currently installed with LED plates equipped with point-to-point remote control. The activation of the remote control, expected within the next few months, will result in an estimated energy saving of about 255,000 Kwh/year and a reduction in atmospheric emissions of 98 tCO_2/year, with an equivalent in planting new trees of 735/year.

Edison: S&P affirms “BBB” rating and removes creditwatch. Stable outlook

December 16, 2022 - Edison announces that the rating agency Standard&Poor's has confirmed the Company's rating at BBB, stable outlook, removing the negative creditwatch assigned on May 24, 2022, following a similar action on the rating of the parent company EDF. S&P rates Edison's stand-alone credit rating at BBB, in view of the company's resilience to the current energy crisis with profits adequately protected by its vertically integrated business model, the strong performance of its gas operations and the growth of its contracted generation capacity.

Edison Energia and Cesab presented the results of the “Agrigreen Fondi 2022” study: a sustainability laboratory in the Fondi area will be launched and in 2023, Italy's largest energy community will be created

January 13, 2023 - Edison Energia and Cesab (Centre for Research in Environmental Sciences and Biotechnology) present the results of the “Agrigreen Fondi 2022” research project for the economic, environmental and social sustainability of the Piana di Fondi. The project, created at the end of 2021 from the collaboration between Edison and Cesab, obtained the patronage of local institutions such as the Municipality of Fondi and the Ente Parco Naturale Regionale Monti Ausoni e Lago di Fondi, and the involvement of Banca Popolare di Fondi.

External Context

Economic Framework

During 2022, the global economy experienced a marked slowdown, caused by high levels of inflation, partly the legacy of two years of pandemic and the subsequent restrictions introduced to stem its spread; this has led to bottlenecks in supply chains, partly due to the Russian-Ukrainian conflict that heavily affected the prices of raw materials and many commodities, triggering, especially in Europe, a worrying supply-side inflation, and partly resulting from labor market imbalances and the mismatch between supply and demand that gave rise to demand-side inflation in the US. The estimated growth of the world economy for 2022 is +3%, compared to +6.3% in 2021, although a better-than-expected trend was observed in the second half of the year. This was mainly due to the good dynamics of the EMU which, despite the Russian invasion of Ukraine, the energy crisis and the normalization of monetary policy, in the first nine months of the year amply exceeded the growth estimates formulated in the spring by all the main forecasting institutions, in contrast to the United States and China, which performed less brilliantly than expected at the beginning of the year, the former due to the unexpectedly strong monetary tightening, the latter due to the stringent restraining measures introduced by the Chinese authorities in an anti-COVID function. In particular, according to Prometeia forecasts, EMU GDP growth in 2022 is +3.4%; US GDP +2.0%; China +3.3%.

Although positive signs emerged in the latter part of the year, such as the progressive and gradual reduction of commodity prices in international markets and the renewed normalcy of global freight transport after the pandemic-related problems, there are numerous critical elements that cannot be overlooked and which, after the slowdown in 2022, could translate into a strong slowdown of the global economic cycle over the course of 2023. First of all, the possibility of an abrupt deceleration in the United States (with the inevitable repercussions on the global economy), but also the possibility that in China, the less aggressive approach announced by the government authorities to combat the pandemic may not be sufficient to avert weak growth, hindered more by structural constraints than by the spread of the virus and the measures put in place by the government to contain it. As for Europe, although there is evidence of a number of positive elements, including the unexpected resilience of domestic demand despite the peaks reached by inflation, a robust labor market, and an easing - albeit temporary - of tensions in the gas market, there is continued deterioration in household and business confidence, suggesting a weak outlook.

Going into the merits of the individual macroeconomic areas, in the United States, inflation levels still clearly above the monetary authorities' targets prompted the FED to confirm at the Federal Open Market Committee (FOMC) meeting in December, its aggressive stance in the fight against inflation, although there have been encouraging signs in recent months of substantial price stabilization; this is partly due to the gradual normalization of global goods transport, which will continue to exert disinflationary effects, lowering the prices of imported goods, and partly due to the fall in real estate prices, the effects of which, however, are expected to be felt at most between the end of 2023 and the beginning of 2024, thus suggesting that inflation will persist at high levels even during 2023. Other factors also play in favor of persistently high inflation: while households have so far supported consumption by increasing the use of disposable income to the detriment of savings formation, there is still room to draw on the “little treasure” set aside during the pandemic by households; moreover, imbalances in the labor market persist, characterized by a persistent condition of excess demand (there are approximately 4 million more job vacancies than the number of unemployed): if, on the one hand, the resulting wage increases allowed only a partial recovery of the reduction in purchasing power, on the other hand they mainly benefited the weaker social classes, thus mitigating the deflationary effect on household consumption. It is therefore clear that the longer it takes for the labor market imbalance to return, the higher the risk of inflation will remain. All of this, in Prometeia forecasts, will result in a contraction of US GDP in the first and second quarters of 2023 and substantial stagnation in the second half of the year, which will bring average annual US growth to 0.4%.

As for China, although the rebound in GDP in the third quarter allowed the recovery, and even more, of the decline in the second quarter, attributable to the COVID containment measures, the uncertainty outlook remains high. Four are the

most critical elements: the persistent weakness of domestic demand, despite the most recent expansive measures of monetary policy that facilitate the supply of credit, but which at the moment do not seem sufficient to relaunch the investments necessary for the recovery of the economic cycle; the lower vigor of foreign demand (with repercussions therefore also on world trade); the absence of an extensive and effective vaccination campaign, which contributes to the continuous deterioration of business confidence, given the fear that the easing of restrictions to contain the pandemic could be lifted in the event of new peaks of contagion and/or deaths; the possibility of an escalation of social tensions linked to the high rate of youth unemployment, which has reached 18% in the country. With this in mind, Prometeia forecast for 2023 is a Chinese GDP growth of +4.4%.
As far as the EMU is concerned, the main driver of the economy in 2022 was domestic demand, especially service-related demand, with households being able to draw on savings accumulated during the pandemic, while business investment remained essentially static. The unknown question now is “when” high inflation, together with the ECB's tightening of financing conditions, will lead to a contraction in consumption, although a gradual process is expected; unlike in the US, in Europe, inflation still appears to be on the rise and household confidence at historically low levels, negatively influenced by the expectations component. The high cost of energy continues to remain one of the critical issues for households and businesses, with the latter continuing to experience a negative trend in order components. Despite the filling of storages in the most recent months, it is in fact premature to rule out new tensions on the price of gas: after the monthly averages in October and November fell below 100 euros per MWh, the arrival of cold weather brought gas TTF prices back above 140€/smc and highlighted the possibility that particularly cold temperatures for prolonged periods could increase the demand for energy, thus generating new tensions on prices and fuelling the risk of energy rationing, with the consequent recessive effects on the economic activity of companies and the confidence of households. Against this backdrop, Prometeia forecasts for EMU are two quarters of GDP contraction at the turn of 2022 and 2023 (after six consecutive quarters of growth) and a modest recovery in the second half of the year, leading GDP into stagnation (+0.1% in 2023).
The absence, therefore, of an economy that, in terms of size and growth, can drive world GDP, means that the forecast for 2023 is one of weak momentum. In fact, overall growth of 1.8% is expected for the world economy, due to the technical recession (i.e. two consecutive quarters of contracting GDP) expected for the Euro area and the US and Chinese GDP below the government target of 5.5%. On the other hand, it has to be considered that a strong upturn in economic activity in China could result in a disruption of the recent easing of tensions in international prices of many industrial and energy commodities (including liquid gas, crucial for Europe), if not even in a reversal of the trend, thus in turn penalizing the entire world economy.
Finally, a look at the market for agricultural and food commodities: although their prices on the international markets have come back from the highs of the beginning of the year, they continue to remain at high levels, higher than those reached between 2011 and 2012 and which led to the Arab Spring. And for many of them, no significant reductions are expected even by 2023, due to the Russian-Ukrainian conflict that still seems far from being resolved: In fact, Russia and Ukraine are not only among the world's largest producers of wheat and cereals, but are also among the world's largest exporters of fertilizers, used in the production of many agricultural commodities: consequently, as long as the conflict remains open, the production of these commodities, and thus prices, can only be negatively affected.
Although the contribution of food and agricultural commodities to overall inflation is far from negligible even for industrialized economies, it is especially for emerging economies that the persistence of high prices of these primary commodities makes recovery even more difficult, leaving little room for an easing of monetary conditions and necessitating the use of more resources for their importation.
In summary, the better-than-expected performance in the second half of the year does not necessarily imply that the low point of the inflation-led economic slowdown has been passed. Although this seems to have stabilized in the United States, the levels are still such that the policy rate hike initiated by the Fed will not stop. Thus, the risk of the start of a recessionary phase remains, with negative effects for the world economy, and not only the US. As for the old continent, Europe, in addition to being affected by the weakness of the world economic cycle, is penalized by inflation that is still on

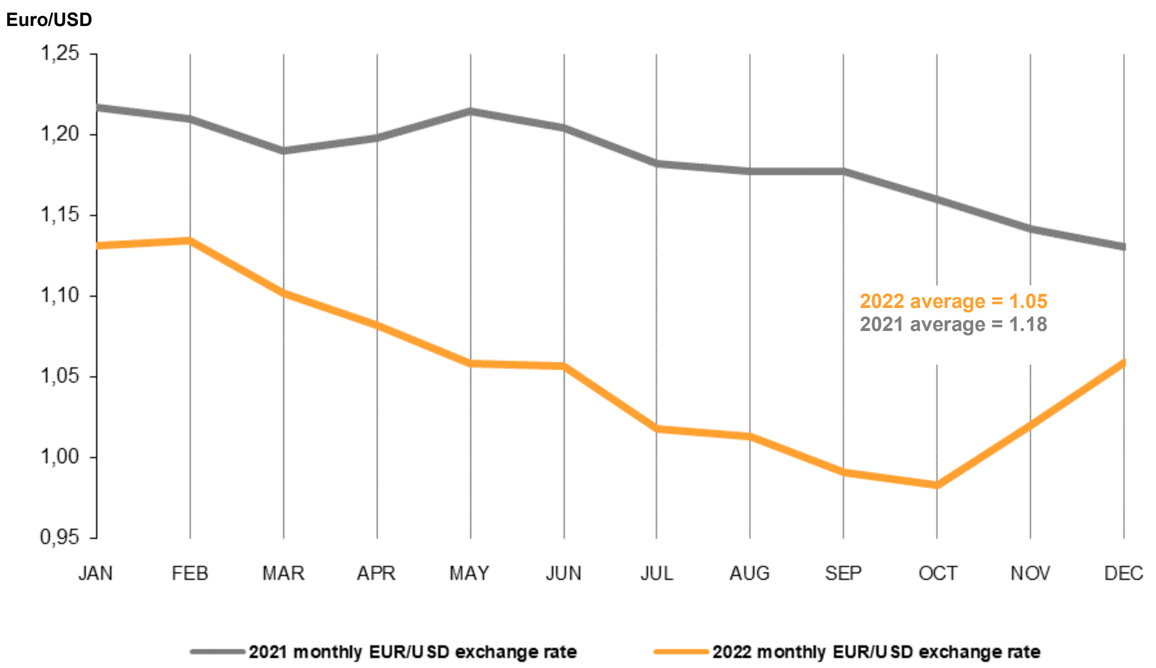
the rise and has probably not yet peaked, even in the - unlikely - event of no new tensions in the energy and gas markets.
As far as Italy is concerned, the better-than-expected economic performance in the latter part of the year led to an increase in growth estimates: from +3.4% in September to +3.9% in December, according to Prometeia. And even for 2023, despite the many challenges, the forecast was raised to +0.4 % (thus higher than the Eurozone average) from the previous +0.1%. This is thanks to structural interventions and the prolonged effects of budgetary policies that have countered the recession in recent years, supporting businesses and households. Having avoided a technical recession this winter, a substantial halt in GDP growth is expected next year, as the macroeconomic price paid for the gas crisis linked to the conflict in Ukraine.
In 2022, the dynamics of domestic demand were positive, with the main contribution coming from household spending (+1.6%), together with investment (+0.2%), driven by the capital goods component alone, as construction, after six consecutive quarters of strong growth, slowed down for the first time; this positive trend is confirmed by the trend in consumer and business confidence: in December 2022, Istat estimated an increase in both indices, with consumer confidence rising from 98.1 to 102.5 and the composite index of business confidence rising from 106.5 to 107.8; foreign demand was also positive, driven, in particular, by exports of pharmaceutical, chemical-medicinal and botanical articles; refined petroleum products; basic metals and metal products (excluding machinery and equipment).
However, it should be noted that, for the first time since 2012, Italy's goods balance moved into negative territory, mainly due to the sharp narrowing of the surplus in the manufacturing sector as a result of worsening terms of trade and higher growth in imports than in exports. The energy deficit also remains large, although it narrowed in October (the latest available survey) compared to September, resulting in a reduction in the trade deficit.
Regarding the forecasts for 2023, first of all, a strong deceleration in the pace of expansion of import prices is expected, due to the gradual decline in the prices of energy products and, first and foremost, electricity, which will benefit the inflation trend, expected at 5.8% in 2023 (compared to 8.4% in 2022). Even assuming that gas prices will fall from next spring, energy costs will still remain structurally higher than in the past, according to Prometeia, and households and businesses will have to adapt their consumption habits to this change. In addition, inflation will continue to affect operators with different intensity: those that can pass on downstream the cost increases suffered upstream will continue to do so, with the consequence that households will bear the brunt, primarily those with lower incomes and savings, but also households with employees, since wages are not following the upward trend in prices.
Nevertheless, it is desirable that monetary policy is not too restrictive, otherwise there is a risk of generating a real recession, although the ECB guidelines would seem to be moving in precisely this direction, with the anticipation of significant new rate hikes to combat inflation that is still considered too high, to the detriment of Italy, which would risk paying a very high cost, further jeopardizing growth and requiring corrective action.
With regard to the new executive, the budget law approved at the end of December by the Meloni government envisages a small set of measures for 2023, amounting to around 35 billion euros, of which a large part, amounting to 21 billion euros, is earmarked for the refinancing of measures already in force, from combating the high energy price to cutting the tax wedge. The Italian economy will therefore no longer be able to count on an expansive budgetary policy (as it has been in recent years) and only the interventions financed by the PNRR will be able to provide, if properly deployed, substantial support for growth.
During 2022, the average euro/dollar exchange rate stood at 1.05, a decrease of 11.0% compared to 2021. This dynamic is the result of the strong appreciation of the US currency, which automatically translated into a depreciation of other currencies, as in the case of the euro, and which took place in a global context of significantly rising inflation which led the major central banks to adopt restrictive monetary policies.
Analyzing the monthly trend over the course of 2022, we can see that since March, there has been a gradual weakening of the single currency, due to the fact that, compared to the ECB, the Fed has moved earlier and more aggressively towards a restrictive policy of raising interest rates in order to cope with the sharp rise in inflation. In the United States, the Fed has started a cycle of rate hikes since March, raising rates at each meeting. Between June and the beginning of

November, monetary tightening became more aggressive with four consecutive hikes of as much as 75 basis points. By contrast, in the Eurozone, the ECB took a more cautious line in the first half of 2022, gradually starting the process of normalizing monetary policy and ending the expansionary measures adopted during the pandemic. The Frankfurt Institute was confronted with a difficult context characterized on the one hand by a continued rise in inflation, and on the other hand by increased uncertainty about economic growth prospects due to international geopolitical tensions and the repercussions of the war in Ukraine. It was only in July that the ECB started to raise interest rates, ending the long era of zero interest rates and securities purchases through Quantitative Easing.

The dollar particularly strengthened during the third quarter of the year, with the euro repeatedly hitting twenty-year lows and falling below parity against the US currency at the end of August. On the one hand, the dollar was supported by the prospects of interest rate hikes at higher levels than previously expected. On the other hand, the euro was impacted by the prospects of a slowdown in the European economy and recessionary fears, against a backdrop of reduced gas supplies from Russia and sharply rising energy commodity prices. The months of September and October thus saw an average euro/dollar exchange rate below the parity level.

The last two months of the year saw a recovery trend for the single currency, which moved back above parity against the dollar, returning to June levels. The euro benefited from a more resilient economy and the easing of fears of a gas shortage in the winter months. In addition, in the United States, following the first signs of slowing inflation, the Fed monetary tightening became less aggressive: in December, rates were raised by 50 basis points after four hikes of as much as 75 basis points. The Fed key reference rate, which was at 0% at the beginning of the year, closed 2022 in the range of 4.25%-4.50%, the highest level in 15 years. This is higher than the Eurozone rates, where the ECB increases between July and December raised the main refinancing operations rate from 0% to 2.50%.

The monthly development of the exchange rate for this year and the previous year is depicted in the following graph:



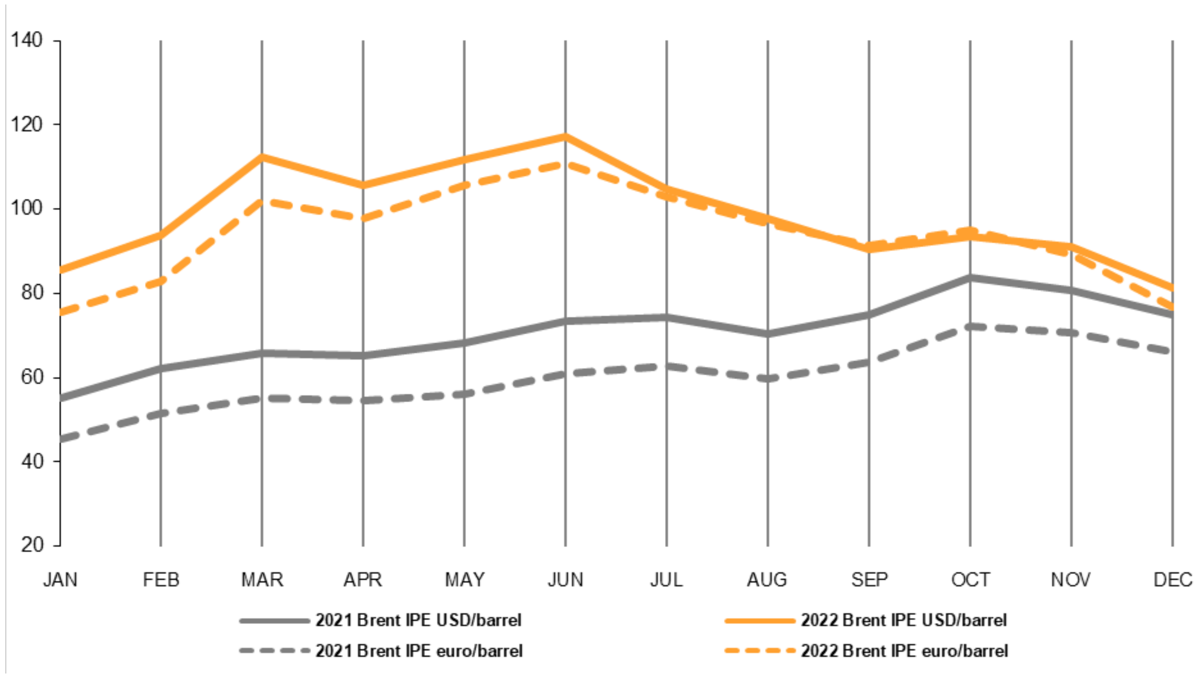
As regards the oil markets, the average price of Brent recorded an annual increase of 39.6%, moving from 70.7 USD/bbl in 2021 to 98.8 USD/bbl in 2022. The increase in prices from 2021 levels took place against a backdrop of high geopolitical tensions over supply, following the international sanctions imposed on Russia, a major oil-producing country.

Looking at the monthly trend over the course of 2022, it can be seen that in the first half of the year there was a predominantly upward trend with sharp increases occurring since the end of February, with the invasion of the Russian army in Ukraine. Brent crude prices on March 8 reached a record high of 128 USD/bbl, the highest level since 2008, and thereafter remained at very sustained levels above 100 USD/bbl against reduced global supply and low inventories in the face of robust demand. The prolonged military conflict prompted Europe to include Russian oil in the sanctions. After weeks of difficult negotiations, the EU Council approved the sixth sanctions package in early June, which also includes an embargo from December on crude oil and derived products imported from Russia by sea. Prices were also supported by modest increases in production from the Organization of the Petroleum Exporting Countries (OPEC+) alliance countries. Until the summer, OPEC+ decided to confirm the monthly supply increase targets set in 2021 and aimed at recovering from the cuts made in 2020 during the most acute phase of the pandemic. However, actual increases were less than expected due to the chronic difficulty of several countries in increasing their production due to a lack of adequate investment. In the second half of the year, on the other hand, prices showed a predominantly downward trend, falling in December to levels similar to those of the previous year. Since the summer, in fact, concerns about reduced global supply have taken a back seat in the wake of growing uncertainty about the development of demand, which has lost the momentum seen at the beginning of the year. In China, oil consumption declined due to tight restrictions as part of the Zero COVID strategy, which led to recurring lockdowns in several areas of the country. The hike in interest rates by the Fed and several other central banks has fuelled the prospects of a slowdown in the world economy and thus a downturn in oil demand. The strengthening of the dollar, which made it more expensive for operators using other currencies to buy crude oil, also impacted consumption trends.

In the latter part of the year, the pressure on global crude oil supply therefore eased, as a result of the slowdown in demand due to the factors described above and the robust US production, which stabilized above 12 million barrels/day. The OPEC+ announcement to cut its production target by 2 million barrels/day from November until the end of 2023 offered limited support to prices, which rose on a monthly basis in October. At the beginning of December, embargoes by G7 countries, the EU and Australia on Russian oil and on maritime services related to the transport of crude oil to other destinations and sold at a price above 60 USD/barrel came into force. The full impact of these measures is expected to manifest in 2023, when the embargo will also be implemented on refined products in February. During December, Brent crude prices hit one-year lows with the market affected by global recession fears following the economic slowdown in advanced countries and restrictive monetary policies. Crude oil prices in euro followed the annual trend of US prices, signalling a stronger increase as a result of the depreciation of the single currency. At 93.9 euro/barrel, the average price for 2022 was 56.7% higher than the average for 2021. The table and the chart below show the average annual values and the monthly trend, during this and the previous year:

	2022 financial year	2021 financial year	Change %
Oil price in USD/bbl[(1)]	98.8	70.7	*39.6%*
USD/EUR exchange rate	1.05	1.18	*(11.0%)*
Oil price in EUR/bbl	93.9	59.9	*56.7%*

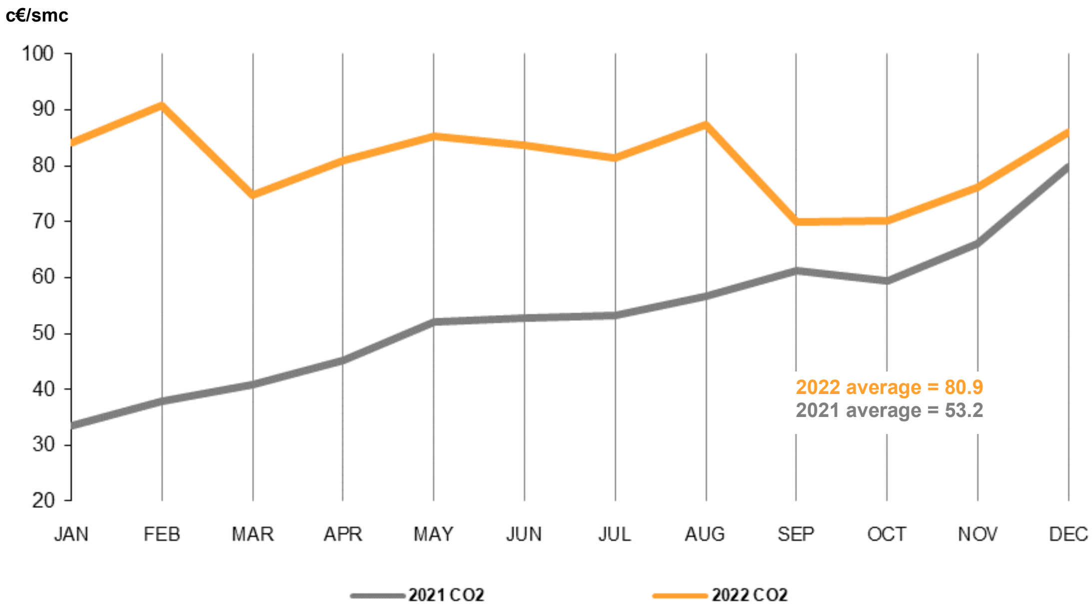
(1) Brent IPE



The coal market, with reference to prices on the Atlantic market, recorded an average of 295.1 USD/ton in 2022, up considerably (+142.1%) over the previous year. Prices have been on an upward trend for almost all months of the year, buoyed by tensions arising from the military conflict between Russia and Ukraine and in the wake of rises in other energy commodities. The reduced supply of Russian gas has prompted European states to maximize energy production from coal-fired power plants, with Germany postponing the planned closure of some coal and lignite plants. As of August 10, with the introduction of the fifth sanctions package against Russia, the European Union placed an embargo on Russian coal imports. European countries consequently increased supplies from other exporting countries, intensifying global competition and further supporting the increase in prices.

Gas prices at the main European hubs were well above 2021 levels, with the yearly average more than doubling from the previous year. Prices continued the upward trend that had started in 2021, and reached record levels in August. Subsequently, a downward correction has been recorded since September, with prices in the last quarter of 2022 at levels similar to those in the fourth quarter of 2021. The price of gas on the TTF, the main European reference hub, stood at an average of 127.5 c€/scm, against an average of 48.4 c€/scm in 2021, marking an increase of 163.7%. Prices at the US Henry Hub - the main reference of the international gas market - recorded an average value of USD 6.4/MMBtu in 2022; the year-on-year increase (+64.2%) was smaller than that observed at European hubs. The rise was driven by high demand, both in the domestic market and for Liquefied Natural Gas (LNG) exports, in a context where Europe has turned more towards LNG imports to reduce dependence on Russian gas.

Prices on the CO_2 emission rights market rose significantly in 2022 to an average of 80.9 euros per ton, a level 52.0% higher than the previous year. The low availability of French nuclear capacity and the increased use of coal-fired generation across Europe, in a context of increased competitiveness compared to gas, supported price growth. In June, the plenary of the European Parliament approved its position on several “Fit for 55” measures, including the reform of the ETS and the CO_2 tax mechanism at EU borders. After months of consultations in December, the trialogue formed by the Parliament, the Council and the EU Commission approved the ETS reform, which shows a significantly increased climate ambition. By 2030, emissions from the ETS sectors are to be reduced by 62% compared to 2005, there will be a gradual inclusion of the maritime sector from 2024 and full coverage in 2026, and a separate ETS for fuel distribution and buildings will be introduced. Free allocations of ETS permits to industry will be phased out in the period 2026-2034, at the same time as the introduction of the CO_2 taxation system called the carbon border adjustment mechanism (Cbam). As part of the European measures to achieve independence from Russian energy supplies, part of the REPowerEU plan - 20 billion euros out of a total of 210 billion euros - will be financed 40% by national auctions of EUA permits and 60% by the Innovation Fund, specifically a portion of the latter will be taken from the ETS Market Stability Reserve.



In 2022, the Energy Efficiency Certificates (EEC) market recorded an average price of 257.6 euro/EEC, down slightly (-3.4%) compared with 2021, when the average price was 266.6 euro/EEC. The decrease in prices compared to last year was helped by the lower than in the past level of energy saving obligations required by regulations for the four-year period 2021-2024, which therefore allowed for a rebalancing of supply and demand. During the second half of 2022, prices showed a downward trend, reaching levels below 260 euro/EEC, a value which represents the price signal provided by the legislation.

The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

(TWh)	**2022 financial year**	2021 financial year	Change %
Net production:	275.1	278.1	*(1.1%)*
- Thermoelectric	192.0	180.6	*6.3%*
- Hydroelectric	29.9	46.3	*(35.3%)*
- Photovoltaic	27.5	25.1	*9.7%*
- Wind power	20.2	20.6	*(2.0%)*
- Geothermal	5.4	5.5	*(1.5%)*
Net imports	43.0	42.8	*0.4%*
Pumping consumption	(2.5)	(2.8)	*(10.4%)*
Total demand	**315.6**	**318.1**	***(0.8%)***

Source: processing of final 2021 and preliminary 2022 Terna data, gross of grid losses.

Gross electricity demand in the financial year 2022 shows a decline after the recovery shown in 2021, mainly recorded in the last quarter of the year. Total electricity consumption was approximately 315.6 TWh, a decrease of 0.8% (-2.5 TWh) over 2021.

In terms of net generation, the contribution of domestic production also showed a decrease of 1.1% during 2022 compared to 2021, for an equivalent value of around 3 TWh.

Looking at the contribution by source, the only ones that show an improvement are thermoelectric production, which increased in absolute terms by about 11.4 TWh (+6.3%), and photovoltaic, which gained about 2.4 TWh (+9.7%) following the increase in installed capacity. The remaining renewable sources, on the other hand, show negative performances with wind power decreasing by 0.4 TWh (-2%) due to less wind in December, and hydroelectric sources decreasing by 16.4 TWh (-35.3%) due to the effect of reservoir levels at historic lows.

On the whole, national production, net of pumping, met 86.5% of demand, in line compared to the previous year, when the figure was 86.7%. During 2022, the net foreign balance shows a slight increase over 2021 of about 0.2 TWh (+0.4%).

With respect to the fourth quarter 2022, overall electricity consumption in Italy withdrawn from the grid amounted to roughly 64.8 TWh, about 7.6 TWh (10.5%) less than in the same period of 2021. As regards the contribution by source, only photovoltaic generation shows an increase of 0.4 TWh (+9%), while all other sources show a contraction: thermoelectric shows a decrease of 4.1 TWh (-7.7%), hydro 2.4 TWh (-26%), wind 1.5 TWh (24.1%). The lower contribution of domestic generation was almost entirely offset by the higher net import, which increased by 1.7 TWh (19.9%).

Overall, the contribution of domestic production during the fourth quarter, net of pumping, came to around 86.2% of demand, down compared to 89.3% recorded in 2021.

Insofar as the price scenario at December 31, 2022 is concerned, the 2022 time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian) settled at 304.0 euro/MWh, up by 142.3% compared with the previous year (125.5 euro/MWh).

This sensive price rise, common to the whole European area, was mainly driven by the geopolitical instability caused by the Russian invasion of Ukraine, which led to a sharp increase in commodity prices and thus in thermoelectric generation costs. Analysing the monthly PUN trend over the course of 2022, it can be seen that in the first nine months of the year, the level was significantly higher than in the same period of 2021, before returning to levels similar to last year's during the fourth quarter.

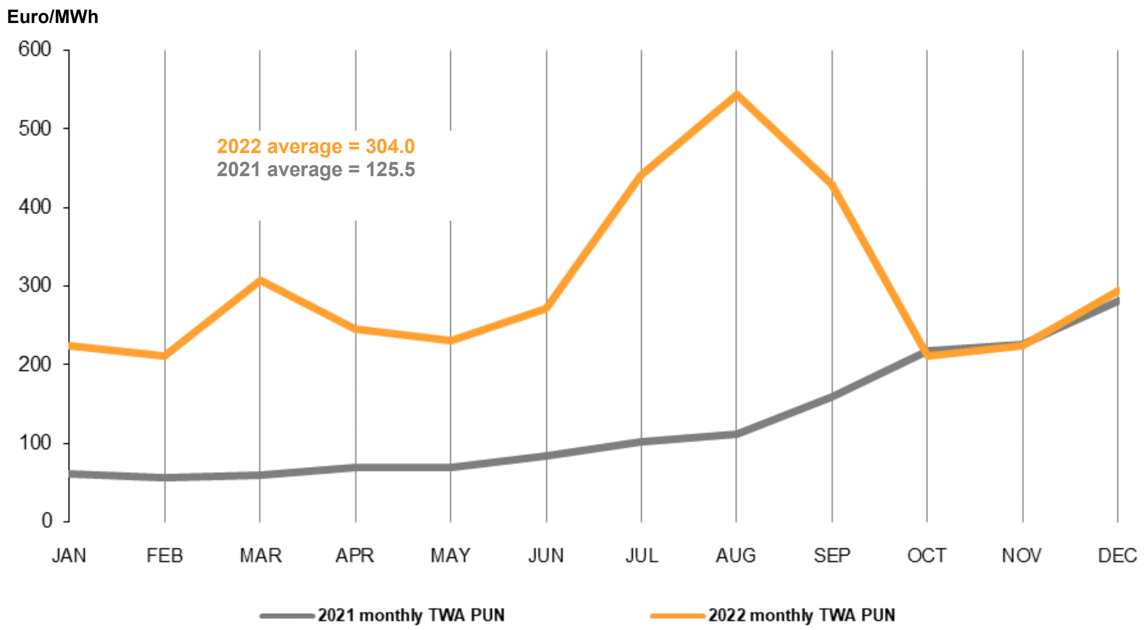
Until August, prices showed a predominantly bullish trend, driven by increases in gas and CO_2, low hydroelectric generation due to the low rainfall throughout Italy, and an increase in demand sustained by high summer temperatures. The reduced hydraulicity and the decrease in imports from France, following the critical situation in the French nuclear generation park, favored a wider use of domestic thermoelectric production, characterized by very high generation costs. In August, coinciding with record gas prices, prices peaked at a monthly average of 543.2 euro/MWh, a value more than quadrupled compared to August 2021. In particular, on 29 August, the PUN marked an all-time high at 740.1 euro/MWh.

Prices have shown a downward correction since September, returning in the latter part of the year to the levels observed last year. The drop was favored by the contraction observed in the gas market and lower demand, against a backdrop of the start of the winter season characterized by higher-than-normal temperatures and the introduction of measures to curb consumption as a result of high energy prices. As a result, in the last three months of the year the average PUN was 243.8 euro/MWh, an increase of only 0.9% on a year-on-year basis, and down 48.3% compared to the previous quarter.

In 2022, the F1, F2 and F3 hourly time periods and, similarly, the peak and off peak intervals experienced virtually identical gains of about 142% compared with the previous year. In particular, the off-peak range increased by 145.3%, and the peak range by 137.1%.

As far as zone prices are concerned, in 2022 there was a significantly upward trend, in line with what has been described up to now, with the most marked increases recorded in the North (+145.9%) and in the center-North (+145.3%) than those observed in other zones (on average +135.5%), given the greater dependence on thermoelectric production and trends in neighboring markets. In the fourth quarter, the price in the areas of Sicily and Sardinia declined on a trend basis by 5% in the presence of high supply at competitive prices, also as a result of the program to maximize energy production from plants using fuels other than gas (in particular oil for Sicily and coal for Sardinia).

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



Prices in foreign countries also showed a general increase, supported by commodity prices and the geopolitical instability. France closed 2022 at 275.9 euro/MWh, an increase of 153% compared with the previous year. The rises were affected by the numerous outages of the nuclear fleet, with the first outages starting at the end of 2021, due to corrosion problems and continuing throughout the year, also due to delays in maintenance work as a result of the fall strikes. Nuclear generation reached its lowest level since 1989, down 23% by 2021, and in this context, the French electricity system became a net importer for the first time since 2001. The spread with the single national price rose by 73.3%, reaching 28.0 euro/MWh.

Germany closed the year at 235.4 euro/MWh (+143% compared to 2021). The year 2022 was characterized by good wind conditions in Germany, resulting in an increase of about 13% in wind generation. The policy of maximizing the use of coal- and lignite-fired power plants has led to an 11% increase in electricity generation from these two fossil sources. However, the geopolitical instability in Eastern Europe and the significant reduction of gas exports from Russia, with the total interruption of flows along the Nord Stream as of September, have caused prices to rise considerably during 2022. The Italy-Germany spread rose by 141.4% compared with 2021, sitting at 68.6 euro/MWh.

Demand for Natural Gas in Italy and Market Environment

(billions of m^3)	**2022 financial year**	2021 financial year	Change %
Services and residential customers	26.9	30.4	*(11.4%)*
Industrial use	14.9	17.6	*(15.0%)*
Thermoelectric fuel use	25.0	26.0	*(3.7%)*
System usage and leaks	2.0	2.3	*(10.6%)*
Total demand	**69.0**	**76.2**	***(9.6%)***

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

Natural gas withdrawals in Italy in 2022 showed an overall drop compared to the previous year due to the sharp increase in prices and mild weather, especially in the last quarter of the year, recording a total consumption of approximately 69 billion cubic meters (-9.6%).

The residential sector, typically more sensitive to climate trends, recorded the most significant drop, consuming a total of just under 27 billion cubic meters, about 3.5 billion less than in 2021 (-11.4%).

As far as the industrial sector is concerned, there was a drop in consumption of about 2.7 billion cubic meters (-15%) compared to the previous year, mainly as a result of the sharp increase in raw material costs. In total, industrial uses ended the year with approximately 14.9 billion cubic meters.

Finally, gas consumption in thermoelectric generation also lost about 1 billion cubic meters to 25 billion cubic meters, despite the drop in hydroelectric generation. The increase in photovoltaic generation, the contraction of electricity consumption and the loss of competitiveness of gas compared to other fossil fuels due to the massive increase in prices weigh on this result.

The fourth quarter saw most of the collapse in natural gas consumption, with a total withdrawn of about 17.6 billion cubic meters (-23.6%), compared to 23 billion cubic meters withdrawn in the same period of 2021, due to lower withdrawals for heating in the civil sector (-2.7 billion cubic meters) thanks to extraordinarily mild weather, for thermoelectric uses (-1.6 billion cubic meters) and industrial uses (-1 billion cubic meters) for the reasons explained above.

With regard to sources of supply, in the course of 2022, it is worth mentioning the collapse of Russian gas imports from Tarvisio from the second half of the year, following the sanctions imposed by the EU on Russia as a reaction to the invasion of Ukraine, partially offset by the increase in LNG imports, mainly from the US.

Overall, in 2022, sources of supply registered:

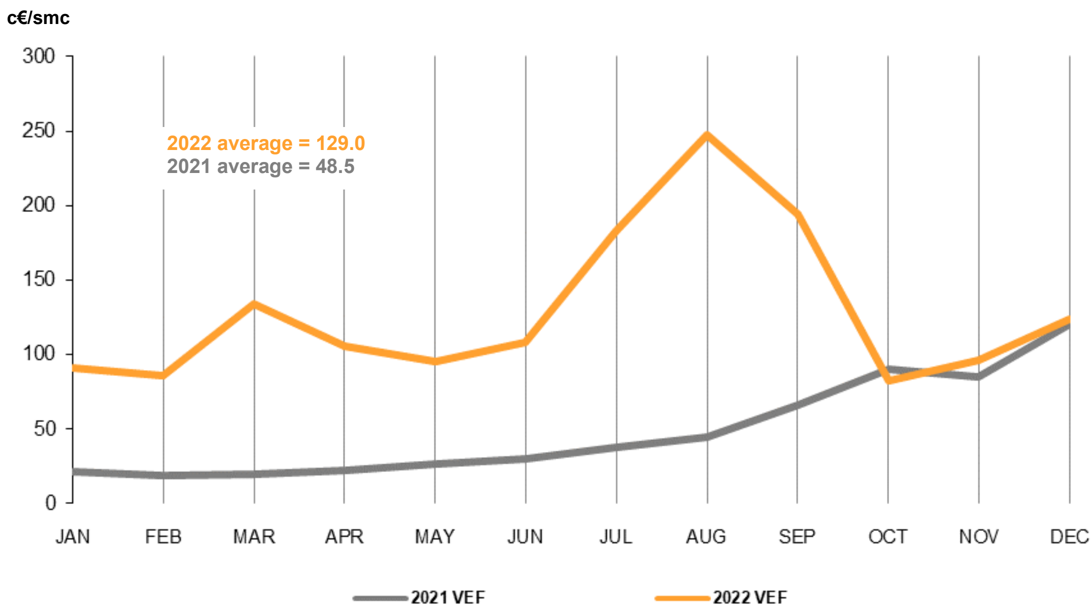
- stable domestic production;

- lower gas imports by 3 billion cubic meters (-4% compared to the figure in 2021);
- a net balance of injections of gas in storage of about 2.8 billion cubic meters.

In 2022, the spot gas price in Italy, in concert with the movements registered on other European hubs, recorded a considerable increase compared to the previous year (+165.9%), standing at 129.0 c€/scm.

The upward trend, recorded since the fourth quarter of 2021, was confirmed for the first nine months of 2022, against a backdrop of high volatility in the European gas markets as a result of the precarious balance between supply and demand, the effects of geopolitical tensions and the growing uncertainty over pipeline supply from Russia, which became more pronounced after the start of the war in Ukraine at the end of February. European countries have intensified their efforts to reduce their dependence on Russian gas, diversifying their import sources through international agreements for alternative gas supplies to Russia and planning new regasification terminals. Starting in June, prices showed a significant increase after the announcement of a 60% cut in supplies through the Nord Stream 1 pipeline, which then came to a complete halt from the end of August. At the same time, there was a strong demand for storage injection in order to meet the filling targets of the new European regulation. The reduction in deliveries from Russia was largely offset by robust LNG cargo arrivals at European terminals, favored by the increased attractiveness of the Asian market and weak demand from China. Prices peaked in August at a monthly average of 247.1 c€/scm, retreating in the following months amidst intensifying discussions of a possible introduction of a temporary price cap. Since September, VEF prices have been on a downward trend, with the four quarter 2022 recording a year-on-year decrease of 51.5% and a trend increase of 2.3%. The decline was driven by high stockpile levels with limited withdrawals as a result of low demand. In fact, in the fourth quarter, Italian gas demand dropped by about 19% compared to the 2019-2021 average due to mild temperatures, a weak industrial sector, and plans to curb consumption. At the end of 2022, the level of Italian stockpiles was close to 82%, a level 17 percentage points higher than a year ago. In December, after months of negotiations, the EU ministers agreed on a price correction mechanism for the Dutch TTF hub that will apply if certain conditions are met. In 2022, the VEF-TTF spread increased noticeably compared to last year, settling at an average value of 1.5 c€/scm, against 0.2 c€/scm of the previous year. This increase was influenced by some economic factors such as – by way of example - the decrease in the availability of Russian gas, which in 2021 had accounted for 39% of the Italian system's total imports while in 2022 it had a share of 15% following the drop in consumer demand and the replacement of Russian gas with other sources of supply. During the year, the differential between the two hubs fluctuated strongly with a peak of 6.1 c€/scm in July, when a significant increase in imports from northern Europe via Passo Gries was observed in the wake of strong demand for storage injection. The differential only reversed in September (-6.0 c€/scm), with the FTT most impacted by the indefinite closure of the Nord Stream pipeline.

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



Legislative and Regulatory Framework

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

Electricity

Waste Management

Agrisolare and PNRR call for tenders - The Decree of the Ministry of Agricultural and Forestry Policies of July 14, 2022 (Official Journal 193 of 08/19/2022) supplemented the Ministerial Decree of March 25, 2022 (PNRR contributions in favour of agricultural enterprises for the construction of photovoltaic systems on the roofs of production buildings, Mission 2 - Green Revolution and Ecological Transition, Component 1, Investment 2.2). The sum, drawn from PNRR funds of 1.5 billion euros, is intended not only for producers, but also for companies that process agricultural products and intend to install PV panels on the roofs of their buildings. The Agrisolare call for tenders for the assignment of PNRR incentives opened on September 27, 2022.

National Strategy for the Circular Economy (SEC) - The Ministry of Ecological Transition issued with Decree 342 of September 19, 2022 with the time schedule for the implementation of the measures set forth in the SEC referred to in Ministerial Decree 259 of June 24, 2022 (Mission 2, Component 1, Reform 1.1 of the PNRR).

Wholesale Market

Capacity Mechanisms - Following Decree of the Ministry of Ecological Transition (MITE) of October 28, 2021, the auction for the 2024 delivery year was held on February 21, 2022. A total of 41.541 GW was allocated, including 37.931 GW of domestic capacity (including 3.778 GW of new capacity) and 3.61 GW of foreign capacity. Edison was awarded

2,275 MW of existing capacity at a premium of 33,000 euro/MW/year and 7 MW of new unlicensed capacity at a premium of 33,467 euro/MW/year for 15 years[1].

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

Regarding the appeals pending with the Regional Administrative Court and the Court of First Instance of the European Union against the Capacity Market, the Lombardy Regional Administrative Court postponed its decision following the ruling of the Court of First Instance, which was published on September 7, 2022 and rejected the two appeals of SET and Tirreno Power. Axpo and Tirreno Power filed an application to set a hearing on the merits before the TAR following the EU Court's ruling. The hearing could be scheduled for summer 2023.

In the meantime, the Tirreno Power and Axpo companies have appealed to the Lombardy Regional Administrative Court against the various legislative and regulatory acts relating to the 2024 auction, as well as against the results of the auction itself.

Edison has a strong interest in the continued implementation of the Capacity Market for delivery years subsequent to 2023, which would make it possible to leverage its likely available capacity (CDP) relating to existing plants (roughly 2.8 GW awarded in the 2022 and 2023 auctions for this capacity category at a premium of 33,000 €/MW/year) and any new capacity to be developed.

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

- makes it possible to consider hedging contracts, including contracts entered into with a portfolio logic, among the supply contracts that can be used to demonstrate the lack of valorization of the energy produced and fed in by the RES plants covered by the measure;
- considers the allocation of the volumes covered by supply contracts on the basis of the actual production of individual plants;
- excludes from the calculation of the sums to be refunded the electricity of large hydroelectric derivations ceded annually and free of charge to the regions (it is in fact equated to electricity ceded under a supply contract at a zero price).

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

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

provided for an adjustment of the economic items in May 2023 to take into account the final figures for the entire reference period.

Regarding the timing of implementation, the main deadlines are as follows:

- by July 10, 2022, the Energy Services Operator (Gestore dei Servizi Energetici – GSE) notified producers operating plants covered by the mechanism of the masks for uploading the necessary information and the technical rules for uploading it;
- by August 10, 2022, operators sent the declaration for each plant regarding the presence of supply contracts;
- in October 2022, there was the first adjustment of the economic items for the months February to August 2022;
- in May 2023, there will be an adjustment of the economic adjustment items on the basis of the final figures.

Decree-Law no. 115 of August 9, 2022 - Aiuti-bis DL (converted by Law no. 142 of September 21, 2022) extended the application of the mechanism in question until June 30, 2023 without substantial changes (ARERA will have to define the new timelines applicable to 2023). In the meantime, in a recent ruling, the reasons for which are still awaited, the Lombardy Regional Administrative Court annuled the aforementioned Resolution 266/2022/R/eel and the GSE Technical Rules for calculating the economic items related to the application of the mechanism.

Retail market and energy services

Zeroing of general system charges and facilitations gas-intensive companies - In order to limit the impact on the bill of the extraordinary rises in the prices of wholesale energy products, ARERA with Resolution 35/2022/R/eel has set general system charges to zero for the first quarter of 2022 for all medium/large companies with power equal to or greater than 16.5 kW. The measure of the Authority applies the provisions of the decree Sostegni-ter, which identified as beneficiaries of the measure all users above this power threshold, in medium, high and very high voltage, or those of public lighting uses or electric vehicle charging in places accessible to the public; the same measure had already been planned for the first quarter of 2022 for domestic customers and small low voltage companies

With the continuation of the emergency context, the Government adopted further measures to mitigate the impact of this situation on end customers, allocating additional resources from the State Budget, which allowed the Authority to confirm the provisions already made for the first quarter 2022, namely the cancellation of the ASOS and ARIM tariff components for all users in the electricity sector and the RE/RET, GS/GST and UG3/UG3T tariff components for all users in the gas sector.

Moreover, in this context, the procedure is initiated for the regulation of facilitations for natural gas-intensive companies, as per Ministerial Decree no. 541 of December 21, 2021, so-called “Decree gas-intensive companies” transposed by Resolution 41/2022/R/gas, which ordered the recalculation of the fees covering general gas system charges applied to these gas-intensive companies. Following two consultations, ARERA regulated the operating methods for the recognition of the benefits to companies with high consumption of natural gas referred to in the aforementioned Decree, provided provisions to the Cassa per i Servizi Energetici e Ambientali (CSEA) for the provision and opening of a portal for the collection of company data, and defined the benefits recognized to gas companies through the application by distributors and transport companies starting from 2023, of differentiated rates of the RE and RET components according to the class to which they belong, as well as the modalities of exemption of a part of the RE/RET component for companies with consumption of natural gas for non-energy use exceeding the threshold of 1 million Sm3/year.

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

The same article 6 also stipulates that for the period from April 1 to December 31, 2022, the ISEE value for access to social bonuses for electricity and gas will be raised to 12,000 euros. In implementation of the provisions of the "Aiuti" Decree-Law (Aiuti-bis-ter-quater DL), which provided that, in addition to bill instalment, companies may benefit from an extraordinary contribution, in the form of a tax credit, for the purchase of electricity and natural gas, ARERA has defined the minimum contents of the communication that sellers are required to send to companies (non-energy or gas-intensive) requesting the tax credit for the purchase of electricity and gas, as well as the penalties for non-compliance, which may amount to up to 2% of the seller's turnover in the last financial year closed prior to the start of the sanctioning procedure or, failing that, of the last available turnover.

Gradual Protection Service for Micro-enterprises - With Decree-Law no. 183 of December 31, 2020, the deadline for exceeding protected prices for protection services for micro-enterprises up to 15 kW of committed power, with a maximum of 10 employees and 2 million euros in turnover, is further extended to January 1, 2023. With Resolution 208/2022/R/eel of May, ARERA defined the regulation of the gradual protection service for micro companies of the electricity sector and the modalities for assigning it, in order to guarantee continuity of supply to micro companies connected to low-voltage lines that will find themselves without a contract under free market conditions.

Due to a computer attack that knocked out the GSE systems and those of the Single Buyer (*Acquirente Unico*), which are dependent on it, in September, it was decided to postpone (to November) the timing of the auctions for the assignment of the graduated protection service for micro companies. Thus, with a further measure, ARERA provided for the effective activation of the service from April 1 instead of January 1 (Resolution 586/2022/R/eel). The 12 territorial lots in the auction were awarded to 7 operators (A2A 4 lots, 3 Sorgenia. One lot for Acea, Agsm Aim, Estra, Hera and Illumia)

New method for determining the economic conditions for the supply of natural gas for the protection service - In consideration of the further deterioration of the wholesale market price context and critical supply issues, the Authority intervened, as a matter of urgency, with Resolution 374/2022/R/gas, defining a new method for determining the supply component (C_{MEM}) of the protection service, which allows for an increased alignment of such component with the price trend in the wholesale market. ARERA therefore established, as of October 1, 2022, that the C_{MEM} will be defined as equal to the monthly average of the day-ahead VTP price reported by ICIS-Heren, thus superseding the current quantification methodology on the basis of the quarterly OTC gas prices for the t-th quarter, at the TTF hub, reported with reference to the second calendar month prior to the quarter being updated, thus transitioning from a quarterly calculation defined prior to the start of each quarter to a monthly calculation defined at the end of each month of a quarter.

In addition, with a recent measure, ARERA confirmed the new commodity calculation method in gas protection services, while introducing some refinements: among others, the possibility for sellers of gas in the protection service to issue monthly bills, as an exception to the rules on billing frequency, and the detailed definition of the timeframe within which this component should be published by the Authority.

Extraordinary load profiling adjustments - Considering the strongly bullish scenario on energy commodity prices, the Authority, with the aim of limiting, in the immediate term, the risks connected to the emergence of significant debit adjustment items for Dispatching Users (UdD) of the free market, has introduced an additional extraordinary load profiling adjustment session with respect to the annual one scheduled for 2023, with reference to the period January-June 2022. This is to avoid maxi-bills in one lump sum and consequently exposing the system to insolvency. In addition, the measure grants dispatching users a deferment on the payment of bills issued by Terna to the first months of 2023.

Gas Operations

Rates and Market

Monitoring import contracts - The DL 21/22 (so-called "Taglia-prezzi") established that, "*for monitoring purposes", "holders of contracts for the supply of gas volumes for the Italian market are required to submit, for the first time within fifteen days from the date of entry into force of this decree, to the Ministry of Ecological Transition and to the Regulatory Authority for Energy, Networks and Environment (ARERA) the same contracts and the new contracts that will be signed, as well as the amendments to the same contracts, also within the term of fifteen days"*. The objective of the screening by ARERA and MITE is to evaluate, in light of the current crisis situation, the possible revision of the gas protection tariff, as established by art. 18-bis of the "Energy" Decree Law.

Gas storage auctions for the thermal year 2022-2023 - From March 2022, also as a result of the evolution of the international geopolitical situation and the forward structure of gas prices (spread winter 23 - summer 22 significantly negative), significant legislative/regulatory changes were introduced aimed at encouraging the filling of storage facilities in the short term and referring both to the final phase of the winter 2021-2022 supply phase and the subsequent storage year 2022-2023.
Despite the uncertainties that characterized the gas market and the high price volatility recorded as a result of the geopolitical context, Edison, also resorting to the appropriate risk hedging instruments, made its contribution to the security of the gas system, on the one hand by keeping import flows more or less unchanged from previous years, also by further diversifying its routes, and on the other hand by supplying storage capacity in line with, if not actually greater than, that of last year.
In terms of gas infrastructure, Edison Stoccaggio offered to market users its available capacity, conferring it entirely at October 31, 2022 (841 MScm for the seasonal Peak Modulation service and an additional 60 MScm for the so-called Constant Peaks Modulation service).

Approval of Edison Stoccaggio's 2023 reference revenues - Resolution 384/2022 approved Edison Stoccaggio's 2023 rate proposal (2023 reference revenues of about 54 million euros).
Resolution 384/2022 also made the recognition of the transfer of the cushion gas from the Collalto site to that of San Potito and Cotignola subject to the to the achievement of the maximum peak performance delivered for fifteen non-consecutive days equal to those recorded during the last thermal years (for Collalto, at least 5.7 MScm/d; at entire hub level at least 8.7 MScm/d).

Gas transport tariffs - The Authority, as part of the definition of the tariff rules for the sixth regulatory period 2024-2027 (6PRT), is required to implement the provisions contained in the TAR Code (Reg. EU 460/217), which lays down rules aimed at harmonizing tariff systems within the European Union, without prejudice to the autonomy prerogatives of the Authority itself. With Consultation Document 213/2022/R/gas, published in May 2022, the Authority started an initial reflection by making some detailed proposals for the determination of the 6PRT transport tariffs, in line with the indications of the TAR Code, including a possible discount at entry points at regasification terminals, which Edison carefully assessed against the costs of the capacity used for imports from Rovigo. Within the scope of the last consultation 502/2022/R/gas, concluded in December, the Authority illustrated its final guidelines concerning the determination of fees for the natural gas transport and metering service for the 6PRT, as well as in relation to the completion of the so-called reform of capacity allocations. The issue of tariffs is of particular interest to market operators, including Edison, both because of the outlay associated with the use of the gas transport network, which Edison supports in particular for import contracts, and because of the impact of the possible evolution of supply sources in Italy, in the face of possible geopolitical changes. In compliance with the time-scales laid down by the TAR Code, with the consultation phase having closed, the next step provides for the final approval of the tariff criteria by ARERA (by March 2023) and the publication of the new tariff fees for the 6PRT (by May 2023).

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

Auctions for the allocation of new regasification capacity - On December,2 2022, the consultation was completed on the procedure for the first allocation of regasification capacity at the Piombino Terminal of FSRU Italia, a subsidiary of Snam, which controls the projects of the floating regasification terminals foreseen by the Government, which will first arise in Piombino and then in Ravenna. The start-up of the Piombino terminal represents a necessary step in the path undertaken by Italy for the diversification of gas supply sources and the reduction of dependence on Russian gas. The same objectives drives Edison's interest in participating in the tender for the award of a share of the LNG import capacity. The aforementioned procedure has as its object the assignment of regasification capacity for a twenty-year period, while during 2023 the procedures for the assignment of annual and multi-year products with a duration of less than 20 years will be defined, also on the basis of the expressions of interest sent by the operators in the case of capacity still available after the first booking. The procedure was approved by ARERA at the end of January 2023 with Resolution 28/2023/R/Gas. The urgency dictated by the need to make the new terminal available to the system in the shortest possible time makes it necessary to derogate from the timing established by the regulation for the conduct of the auction which, therefore, is expected to close as early as next March, 3. The entry into commercial operation of the FSRU is, in fact, expected between May and October 2023. However, it is expected that after the first three years of operation (2026) the terminal will be relocated to another site and that, for the necessary operations, the plant will interrupt its operations for a period of up to a maximum of 12 months. The choice of the next site represents indeed an element of risk for operators who intend to participate to the capacity assignment auctions.

Issues affecting multiple business segments

Decree Law no. 4 of January 27, 2022 (so-called “Sostegni-ter”) containing “Urgent measures regarding support for businesses and economic operators, work, health and territorial services, connected to the COVID-19 emergency as well as to contain the effects of price increases in the electricity sector” - Converted, with amendments, by the Law no. 25 of March 28, 2022, published in Official Journal no. 73 of March 28, 2022. The measure contains provisions regarding support for companies to contain the effects of increases in electricity costs. In particular, article 15-bis of the measure introduced provisions that envisage a two-way compensation mechanism, calculated in relation to historical reference prices and applied, from February 1 to December 31, 2022, on electricity fed into the grid by the following renewable source plants (excluding plants < 20kW): photovoltaic plants that benefit from the Energy Account; plants powered by hydroelectric, solar and wind sources, operational before January 1, 2010 that do not qualify for incentive mechanisms. The mechanism does not apply to energy covered by supply contracts entered into before January 27, 2022, provided they are not linked to spot market price trends and are not entered into at a price 10% higher than the reference value. These provisions were amended and extended to June 30, 2023 by the subsequent Decree-Law no. 115 of August 9, 2022.

Decree Law no. 14 of February 25, 2022 (so-called "Ukraine") containing "Urgent provisions on the crisis in Ukraine" - Converted, with amendments, by Law no. 28 of April 5, 2022, published in Official Journal no. 87 of April 13, 2022. The provision contains measures to be adopted on an emergency basis, aimed at increasing the availability of gas and the planned reduction in consumption as provided for in the National Emergency Plan.

Decree-Law no. 17 of March 1, 2022 (so-called "Energia") containing "Urgent measures for the containment of electricity and natural gas costs, the development of renewable energy and the relaunch of industrial policies" - Converted, with amendments, by Law no. 34 of April 27, 2022, published in Official Journal no. 98 of April 28, 2022.
Specifically, inter alia, the measure contains the following provisions:

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

In particular, in line with the provisions of the aforementioned Decree-Law, the Ministerial Decree of March 14, 2022 on gas storage for the thermal year 2022-2023 was adopted, which governs the method of allocating storage capacity for the storage contract year from April 1, 2022 to March 31, 2023, taking into account the objectives in terms of achieving storage levels. This was supplemented by the Ministerial Decree of April 1, 2022, which supplemented the previous provisions by providing for the holding of successive auctions on a weekly basis from April 1 to October 31, 2022 (for products with monthly injection) and the introduction of filling incentive mechanisms based on zero reserve prices coupled with two-way difference contracts.
In addition, the Ministerial Decree of September 16, 2022 of the Ministry of Ecological Transition, effective from October 10, 2022, implementing the so-called "Electricity Release", was published.

Decree-Law March no. 21 of March 21, 2022, (so-called "Taglia-prezzi") containing "Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis" - Converted, with amendments, by Law no. 51 of May 20, 2022, published in Official Journal no. 117 of May 20, 2022.
In particular, the measure contains provisions for the introduction of an extraordinary contribution to be paid by entities that produce and sell electricity and gas in Italy for subsequent sale and by entities that import electricity and gas from other EU countries. The contribution is calculated as 10% with respect to a taxable base consisting of the increase in the

balance between receivable and payable transactions, during the period October 1, 2021 through March 31, 2022 compared to the period October 1, 2020 through March 31, 2021. These provisions were amended by the subsequent Decree-Law no. 50 of May 17, 2022.
In addition, measures are provided for the support of businesses through the instalment of electricity and gas bills. Finally, during the parliamentary scrutiny phase, the measure was supplemented with provisions on golden power, with the inclusion of large hydroelectric concessions among the assets and relations of strategic importance for national interest, the increase in electricity production from biogas plants and the transitional regulation between state EIA and regional EIA, as well as further measures for the development of renewable sources.

Decree-Law no. 36 of April 30, 2022 (so-called “PNRR-bis”) containing “Further urgent measures for the implementation of the National Recovery and Resilience Plan (PNRR)” - Converted, with amendments, by Law no. 79 of June 29, 2022, published in Official Journal no. 150 of June 29, 2022.
Among the main provisions, the measure stipulates that the consumption of electricity from renewable sources for the production of green hydrogen be not subject to the payment of general system charges pertaining to the electricity system and that hydrogen produced in this way be not subject to excise duty, unless it is used directly in heat engines as fuel. There are also measures for increasing electricity production from biomass plants and simplifications for cold ironing.

Decree-Law no. 50 of May 17, 2022 (so-called “Aiuti”) on “Urgent measures on national energy policies, business productivity and investment attraction, as well as on social policies and the Ukrainian crisis” - Converted, with amendments, by Law no. 91 of July 15, 2022, published in Official Journal no. 164 of July 15, 2022.
In particular, the measure introduces some changes to the extraordinary contribution introduced by Decree-Law no. 21 of March 21, 2022, providing for an increase in the percentage of the contribution to 25% of the taxable base identified, a change in the reference period (period from October 1, 2021 to April 30, 2022 with respect to the period from October 1, 2020 with respect to April 30, 2021). The new rule provides for the payment of 40% of the contribution, as advance, by June 30, 2022 and the remainder by November 30, 2022.
In addition, there are measures to increase regasification capacity through the construction of new regasification and floating storage units, as well as simplifications for electricity production plants powered by renewable sources. Lastly, the provision introduces measures to support the filling of storage facilities, providing that the GSE can provide a filling service of last resort as well as the extension of SACE guarantees to natural gas storage companies. Finally, it provides measures in the area of social bonuses for electricity and gas, and provides for the refinancing for the third quarter of 2022 of measures to reduce general system charges for electricity and gas, and the confirmation of VAT on gas supplies at 5%.

Law no. 118 of August 5, 2022 (2021 Annual Market and Competition Law) - Published in Official Journal no. 188 of August 12, 2022 and in force as of August 27, 2022. The law introduces amendments to the regulations on large-scale hydroelectric concessions, establishing that assignment procedures will be carried out according to competitive, fair and transparent parameters, defining the duration of the concessions on the basis of economic criteria based on the size of the proposed investments. These procedures must be sent within 2 years of the entry into force of the regional law and no later than December 31, 2023. For concessions with an expiry date prior to December 31, 2024, including those that have already expired, the Regions may allow the continuation of operations in favour of the former concessionaire for the period of time necessary to complete the procedures (in any case, no more than 3 years from the entry into force of the law). In addition, the measure contains provisions on state concessions, charging infrastructure, local public services and waste management. Lastly, the law introduced a delegation to the Government to adopt, within 12 months of its entry into force, one or more Legislative Decrees that will provide for the survey, reorganization and rationalization of the regulations in force on renewable sources, as well as the adoption of provisions amending or supplementing Presidential Decree no. 31 of February 13, 2017, on the interventions excluded from the landscape authorization.

Decree-Law no. 68 of June 16, 2022 (so-called “Infrastructure-bis”) containing “Urgent provisions for the safety and development of infrastructure, transport and sustainable mobility, as well as on the matter of major events and for the functioning of the Ministry of Sustainable Infrastructure and Mobility” - Converted, with amendments, by Law no. 108 of August 5, 2022, published in Official Journal no. 182 of August 5, 2022. The measure calls for the adoption of a Ministerial Decree by the Ministry of Sustainable Infrastructure and Mobility, containing regulations governing the procedure for the approval of projects and the control of the construction, operation and decommissioning of dams. In addition, it introduces provisions on suitable areas for the installation of renewable energy plants and procedural simplifications for public works of particular complexity or significant impact.

Decree-Law no. 116 of August 9, 2022 (so-called “Aiuti-bis”) containing “Urgent measures on energy, water emergency, social and industrial policies” - Converted, with amendments, by Law no. 142 of September 21, 2022, published in Official Journal no. 221 of September 21, 2022. Among the main provisions of interest, the measure provides for the suspension of unilateral amendments to electricity and natural gas supply contracts, the amendment and extension to June 30, 2023 of the compensation mechanism introduced by Article 15-bis of DL 4/2022, the tightening of penalties in the event of non-payment of the extraordinary solidarity contribution introduced by Article 37 of DL 21/2022, as well as the extension and expansion of measures to support households and businesses, in addition to provisions for the definition of vulnerable gas customers and the introduction of a tariff mechanism dedicated to them.

Ministerial Decree September 15, 2022 (so-called “Biomethane”) - Decree of the Ministry of Ecological Transition in “implementation of articles 11, paragraph 1 and 14, paragraph 1, letter b), of Legislative Decree no. 199 of November 8, 2021, in order to support the production of biomethane fed into the natural gas grid, consistent with Mission 2, Component 2, Investment 1.4, of the National Recovery and Resilience Plan (PNRR)”, published in Official Journal no. 251 of October 16, 2022. The decree lays down provisions for the definition of incentives for biomethane injected into the natural gas grid, produced by newly built plants or by plants undergoing conversion, by means of a capital contribution on eligible investment costs and an incentive tariff applied to the net production of biomethane for a duration of 15 years from the date the plants come into operation.

Ministerial Decree August 25, 2022 (so-called “List of Electricity Sellers”) - The Decree of the Ministry of Ecological Transition contains the regulation on the criteria, methods and requirements for registration in the list of entities qualified to sell electricity, pursuant to article 1, paragraph 81 of Law no. 124 of August 4, 2017, and was published in Official Journal no. 256 of November 2, 2022.
In particular, the measure defines the technical, honorability and financial requirements of the List, which was established at the Ministry. Registration and remaining on the sellers' list is a qualification for sales activities in the electricity retail market for companies that are direct business counterparties to end customers under electricity supply contracts. Following the Ministerial Decree that came into force on November 17, ARERA adopted the provisions aimed at allowing its initial populating and assigned the Single Buyer the task of transmitting to the Ministry of the Environment and Security a series of information in the official Central Register relating to sales companies accredited as trading counterparties in the Integrated Information System (IIS).

Decree-Law no. 144 of September 23, 2022 (so-called “Aiuti-ter”) containing “Further urgent measures on the national energy policy, business productivity, social policies and for the implementation of the National Recovery and Resilience

Plan (PNRR)" - Converted, with amendments, by Law n. 175 of November 17, 2022, published in the Official Journal of the same day.
The measure introduces provisions on floating regasification capacity, renewable energy production plants within state-owned property or in use by the Ministry of the Interior, and provides for the allocation of the proceeds from the compensation mechanism referred to in Article 15-bis of the Sostegni-ter Decree-Law to the extension and updating of tax credits for the purchase of electricity and gas for businesses. Lastly, in addition to the measures in favor of the implementation of the measures envisaged in the PNRR, it introduces some provisions on guarantees offered by SACE Spa, in particular to contain the costs of bank loans granted to companies for the payment of bills for energy consumption in the fourth quarter of 2022.

Decree-Law no. 176 of November 18, 2022 (so-called "Aiuti-quater") containing "Urgent support measures in the energy sector and public finance" - Published in Official Journal no. 270 of November 18, 2022. The Decree must be converted into law by January 17, 2023.
In particular, the provision contains measures to support businesses to cope with high utility bills, introducing the possibility for companies to request the payment in instalments of the amounts due for the energy component of electricity and natural gas for consumption from October 1, 2022 to March 31, 2023. As an amendment to article 16 of Decree-Law no. 17 of 2022, provisions are then introduced to strengthen the so-called gas release mechanism and to simplify the procedures for granting new concessions between 9 and 12 nautical miles.
The decree also envisages the extension to January 10, 2024 of the deadline for the greater protection service for the supply of gas to domestic customers, as well as a change to the Superbonus instrument, providing for a remodulation of the rates envisaged for 2023 and access to the 110% deduction for interventions started from January 1, 2023 on single-family buildings for persons with an income not exceeding 15,000 euros.

Law no. 197 of December 29, 2022, containing "Forecast State Budget for the financial year 2023 and multi-year Budget for the three-year period 2023-2025" - Published in Official Journal no. 303 of December 29, 2022, entered into force on January 1, 2023.

The measure introduces a temporary solidarity contribution for 2023 in the form of a levy for entities that produce, import or sell electricity and natural gas, and produce, import, distribute or sell petroleum products. This contribution is determined by applying a rate of 50% to the portion of total income earned in the tax period prior to January 1, 2023, as determined for IRES purposes, that exceeds the average total income earned in the previous four tax periods by at least 10%. A one-way compensation mechanism, applied from December 1, 2022 to June 30, 2023, is also introduced on infra-marginal sources by setting a cap at 180 euro/MWh. In addition, the measure introduces provisions to support the high energy prices for the first quarter of 2023 (zeroing of gas and electricity system charges, reduction of gas VAT - also for district heating -, strengthening of social bonuses for electricity and gas, tax credit for companies). It also provides that electricity suppliers are no longer obliged to collect certain components of general system charges, including charges related to the decommissioning of nuclear power plants. Further measures are introduced for the containment of the consequences for end-users resulting from gas price increases, as well as for the liquidity and fluidity of the financial gas markets. There are also a number of Superbonus provisions, including the application of the 110% deduction to the installation of solar photovoltaic systems, if carried out by non-profit organizations, voluntary organizations and social promotion associations.

Decree-Law no. 198 of December 29, 2022 (so-called "Milleproroghe") containing "Urgent provisions on legislative deadlines" - Published in Official Journal no. 303 on December 29, 2022, and in force since December 30, 2022. The decree must be converted into law by February 27, 2023.

The measure amends article 3 of Decree-Law no. 115 of 2022 concerning the suspension of unilateral changes to electricity and natural gas supply contracts, extending the suspension until June 30, 2023, and providing that the provisions do not apply to contractual clauses that allow contractual economic conditions to be updated upon their expiry.

Storage Regulation - On July 1, the storage regulation was published in the Official Journal of the European Union (OJEU). According to the regulation, Member States will have to fill their underground gas storage facilities to at least 80% by November 1, 2022, and 90% in the following years. In order to take into account the proportion between storage capacity and national consumption, a limit to the filling obligation has been granted if the stored capacity exceeds 35% of the annual gas consumption of a Member State (with reference to the average consumption of the last 5 years). Intermediate (monthly) filling targets have been introduced, to which a 5% deviation standard will be applied. From 2023 onwards, filling trajectories will be proposed by the Member States and approved by the Commission. The targets adopted for Italy for 2022 are 58% by August 1, 66% by September 1, 73% by October 1 and 80% by November 1. Among the measures aimed at achieving the targets, the regulation allows Member States to: (a) oblige market players to store minimum volumes of gas, (b) set up auction mechanisms, (c) require energy transmission operators (TSO) (or other designated entities) to purchase and manage gas reserves, (d) use coordination platforms and joint purchasing mechanisms, and (e) introduce incentives for market players with compensation. Member States without storage facilities will have access to the gas storage reserves of other Member States, with measures to ensure a sharing of the financial burden of filling these facilities. The filling obligations will be valid until December 31, 2025.

Taxonomy complementary delegated deed on gas and nuclear - On July 15, 2022, the Taxonomy Complementary Delegated Deed on gas and nuclear was published in the OJEU, which defines the conditions under which these activities can be defined as sustainable. Has enter into force in January 2023. The text states that in order to qualify for the taxonomy, gas-fired generation must have (life cycle) GHG emissions of less than 100 g CO_2e/kWh, with different criteria applying over a transition period. Plants for which a construction permit is granted by December 31, 2030, in fact: a) must have direct emissions of less than 270g CO_2e/kWh or annual direct emissions of less than 550kgCO_2e/kW (as an average over twenty years); b) must demonstrate that the energy cannot be generated from renewable sources; c) replace an existing operation that uses oil or coal; d) have a production capacity that does not exceed the capacity of the replaced plant by more than 15%; e) are designed to use renewable and/or low-carbon gases with a transition to full use by 2035; f) replace a more polluting plant, lead to a reduction in greenhouse gas emissions of at least 55% (calculated over the lifetime of the new plant's production capacity); g) are located in a Member State that, if it still produces electricity from coal, has committed to a coal phase-out plan. Similar criteria apply to cogeneration, with some differences: a) the alternative criterion of annual direct emissions is not present; b) the new capacity cannot exceed the replaced capacity; c) the activity must achieve primary energy savings of at least 10% with respect to separate production of electricity and gas.

Regulation on coordinated demand-reduction measures for gas - On August 5, 2022, Council Regulation (EU) 2022/1369 on coordinated demand-reduction measures for gas was published in the OJEU. The regulation establishes a gas supply voluntary demand reduction phase, in which Member States have to make their best efforts to reduce gas demand by 15% between August 1, 2022 and March 31, 2023 compared to the August-March average over the 2016-2021 five-year period. A Union reaction level - called an alert - is introduced, at which point the demand reduction target mentioned in the previous point becomes mandatory for all Member States. The state of alert is declared by the Council, and may be proposed by the European Commission in the event of a serious supply shortage or at the request of at least five Member States that have already declared an alert at national level. A partial derogation from the obligations is permitted in the following cases: a) Member States which are not interconnected with the European system or whose electricity systems are not synchronized with the European electricity system and are highly dependent on gas for electricity generation; b) Member States with limited interconnections and which demonstrate that their export capacities are used to best redirect gas to other Member States; c) Member States which have exceeded their gas storage fill targets, or which are highly dependent on gas as a raw material for critical industries or which have seen their gas consumption increase by at least 8% in the last year. The regulation will apply for one year, and the Commission will conduct a review to assess a possible extension by May 2023.

Electricity Emergency Measures Regulation - On September 30, the Energy Ministers of the EU Member States met and adopted, under the urgency procedure (article 122 TFEU) the Council Regulation on intervention measures in the electricity market. The measure calls on Member States to reduce their total gross monthly electricity consumption by 10% and introduces the obligation to identify the peak price hours that correspond in total to at least 10% of all hours in the period between December 1, 2022 and March 31, 2023 and to reduce their consumption during these hours by at least 5%. A cap of 180 euro/MWh is introduced for the revenues of "infra-marginal" technologies, which may still reflect national circumstances. The cap will apply from December 1, 2022 to June 30, 2023. By December 31, 2022, Member States will have to introduce a temporary solidarity contribution on the profits of companies that derive at least 75% of their turnover from mining or refining activities in the fossil fuel sector. The contribution will be calculated on taxable profits that are greater than a 20% increase over the annual average of taxable profits in the period 2018-2022.

Renewable Energy Sources (RES) Accelerated Permitting Regulation - On December 19, the Energy Ministers of the EU Member States met and adopted, under the urgency procedure (article 122 TFEU), the Council Regulation establishing a temporary framework for accelerating certain categories of renewable energy projects. The regulation establishes rules of an emergency nature to speed up permitting, with a focus on project types that can quickly accelerate the deployment of renewable energy (repowering, rooftop solar and heat pumps). The measure will be valid for 18 months and will apply to all authorization processes that have a start date within the period of application of the regulation. By December 31, 2023, the Commission will review the regulation and decide whether to extend its validity.

Gas Emergency Measures Regulation - on December 19, EU energy ministers reached an agreement on the content of the proposal for a Council regulation on further temporary emergency measures to curb high energy prices and improve security of supply. The regulation provides for the establishment of a regulatory framework for joint gas purchasing, mainly on a voluntary basis. Participation in joint procurement will only be mandatory in respect of demand for gas volumes equivalent to 15% of the respective obligations to fill gas storage facilities by 2023. The measure requires the Agency for the Cooperation of Energy Regulators (ACER) to develop a new complementary price benchmark that ensures stable and predictable prices for LNG transactions. A price limit is also introduced for transactions on the TTF (intraday volatility management mechanism), which will prevent excessive price fluctuations during the day. Transmission system operators will be obliged to make available under-utilized contracted capacity (= if they have used or offered less than 80% of their booked capacity on average over the last 30 days). Finally, the regulation introduces a default mechanism between Member States to ensure that they help each other in the event of an emergency involving a serious gas shortage.

Market correction mechanism regulation - on December 19, the Energy Ministers of the EU Member States met and adopted, according to the urgency procedure (article 122 of the TFEU), the Council Regulation for a market correction mechanism (i.e. the "*Market Correction Mechanism*" on gas), which will aim to counter episodes of extreme volatility in gas prices. The mechanism will apply from February 15, 2023 to virtual gas trading platforms in the EU and will be activated automatically if the month-ahead price on the TTF exceeds 180 euro/MWh for three working days and is 35 euro/MWh higher than a "reference price" of LNG for three days. It is noted that in the version initially proposed by the Commission, the thresholds for activating the mechanism were much higher, up to 275 euro/MWh. The "reference price", on the other hand, will be determined by an average of European and Asian price indices and the new LNG benchmark to be developed by ACER in 2023. Once the correction mechanism is activated, a "dynamic offer limit" will be applied to transactions, which will apply for at least 20 working days. If the dynamic offer limit is lower than 180 euro/MWh for three consecutive working days, it will be automatically deactivated. Automatic deactivation will also take place if a regional or Union emergency is declared under security of supply legislation. The mechanism may also be suspended in the event of a risk to security of supply, financial stability, the fluidity of gas movements within the EU or in the event of increased demand. By November 1, 2023, the European Commission will review the regulation.

Corporate Sustainability Reporting Directive - On December 16, the Corporate Sustainability Reporting Directive (CSRD) was published in the OJEU. As a result of the directive, companies will be required to publish more detailed information on sustainability issues. In the intentions of the European institutions, this will increase corporate responsibility, prevent divergent sustainability standards and facilitate the transition to a sustainable economy. Companies should report on how their business model affects their sustainability and how external sustainability factors (such as climate change or human rights issues) influence their activities. The CSRD strengthens the existing rules on non-financial reporting introduced in the Accounting Directive by the 2014 Non-Financial Reporting Directive (NFRD).

Financial Results at December 31, 2022

Sales Revenues and EBITDA of the Group and by Business Segment

(in million euros)	Chapter	2022 financial year	2021 financial year	Change	Change %
Electric Power Operations					
Sales revenues	2	9,933	4,649	5,284	*113.7%*
EBITDA	2	596	678	(82)	*(12.1%)*
Gas Operations					
Sales revenues	2	23,347	7,752	15,595	*201.2%*
EBITDA	2	606	364	242	*66.5%*
Corporate Operations (1)					
Sales revenues	2	77	86	(9)	*(10.5%)*
EBITDA	2	(90)	(53)	(37)	*(69.8%)*
Eliminations					
Sales revenues	2	(2,977)	(748)	(2,229)	*(298.0%)*
Edison Group					
Sales revenues		**30,380**	**11,739**	**18,641**	***158.8%***
EBITDA		**1,112**	**989**	**123**	***12.4%***
as a % of sales revenues		***3.7%***	***8.4%***	**-**	**-**

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

Sales revenues in 2022 increased compared with the previous year to 30,380 million euros, attributable to both Operations. This increase, which mostly affected the Gas Operations, reflects primarily an increase in sales prices caused by a rise in the benchmark scenario.
Group sales revenues total 1,112 million euros, an increase compared to 2021.

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

Electric Power Operations

Sources

(GWh) (1)	**2022 financial year**	2021 financial year	Change %
Edison's production:	**19,023**	**16,779**	***13.4%***
- thermoelectric	15,665	12,149	*28.9%*
- hydroelectric	1,435	2,661	*(46.1%)*
- wind power and other renewables	1,923	1,969	*(2.3%)*
Other purchases (wholesalers, IPEX, etc.) (2)	**17,975**	**18,065**	***(0.5%)***
Total sources	**36,999**	**34,844**	**6.2%**
EESM activities Production	**687**	**707**	**(2.8%)**

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

Uses

(GWh) (1)	**2022 financial year**	2021 financial year	Change %
End customers (2)	**14,189**	**13,304**	***6.7%***
Other sales (wholesalers, IPEX, etc.)	**22,810**	**21,539**	***5.9%***
Total uses	**36,999**	**34,844**	**6.2%**
EESM activities Sales	**687**	**707**	**(2.8%)**

(1) 1 GWh is equal to 1 million kWh.
(2) Before line losses.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales on the end market (business and retail) and wholesale market and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the above-mentioned portfolios and at maximizing their profitability through their optimization.
Within this model, Edison production amounted to 19,023 GWh, up 13.4% from the same period of 2021. The positive trend is dictated by the trend of thermoelectric production, which shows an increase of 28.9%, linked to the shutdown for a few months in 2021 of two power plants due to breakdowns and the evolution of the reference scenario. This increase compensated for the lack of hydroelectric production, which, on the contrary, showed a decline of 46.1% mainly attributable to a lower hydraulicity, despite the commissioning of Energia Italia plants. With regard to wind power and other renewables, there was a decrease of 2.3% mainly attributable to lower wind power, partially offset by the change in the scope of consolidation related to the acquisition of Vibinum Srl and Aerochetto Srl carried out in the middle of the third quarter 2021, of Winbis Srl and Cerbis Srl carried out in July 2022 and the commissioning of the Mazara 2 plant in August 2022.
Sales to end customers increased by 6.7% mainly thanks to the growth of the customer base in the Retail segment.
Other purchases are down 0.5% on the previous year, while other sales are up 5.9%; it should be noted that, however, these items include not only purchases and sales on the wholesale market but also purchases and sales on IPEX connected with the balancing of portfolios.
There was a decrease in volumes related to Energy & Environmental Services Market operations.

Income Statement Data

(in million euros)	**2022 financial year**	2021 financial year	Change %
Sales revenues	9,933	4,649	*113.7%*
EBITDA	596	678	*(12.1%)*

Sales revenues in 2022 came in at 9,933 million euros, up 113.7% compared to last year, mainly due to cyclical factors linked to the rise in the price scenario.
The EBITDA is 596 million euros, down 82 million euros.
The thermoelectric sector shows a significant increase compared to last year, thanks to the particularly positive performance of the MGP market and the contribution of the capacity market.
The renewables sector achieved a lower result than last year:
• hydroelectric power was severely penalized by low hydraulicity, resulting in lower production volumes, partially offset by the positive effect of Edison renunciation of the option provided by Italian Legislative Decree No. 145/2013 (so-called “Spalma-Incentivi”), consisting of an extension of the incentive period for power plants with a reduction in the incentives themselves. In fact, Edison obtained from the GSE approval of the reimbursement of difference between the incentive originally due to the plants and the lower amounts received as of 2015 as a result of the remodulation of the incentives.
• wind power saw a contraction in margins, largely attributable to lower incentives, despite an increase in the scope of the company;
• photovoltaic recorded a result in line with the previous year;
• the entire renewables sector has been penalized by the effects of the “Sostegni ter” Decree-Law and 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 with regard to the commercial part, there was a sharp drop in results, in particular in the Retail segment, linked to a reduction in unit margins mainly attributable to the extraordinary increase in commodity prices, only partially offset by the increase in sales volumes. On the other hand, sales of value-added services (VAS) increased compared to last year.

Energy services

The economic data of Electric Power Operations include the results of the Energy & Environmental Services Market operations.
Through said operations, Edison interprets its role as an active player towards customers and territories in the path of ecological transition and decarbonization.
Edison is particularly aimed at large companies - industry and the tertiary sector - and public administration - schools, hospitals, prisons, etc. - providing them with a platform of diversified and unique services, technologies and skills: energy audits and consultancy, self-production systems, energy efficiency solutions, green gas, sustainable mobility solutions, urban regeneration services and solutions for smart cities (including district heating and public lighting), and solutions for the circular economy.
Operations showed a 59.7% increase in sales revenues in 2022 compared to last year, reaching 911 million euros (571 million euros in 2021). EBITDA increased by 14.5% compared to the previous year, recording 106 million euros (92 million euros in 2021) mainly attributable to the entry of Citelum Italia Srl (now Edison Next Government) into the Group's perimeter as of May. The activities related to public administration show a decline in results, also due to the price scenario, partially offset by the good performance of the Industry segment.

Gas Operations

Sources of Gas

(millions of m^3 of gas)	**2022 financial year**	2021 financial year (*)	Change %
Production (1)	10	9	*11.1%*
Production outside Italy (2)	155	153	*1.3%*
Long-term purchases and other imports	14,499	14,351	*1.0%*
Other purchases	6,543	4,411	*48.3%*
Change in stored gas inventory (3)	(61)	(9)	*n.m.*
Total sources	**21,145**	**18,915**	***11.8%***

(1) Production by Edison Stoccaggio. Net of self-consumption and at standard calorific power.
(2) Production related to the concession in Algeria.
(3) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(*) 2021 figure reclassified.

Uses of Gas

(millions of m^3 of gas)	**2022 financial year**	2021 financial year	Change %
Residential use	1,614	2,012	*(19.8%)*
Industrial use	4,970	5,790	*(14.2%)*
Thermoelectric fuel use	5,357	5,010	*6.9%*
Sales of production outside Italy	155	153	*1.3%*
Other sales	9,050	5,950	*52.1%*
Total uses	**21,145**	**18,915**	***11.8%***

Long-term gas purchases and other imports were in line with last year, while other purchases on the wholesale market grew very significantly; the Edison portfolio exposure to imports from Russia was limited. Stocks register a higher input than last year.
With regard to uses of 21,145 million cubic meters, there was an increase in sales, particularly for thermoelectric uses and on the wholesale market. Sales for industrial and civil use show a decrease due to the reduction in contracted volumes and lower consumption also as a result of the price scenario.

Income Statement Data

(in million euros)	**2022 financial year**	2021 financial year	Change %
Sales revenues	23,347	7,752	*201.2%*
EBITDA	606	364	*66.5%*

Sales revenue for the financial year 2022 amounted to 23,347 million euros, an increase of 201.2% compared to last year, also thanks in this case to the cyclical factors linked to the trend in the price scenario mentioned above.
EBITDA, which includes the result from regulated activities, amounted to 606 million euros, an increase of 66.5% compared to last year. This increase is mainly attributable to portfolio optimization actions and new import agreements. On the commercial side, the results were down on the previous year, in particular due to lower margins in the Retail segment. The E&P activities, which include the contribution of the activities in Algeria, currently being sold, show a result of 32 million euros (28 million euros in 2021), an increase due to the effect of the price scenario.

Corporate Operations

Income Statement Data

(in million euros)	**2022 financial year**	2021 financial year	Change %
Sales revenues	77	86	*(10.5%)*
EBITDA	(90)	(53)	*(69.8%)*

Corporate Operations include those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied to a specific business, and certain holding companies and real estate companies.
Sales revenue and EBITDA for the financial year 2022 show a downward trend compared to last year, reflecting the absence of one-off income for 27 million euros related to the favourable conclusion in 2021 of disputes concerning registration taxes.

Other Components of the Group's Income Statement

(in million euros)	**2022 financial year**	2021 financial year	Change %
EBITDA	**1,112**	**989**	***12.4%***
Net change in fair value of derivatives (commodities and foreign exchange)	7	(10)	*170.0%*
Depreciation, amortization and write-downs	(456)	(358)	*(27.4%)*
Other net income (expense) - non-energy activities	(68)	(155)	*56.1%*
EBIT	**595**	**466**	***27.7%***
Net financial income (expense)	(11)	(4)	*(175.0%)*
Income (expense) from equity investments	44	26	*69.2%*
Income taxes	(452)	(57)	*(693.0%)*
Profit (Loss) from Continuing Operations	**176**	**431**	***(59.2%)***
Profit (Loss) from Discontinued Operations	**6**	**(1)**	***700.0%***
Minority interest in profit (loss)	**31**	**17**	***82.4%***
Group interest in profit (loss)	**151**	**413**	***(63.4%)***

EBIT of 595 million euros includes depreciation, amortization and write-downs totalling 456 million euros, the net change in fair value relating to commodity and foreign exchange hedging transactions amounting to a positive 7 million euros and other net expenses related to non-energy activities of 68 million euros.
The net result from continuing operations was a gain of 176 million euros (431 million euros in 2021), after net financial expenses of 11 million euros, net income from equity investments of 44 million euros and income taxes of 452 million euros (57 million euros in 2021), significantly worsening mainly due to the inclusion of the extraordinary contribution stablished for the year 2022 pursuant to article 37 of Decree-Law No. 21/2022 and subsequent amendments (so-called Extra Profit Contribution) for 61 million euros and of the temporary solidarity contribution pursuant to the 2023 Budget Law currently estimated at 240 million euros (these tax contributions impact both the Group interest in profit (loss) and the Minority interest in profit (loss)); it should also be noted that income taxes for 2021 benefited from the non-recurring

positive effect related to the exercise of the option to realign the tax values of certain industrial assets and goodwill in the amount of 86 million euros.

Total Financial Indebtedness and Cash Flows

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

(in million euros)	**2022 financial year**	2021 financial year
A. TOTAL FINANCIAL (INDEBTEDNESS) AT BEGINNING OF PERIOD (*)	**(104)**	**(520)**
EBITDA	1,112	989
Elimination of non-cash items included in EBITDA	(9)	(11)
Net financial income (expense) paid	(5)	(9)
Net income taxes paid (-)	(279)	(65)
Dividends collected	10	11
Other items from operating activities	(80)	(59)
B. CASH FLOW FROM OPERATING ACTIVITIES	**749**	**856**
Change in the operating working capital	(79)	(920)
Change in non-operating working capital	70	179
Significant transactions in the renewables sector and disposals of non-core asset (**)	-	1,000
Other net investments (-)	(736)	(660)
C. CASH FLOW AFTER NET INVESTMENTS AND CHANGES IN WORKING CAPITAL	**4**	**455**
Dividends paid (-)	(350)	-
Other	(27)	(39)
D. NET CASH FLOW FOR THE PERIOD	**(373)**	**416**
E. CLOSING TOTAL FINANCIAL (INDETBEDNESS) (*)	**(477)**	**(104)**

(*) This item incorporates the ESMA Guidelines on financial debt, published on March 4, 2021, which CONSOB requested to be adopted as of May 5, 2021.
(**) In 2021 they included the effects of the acquisition of 70% of E2i Energie Speciali (which subsequently took on the name of Edison Rinnovabili) and the sale of 49% of Edison Renewables, subsequently merged into Edison Rinnovabili, as well as the sale of non-core assets (Edison Norge and Infrastrutture Distribuzione Gas).

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

Net investments amounted to -736 million euros, of which -559 million euros in fixed assets mainly related to:

- thermoelectric generation, mainly for the construction of the Marghera Levante (-90 million euros) and Presenzano (-103 million euros) thermoelectric power plants;
- generation from renewable sources for -73 million euros;
- energy and environmental services of -144 million euros, mainly linked to services for the Public Administration (-40 million euros), the Industry sector (-60 million euros) and the Circular Economy (-22 million euros);
- commercial sector for approximately -70 million euros mainly relating to incremental costs incurred for the acquisition of new Retail contracts in the commercial sector.

Acquisitions were carried out with an overall effect on debt of approximately -237 million euros, relating to the companies Winbis and Cerbis (-95 million euros), Citelum Italia (now Edison Next Government) (-90 million euros), Energia Italy (-19 million euros), Sistrol (-7 million euros), Gaxa (-22 million euros), Biotech (-4 million euros).
In addition, approximately 54 million euros were collected as a price adjustment on the sale of 49% of Edison Renewables, completed in December 2021.
We also note investments in financial assets for -7 million euros and the sale of the equity investment in Sunflower with a positive effect on debt for 13 million euros.

Outlook and Expected Results in 2023

The current market condition, which remains characterized by significant economic and geopolitical uncertainties, as well as high price volatility, does not currently allow to express an annual forecast of EBITDA. However, the Company estimates for 2023 a growth rate of operating performance at least equivalent to that recorded in 2022.

Edison Spa

Financial Highlights

(in million euros)	**2022 financial year**	2021 financial year	Change %
Sales revenues	28,917	9,797	*n.m.*
EBITDA	576	282	*n.m.*
as a % of sales revenues	*2.0%*	*2.9%*	-
EBIT	442	(9)	*n.m.*
as a % of sales revenues	*1.5%*	*(0.1%)*	-
Net profit from Continuing Operations	258	719	*(64.1%)*
Net profit from Discontinued Operations	6	2	*n.m.*
Net income/(loss) for the year	263	721	*(63.5%)*
Investments in tangible and intangible assets	311	413	*(24.7%)*
Net invested capital	4,456	4,656	*(4.3%)*
Net financial debt (availability) (*)	(611)	(608)	*(0.5%)*
Shareholders' equity	5,067	5,264	*(3.7%)*
Employees	1,480	1,441	*2.7%*

(*) At December,31 2021, the item implements the guidelines issued by ESMA regarding financial debt and therefore includes other non-current liabilities. At December,31 2022 this item is equal to zero.

Pursuant to Consob communication no. DEM/6064293 of July 28, 2006 the table below provide a reconciliation of the net result for the year and of the shareholders' equity of Edison Spa with Group interest in net profit and the shareholders' equity attributable to the shareholders of the Parent company at December 31, 2022:

Reconciliation of the net result and the shareholders' equity of Edison Spa and the corresponding consolidated data

	12/31/2022		12/31/2021	
(in million euros)	Net result	Shareholders' equity	Net result	Shareholders' equity
Net result and Shareholders' equity of Edison Spa	**263**	**5,067**	**721**	**5,264**
- Result and carrying values of the consolidated companies, excluding minority interests	(121)	2,039	251	1,936
- Elimination of the carrying values of the consolidated investments in associates and in companies valued by the equity method		(1,667)		(1,467)
- Dividends of Edison Spa	(136)		(58)	
- Elimination of Parent company investments' adjustments	137		(7)	
- Investments in companies valued by the equity method	44	216	26	141
- Difference in profit (loss) from Discontinued Operations	-	-	(3)	10
- Other consolidation adjustments	(36)	4	(517)	50
Group interest in profit (loss) and Shareholders' equity attributable to Parent company shareholders	**151**	**5,659**	**413**	**5,934**

Risks and Uncertainties

Risk Management at the Edison Group

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

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

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

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

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

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

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

Risk Factors

Risks Related to the External Environment

Legislative and Regulatory Risk

A potential and significant source of uncertainty for Edison is the constant evolution occurring in the reference legislative and regulatory framework, which affects market activity, tariff recognitions, required levels of service quality and technical and operational compliance requirements.

In the context of the energy crisis, regulatory interventions have been launched to find financial resources to mitigate the impact of high energy prices on consumers by applying solidarity levies to national energy companies, in line with and in some cases more stringent than what has been done in the European Union. In addition, consumption reduction plans and regulatory measures were introduced to reduce the cost of energy for customers, while allowing for deferred payments. In addition, there has been an increased focus by the supervisory authorities on consumer protection, which has resulted in the introduction of specific regulations.

Edison is engaged in an ongoing activity to monitor and carry out a constructive dialogue with national and European public institutions, so as to develop opportunities for discussing and promptly assessing the impact of regulatory changes, with the aim of minimizing the resulting economic impact.

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

- the "Sostegni-ter" Decree-Law of March 28, 2022 issued with the aim of introducing urgent measures to support businesses and economic operators and to limit the impacts of the increase in energy market prices. In particular, art. 15 bis introduced a compensation mechanism aimed at limiting the so-called "extra revenues" of certain renewable source plants, in particular those receiving a fixed incentive or that came into operation before 2010;
- the introduction of an extraordinary contribution for energy companies (article 37, DL 21/2022), from an initial 10% to 25% of the increase in the balance between active and passive transactions realised from October 1, 2021 to April 30, 2022 compared to the same months of the previous year. In addition, the 2023 Budget Law introduced an additional solidarity levy of 50% on 2022 income, determined for IRES purposes, that exceeds by at least 10% the average total income earned in the previous four tax periods;
- the introduction, in the 2023 Budget Law, of a cap on market revenues of 180 euro/MWh in force from December 2022 until June 30, 2023 for electricity producers using infra-marginal technologies (RES not falling under the scope of the "Sostegni-ter" Decree-Law, lignite, nuclear), in implementation of the European Regulation 2022/1854 (published in the Official Journal on September 7, 2022);
- the extraordinary legislative and regulatory measures regarding the cancellation of general system charges in bills (for both the electricity and gas sectors), extended to the end of 2022, in order to reduce the effects of price increases for end consumers. The 2023 Budget Law established its application also for the first quarter of 2023;
- regulatory interventions to protect consumers. An initial measure, provided for in the "Aiuti-bis" Decree-Law, established a ban on unilateral changes to energy supply contracts until April 30, 2023, a deadline subsequently extended, in the "Milleproroghe" Decree-Law no. 198 of December 29, 2022, to June 30, 2023. The same decree defined the exclusion of the contractual economic conditions expiring from the application of the "Aiuti-bis" Decree-Law. A further intervention concerns the deferment of bill payments, established through the introduction of the possibility for end customers (excluding wholesalers) to request the payment in instalments of up to 24 months of their bills for the months of May and June 2022, in accordance with "Taglia-prezzi" Decree-Law no. 21 of March 21, 2022, converted into Law no. 51 of May 20, 2022. The "Aiuti-quater" Decree-Law no. 176 of November 18, 2022

also provided for the possibility for companies to apply for the energy component of their bills to be paid in instalments over the period from October 1, 2022 to March 31, 2023, up to a maximum of 36 instalments;

- the modalities for overcoming the protected electricity and gas market, with particular reference to the implementation of the provisions of Law no. 124 of August 4, 2017 (Annual Law for the Market and Competition). With the subsequent implementing provisions (Decree-Law no. 91/2018, Decree-Law no. 162/2019, Decree-Law no. 183/2020 and Decree-Law no. 152 of November 6, 2021), from January 1, 2023, the price protection was expected to be superseded for micro-enterprise electricity customers and gas customers, while the maximum protection service in place for domestic electricity customers, pending the performance of competitive procedures for the assignment of the gradual protection service, must be completed by January 10, 2024. With the “Aiuti-quater” Decree-Law, the end of price protection for gas was aligned with the deadline set for the electricity market (January 10, 2024), while the Regulatory Authority for Energy Networks and Environment (ARERA) established with resolution 586/2022/R/EEL the postponement by three months of the end of the greater protection for electricity micro-companies. Furthermore, Legislative Decree no. 210 of November 8, 2021 was adopted for the transposition of the European Directive 2018/944, which provides for the introduction of a specific tariff mechanism for vulnerable consumers defined on the basis of certain parameters, including age, economic and health hardship; with Decree-Law no. 115 of August 9, 2022, these measures were also extended to vulnerable gas customers;
- the renewal of large-scale diversion hydroelectric concessions, whose regulation was revised by Decree-Law no. 135 of December 14, 2018, converted by Conversion Law no. 12 of February 11, 2019. The Law for the Market and for Competition 2021, approved by Parliament on August 3, 2022 (in the Official Journal, Law no. 118 of August 5, 2022) supplements current regulations by establishing that procedures for assigning concessions must be carried out according to competitive, fair and transparent parameters, on the basis of an adequate economic assessment of the concession fees and a suitable technical valuation of the interventions to improve the safety of existing infrastructure and interventions to recover storage capacity, with the establishment of consistent compensation (to be paid by the incoming concessionaire), which takes into account the investments made by the outgoing concessionaire. In this framework, it is stipulated that the allocation procedures are to be started within two years from the date of entry into force of the relevant regional law, and in any case no later than December 31, 2023: after this deadline, the Ministry of Sustainable Infrastructure and Mobility shall promote the exercise of replacement powers. In the case of concessions with an expiry date prior to December 31, 2024, including those that have already expired, the regions may allow the continuation of operations for the time necessary to complete the procedures (no more than three years from the entry into force of this provision; therefore the new deadline is set for August 2025), establishing the amount of the consideration that the former concessionaires must pay to the regional administration as a consequence of the use of the assets and works;
- the Capacity Market auction for the delivery period 2025 and beyond. The conduct of the procedures for the 2025 delivery period is still being assessed, based on system adequacy analyses by Terna, following the results of the 2024 auction held in February 2022. The presence of the mechanism, and its modalities, beyond 2025 is uncertain to date, although ARERA recently expressed a favourable opinion on the extension of the mechanism, in line with the derogation granted by the European Commission (2028). In the absence of new auctions, the “qualification” of existing capacity, which serves as a backup for new plants, would cease to exist;
- the appeals submitted by several operators to the Regional Administrative Court and the Court of First Instance of the European Union against the current design of the Capacity Market, which could result, in extrema ratio, in a cancellation of the auctions already carried out and a revision of the regulations, with a possible new notification to the Commission to verify compatibility with European regulations on State Aid. In September 2022, the European Court of First Instance rejected the plaintiffs' claims, a decision that makes it less likely that the appeal will be upheld by the TAR. In particular, a number of companies have filed an application to set a hearing on the merits before the TAR, following the EU Court's ruling. The hearing could be scheduled for summer 2023. During the year, further

appeals were filed with the Lombardy TAR (Regional Administrative Court) against the various legislative and regulatory deeds relating to the 2024 auction, as well as against the results of the auction itself;

- the method for allocating long-term capacity at the Rovigo Terminal also after-2034 and, in particular, Resolution 355/2021/R/gas by means of which ARERA approved the proposal to amend the Regasification Code prepared by Adriatic LNG containing provisions regarding access to the regasification service for the portion of capacity that is not subject to exemption for multi-year periods up to 25 years (i.e. 2047); as well as the appeal to the Regional Administrative Court against ARERA regarding the open season procedure of Adriatic LNG.

Market and Competitive Environment

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

In the Italian electricity market, during the second half of 2022, there was a slowdown in electricity consumption on an annual basis as a result of the effects of high energy prices on economic activity and government energy-saving initiatives, which represented a reversal of the recovery trend recorded in the first part of the year, driven by the post-pandemic economic recovery. The demand for electricity was met by an increase in thermoelectric generation, which constitutes a significant share of the Group's production mix, following a decrease in production from renewable sources, mainly attributable to the weakening of hydroelectric generation. Hydroelectric production, in fact, declined significantly due to unfavourable weather conditions, such as low rainfall and high temperatures, as did imports from France due to critical issues with the nuclear generation park.

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

Moreover, technological changes in the electric power sector could make some technologies/services more competitive than those that are part of the Company’s business. In order to mitigate this risk, Edison monitors and assesses the development of new technologies on an ongoing basis, which are discussed in greater detail in the “Innovation, Research and Development” section. On this front, progress in the area of energy efficiency and the reduction of CO_2 emissions factors with the construction, currently at an advanced stage, of two new-generation thermoelectric power plants puts the Group at a competitive advantage. In the natural gas market, overall demand decreased year-on-year in 2022: the contraction was particularly noticeable in the industrial sector, as a result of the impact of high commodity prices, and in the residential sector, also due to particularly mild weather conditions. In addition to the demand reduction factors described above, there are government energy saving initiatives. Gas consumption in the thermoelectric sector was supported by the aforementioned reduction in hydraulicity, and there was also an increase in exports to foreign countries, which were more affected by supply problems from Russia than Italy, whose supply was ensured by an increasing supply from the south. In this context, an important tool to mitigate the effects of changes in the energy scenario and market conditions is provided by market risk management policies. The significant increase in the volatility of commodity prices seen particularly in 2022 contributed to an increase in exposure to credit risk. For the Business segment, the main mitigation instrument is credit insurance; for wholesale gas counterparties, mitigation instruments include requesting an increase in the cap for the assignment of non-recourse receivables and collateral, where contractually possible.

Country Risk

The Edison Group’s presence in the international markets involving both the production and marketing of electric power, exposes the company to a whole series of risks stemming mainly from political, economic, social, regulatory and financial differences compared with conditions in the country of origin. Currently, the area of greatest importance for the Group is

Greece, where Edison, through Elpedison SA, produces and markets electric power in a joint venture with its Greek partner Hellenic Petroleum.

- The centre-right government (New Democracy, which won the elections in July 2019) holds an absolute majority in parliament. However, there is an increasing likelihood of early elections compared to those scheduled for July 2023, given the current context of high energy prices resulting in a possible deterioration of consensus for the ruling party. The government is, however, expected to continue with the planned privatizations, including in the energy sector, with the energy supply diversification plan and with support for the development of large infrastructure projects, particularly in the renewable energy sector, although delays are possible. During 2022, there was a significant increase in energy and food prices, also as a result of the geopolitical context arising from the Russia-Ukraine conflict, with a significant impact on inflation and economic activity, in particular in the second half of the year. The government therefore introduced subsidies to mitigate these impacts, also financed through resource recovery mechanisms that affected the energy sector as was the case in other European countries, and withdrew the support measures planned during the most critical period of the COVID-19 pandemic. However, international analysts estimate a GDP recovery higher than the European average, at 4.9% and 0.4% in 2022 and 2023 respectively, thanks to the positive performance of the tourism sector and European Union funds. The country is in fact a major recipient of community funds with total grants and loans equal to around 30 billion euros until 2026 period: these funds under the Greek Recovery and Resilience Plan are expected to contribute to significant but gradual improvements in the business environment, maintaining a particular focus on the green transition while supporting the economic recovery. The easing of the containment measures for the COVID-19 pandemic, defined during 2020 and 2021, has favored the relaunch of the tourism sector, which was one of the main drivers of the country's economic growth in 2022. In April, Standard&Poor’s raised the sovereign rating to BB+ with stable outlook, confirmed in October. With regard to the energy sector, the capacity remuneration mechanism ended in April 2019; the new system has not yet been defined and is expected towards the end of 2023. To reduce dependence on Russian gas, the phase-out date for coal-fired thermoelectric generation was postponed to 2028 from the previous deadline (2023) and the LNG infrastructures are being upgraded.

  The Company is committed to constant monitoring of the country’s political and economic environment, to which the Group is exposed as at December 31, 2022, as indicated below:

(in million euros)	**12/31/2022**	12/31/2021
Guarantees provided	115	115
Equity investments (1)	145	91
Total	**260**	**206**

(1) Refers to the equity investment in Elpedison BV and IGI Poseidon.

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

Operational risks

Processes, Structures and Business Management Systems

Edison’s core businesses include building and operating technologically complex facilities for the production of electric power, managing gas storage centers, developing gas infrastructures, marketing energy efficiency services and solutions and distributing electric power and gas in retail and wholesale markets. These activities, which could entail the involvement of third parties, expose the Company to risks deriving from the potential inefficiency of internal processes

and organizational support structures or exogenous events, such as malfunctions or unavailability of equipment and machinery. These risks could have potential repercussions on profitability, the impact of which would be amplified by the significant volatility and appreciation of commodities, the efficiency of business activities and/or the Company's reputation. In addition, the increasing focus of regulatory and supervisory authorities on the energy sector leads to growing operational and compliance efforts.
After the most critical period of the COVID-19 pandemic, specific health measures were defined for the gradual recovery of occupational activities in presence with the highest level of safety, while maintaining the option of home-working. In the course of 2022, the Company defined its plans for the exit strategy from the crisis phase, envisaging the application of a new discipline for smart working in line with the end of the state of emergency at national level.
The policy to manage these operational risks calls for the adoption of specific security and quality standards, and the implementation of upgrades to comply with international and national laws and the requirements of local entities with regulatory authority over such issues, as well as activities to improve the quality of processes in the various areas of business, with special focus on customer services. In addition, the management of potential crisis events is governed by specific internal guidelines designed to provide a quick and effective response to potential crisis situations that could cause injuries to people and damage the environment and the Company's facilities and reputation.
Additional information about the management of environmental and occupational safety risks is provided in the section of this report entitled "Health, Safety and the Environment".

Information Technology

The performance and execution of the Company's various activities and business processes are closely dependent on the complex information systems developed over the years. The energy sector, in particular, is characterized by the constant evolution of threats also as a result of geopolitical tensions and the increasing digitalization of infrastructure, processes and services. Risk aspects concern the adequacy and availability of these systems, the integrity and confidentiality of data and information, which may have economic, financial and reputational repercussions. With regard to the risk of unavailability caused by a system fault, Edison adopted high reliability hardware and software configurations for those applications that support critical activities. These configurations were regularly tested during normal operations. To protect against disasters, a disaster recovery solution is in operation which is tested periodically. A similar test is also performed for the Rivoli data center. Lastly, the transfer to the cloud of several applications was initiated to boost service flexibility and improve its time-to-market, without any reduction in security levels. During the year, the study was also completed for the definition of adequate disaster recovery solutions for critical applications that are moved to the cloud. Finally, the review of the Business Impact Analysis (BIA) for the Gas & Power Market, Gas Midstream and Power Asset divisions was initiated. Network security risks also affect the sites of EESM activities customers. In order to mitigate potential inadequacies in the assessment of security technologies, procedures and systems, the EESM Cybersecurity Development (ECD) project was launched in 2022, the assessment phase of which was finalized, and a structured action plan defined, the implementation of which was started.

The risk relating to the integrity and confidentiality of company data and information and their availability in the event of cyber-attacks, that are increasingly more frequent and sophisticated, is mitigated through the adoption of strict security standards and solutions developed in accordance with the National Institute of Standards and Technology (NIST) framework as well as through continuous updates and actions to limit exposure; the service of the Security Operation center, operational since January 2016, which aims to identify current cyber attacks, was subsequently optimized through a process of "refinement" of analyses to improve their effectiveness. The first four phases were completed (automatic inventory of all networked devices, asset procedures, vulnerability, triage, incident & crisis management, threat intelligence service and CERT (Computer Emergency Response Team)) of the Rex Wannacry project, aimed at increasing the resilience of the company's information system against next-generation attacks. In 2022, the Rex Wannacry program was extended with other project initiatives, aimed at improving the handling of possible ransomware

attacks (UPP = Ultimate Protection Plan), with a focus on reviewing how data is saved and protecting the active directory. The project to strengthen the way employees' digital identities are managed will be completed in the first four months of 2023, through multi-factor authentication systems, conditional authentication and new systems access control mechanisms. Training courses and an awareness program on security issues continued to promote and enhance the cybersecurity culture within the company, including monthly simulations of phishing attacks, news and semi-annual webinars, among other activities.
In the current market context characterized by significant volatility and appreciation of commodities, the unavailability of data and/or systems to support downstream (e.g. for the billing cycle), as a result of cyberattacks capable of circumventing the safeguards in place, could have significant consequences on the Company's working capital.
With particular reference to the security of sensitive IT data for Edison Energia's business, a program is underway that envisages the implementation of a Data Classification, the revision of profile users for access to critical applications, the implementation of Data Loss Prevention (DLP) tools and the updating of policies and procedures.
Compliance with GDPR 2016/679 is a major issue given the attention of the regulator and the public to the protection of personal data. To this end, projects to ensure compliance were completed, including the integration into the data management application for newly acquired companies and the anonymization of data of residential customers and VAT numbers.

With regard to enhancing systems adequacy, in 2022, some important projects continued and/or were completed and new ones started; in particular:

- for the Energy & Environmental Services Market Activities:
    - the applications envisaged by the PA turnaround sites were completed (e.g. review of the Tagetik system, extension of the calculation engine, Capex, Opex and HR forecasts);
    - the CMMS (Computerized Maintenance Management System) ZMAINTENANCE maintenance management system was released for the new PA sites, and the decommissioning of the NPLAN CMMS present on the old Trento perimeter is being analysed, with the absorption of the functionalities on ZMAINTENANCE itself;
    - CRM: following the renaming activities of EESM, the new LEAD management integrated with the Landing Page was released and the PV offering management module was released;
    - application integration activities are in progress as part of the ENG (Citelum and EFS) company merger, in particular, the harmonization of the accounting/financial systems of the two merged entities;
- for the Gas & Power Market Division:
    - the Digitalization of the On Boarding process of B2C customers was released;
    - the implementation project to upgrade the new billing, CRM and credit systems with cloud porting for Retail customers is underway;
    - the hybrid Teleselling system, VAS and Commodity lead management, Sales Subject Portals and Integrity Check for the processes of onboarding business partners and securing Commodity and VAS business leads is being implemented;
    - under release phase (expected at the end of February 2023) is the Offering and CRM dedicated to the management of B2B customers, with the automation of numerous activities historically managed manually;
    - B2C data and partly B2B data were created and secured (expected completion by the first half of 2023) in order to have all Gas & Power Market Division data certified in EDP;
- for the Gas & Power Portfolio Management & Optimization Division:
    - as part of the diversification of gas portfolio sources, a number of adjustments were made to the enabling systems for new business opportunities (structured management of regasification services, Oltingue-Gries route, operations in entry from TAP Greece);

  - the first phase was completed of the Internal Market Gas system enabling real-time quotation by Midstream of the sales profiles required by Gas & Power Market;
- for the Gas Asset Division was the completion of the two-year program to implement the application map to support the processes of the Small Scale LNG business unit;
- for the Power Asset Division:
  - the GUIDE System for the Management of Plant Processes (Asset Master, Maintenance, Scheduling, HSE Themes, etc.) was implemented on six thermoelectric power plants and is currently being rolled out on the last three;
  - the AIA Portal was set up to automate the processes related to the Environmental Authorizations of Plants (scheduling of requirements and related actions);
  - the optimization and automation of some cross-divisional Processes such as the payment of Royalties, Data Management for 231 and the Anti-Mafia process were addressed.

Strategic Risks

The development of the core businesses of the Edison Group must be supported with investments, acquisitions and selected divestments, implemented as part of a strategy to streamline the overall portfolio and constantly respond to the competitive environment, exploring a plurality of technological solutions and new business models, in order to pursue sustainable success by creating value for all stakeholders and contributing towards guiding the country in the energy transition process. The Group's ability to strengthen its core businesses and reputation in the markets where it operates is predicated on the effective deployment of these initiatives.
More specifically, insofar as direct investments are concerned, they typically entail a risk related to potential overruns in operational and investment costs, as well as possible delays in the start of commercial service, due in part to uncertainties in the permit issuing process or unforeseeable external events such as the COVID-19 pandemic or the Russia-Ukraine conflict, with a resulting impact on the profitability of these initiatives.
As for the strategy of growth through acquisitions, its success depends on the availability in the market of opportunities that could help the growth of the Group's core businesses targeting the creation of value and on the Company's ability to identify those opportunities on a timely basis and effectively integrate the acquired assets into the Group's activities. In order to mitigate these risks, the Company adopted a series of internal processes to monitor the research and assessment phases of investment initiatives. In addition to the use of appropriate written procedures, these processes require the use of due diligence activities, binding contracts, multilevel internal authorization processes, project risk assessment activities and project management and project control activities.

Financial Risks

Commodity Price Risk

The Edison Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles, which affect the Group both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the above-mentioned commodity prices are quoted in a foreign currency, the Group is also exposed to the resulting foreign exchange rate risk.
The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits, in terms of economic capital, and the use of financial derivatives that are commonly used in the market for the purpose of containing the risk exposure within preset limits.

Foreign Exchange Risk

The activities carried out by the Group in currencies different from the euro and its strategies of expansion in the international markets expose the Company to fluctuations in foreign exchange rates. The guidelines concerning the governance and strategies to mitigate the foreign exchange risk generated by business activities are set forth in specific policies, which describe the foreign exchange risk management objectives depending on the different nature of the risk in question.
The company adopts a centralized type of management model, through which the Parent Company is able to constantly safeguard the Group's economic and financial equilibrium by constantly monitoring exposures and implementing appropriate hedging and foreign exchange procurement strategies designed for risk mitigation purposes.

Credit Risk

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

Interest Rate Risk

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

Liquidity Risk

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

Provisions for risks and charges

In addition to the risk management and mitigation activities described above, when faced with present obligations deriving from past events, which can be of a legal or contractual nature or result from statements or conduct of the company such as to engender in third parties a valid expectation that the company is responsible or assumes responsibility for fulfilling an obligation, the Edison Group recognized over the years adequate accruals to special provisions for risks and charges listed among the liabilities in the financial statements (see also the accompanying Notes to the consolidated financial statements). More specifically, the companies of the Group are parties to judicial proceedings and some tax disputes, a description of which is provided in chapter 8 entitled “Non-Energy Activities” in the Notes to the consolidated financial statements.

Other results from operations

Innovation, Research and Development

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

The activities of the RD&TI Department are mainly carried out at the laboratories located at the Officine in Milan and Officine in Turin, which have also become meeting and visiting places for other Edison Divisions interested in technological and scientific updates in the energy field. At the Workshops in Milan and Turin, many students from the Milan and Turin Polytechnics prepare their dissertations: the link between Edison and the academic world is consequently closer and more lively.

Since September 2022, Edison has been part of MUSA s.c.a.r.l (Multilayered Urban Sustainability Action), an innovation ecosystem funded by the Ministry of University and Research as part of the PNRR initiatives and promoted by the University of Milan-Bicocca. The MUSA project involves the collaboration of public and private stakeholders and aims to transform the Milan metropolitan area into a hub for sustainability, urban redevelopment and innovation. MUSA aims to develop smart solutions for renewable energy and waste management, study new green mobility models, create an incubation and acceleration hub for start-ups, optimize the use of big data for citizen health and well-being, develop new sustainable finance solutions and create the conditions for an increasingly inclusive society.

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

Electric mobility

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

Storage

This regards the study and experimentation of storage technologies for stationary applications on various scales, up to long duration storage. It is precisely in this latter area that interest has recently extended to experimental activities in the laboratory, alongside studies related to the reuse of batteries in a 2nd life and recycling processes, as well as within hybrid storage systems. The area of interest covers conventional and innovative technologies, including electrochemical, thermal, mechanical.

Hydrogen and decarbonization

This topic concerns the production of hydrogen with low carbon dioxide emissions, and more generally solutions and applications aimed at the decarbonization of electrical production and industrial processes. The aim of RD&TI activities is to increase its expertise and identify the most suitable technological solutions for BUs. The main focus to date is, on the one hand, on the evaluation of hydrogen generation options, including through laboratory tests of innovative electrolysis systems, and, on the other hand, on the scouting of carbon dioxide capture technologies to be applied to the combined cycle.

IoT, Smart Home, Robotics

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

Innovative photovoltaic

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

Smart cities and smart territories

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

Health, Safety and the Environment

The main results achieved in 2022 and projects under development are reported below:

Safety Performance Trend

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

The reference indicators in the domestic context are:

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

Based on this approach, the year 2022 closed with an overall accident frequency index that, in aggregate terms between company personnel and personnel of external companies, stood at 1.9, up slightly from 1.7 at year-end 2021, however including an incremental change in the scope of consolidation of approximately 900 new resources who joined the Group during the year (mainly as a result of the acquisition of Citelum in Italy and Spain), an additional scope characterized by accident rates significantly higher than the consolidated average for the Edison Group over the last three years.
The total seriousness rate at the end of 2022 was 0.8, substantially in line with the same period in 2021, confirming the limited severity of our accidents.
During 2022, there were no fatal accidents.
The data confirm a Lost Time Incident Rate (LTIR) trend structurally settled below the overall value of 2, despite the extension of the perimeter due to new acquisitions related to a higher level of risk of the activities performed.

Activities Concerning Health, Safety and the Environment

The main activities and processes carried out in 2022 are reviewed below.
The first part of the year was conditioned by the continuation of the emergency related to the COVID-19 pandemic, particularly the first quarter, which was characterized by a particularly acute infectious wave that raised the annual rate of absenteeism due to illness by an average of about one day per capita per year compared to previous years, a rate that nevertheless remained at competitive levels in comparison with the comparable market.
The requirements established by applicable regulations on health, safety and the environment were met, and the expected audit plan was completed by the end of the year. During the year, all the preparatory activities were arranged for the surveillance, renewal or new certification process of the health, safety, environment and quality management systems, which were successfully completed by the end of the year through audits by the accredited external bodies.
There were no incidents during the year with an impact on environmental matrices (soil, subsoil, surface water and biodiversity).
Continuity was given to the activities envisaged in the 2021-2023 road map related to the health, safety, environment and sustainable energy policy issued in 2021, and in particular:

- innovation initiatives focused on the digitalization of the work permit and health surveillance process, on training and support through virtual and augmented reality tools, and on the Pilot Project for the measurement of mental fatigue of wind energy workers;
- safety mentoring projects in the field, at operational management and main work sites, initiatives on workers' risk awareness and those providing awards for the best ideas or results;

- updating of company standards and digital platforms for risk assessment, site management and personnel access to external companies, to support the integration and inclusion process of recent acquisitions.

Management of the COVID-19 Pandemic Crisis

The year was characterized by two distinct phases. The first, up to the end of February, with an acute pandemic infectious wave, during which 40% of the total number of positive cases occurred since the beginning of the pandemic emergency, however characterized by a significant decrease in severity due to the widespread vaccination campaigns that took place during 2021.

However, the preventive measures adopted by the Company made it possible to ensure the on-site management of operational activities related to the operation of the electricity generation and gas storage plants to domestic users; likewise, the continuity of the management service of the energy transmission plants to all the hospital facilities served and to industrial and residential customers was ensured.

The second phase began with the date decreed by the government authorities for the end of the emergency (March 31, 2022), and the gradual start of the post-emergency phase.

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

On June 30, a new shared protocol updating measures to combat and contain the spread of the virus in the workplace, adopted to manage the new phase of the epidemic, was signed at national level between the social partners, the Ministries of Labor, Health and Economic Development, and Inail.

On the basis of the protocol, the company updated its guidelines which were communicated to all employees on 15 September and subsequently on 9 January 2023, also following discussions with the workers' representatives; measures that still remain valid despite the fact that the spread of the virus has eased considerably. Following the positive epidemiological trend, both at national and corporate level, from 9 January 2023 it was agreed to dissolve the specific Crisis Committee, while still maintaining a monitoring activity of the scenario, ensured by the Environment, Health, Safety & Quality Function.

Human Resources and Industrial Relations

Human Resources

The workforce at 12.31.2022 closed with 5,818 against the 4,918 of 12.31.2021 with an overall growth in the year of 900 employees, generating a specific increase in personnel of +18.3%, mainly attributable to the acquisitions of the companies Citelum and Sistrol in the Energy and Enrvironmental Service Market activities.

In terms of scope differences, please note:

- (+664 employees) Acquisition of Citelum (Italy + Spain).
- (+68 employees) Acquisition of Sistrol (Spain).
- (+4 employees) Acquisition of Magnoli & Partners.
- (+18 employees) Acquisition of Gaxa Spa.
- (+2 employees) Acquisition of Sorrento Power & Gas Srl.
- (+5 employees) Acquisition of Energia Italia Srl.

Total labour costs pertaining to the year recorded a value of 368 million euros, with an increase of 9.9% compared to the previous year, mainly determined by the growth in the average consistency of the workforce which occurred during the year, essentially linked to the consolidation of the companies described above.

Industrial relations

Main events of general significance for the Edison Group that occurred in 2022.

Gas Operations & Balancing area availability

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

Merger by incorporation renewables area

The merger by incorporation of Edison Renewables Spa into Edison Rinnovabili Spa became effective on August 1, 2022. Pursuant to this transaction, all of the employees of Edison Renewables Spa, amounting to 105 employees, were seamlessly transferred, pursuant to article 2112 of the Italian Civil Code, to Edison Rinnovabili Spa, with the preservation of all economic and regulatory treatments applied, including the maintenance of the CCNL (National Labor Agreement) for employees in the electricity sector.

Renewal of the National Labor Agreement for Electricity and Petroleum Energy

In the second half of 2022, agreements were signed for the renewal of the following collective labor agreements applied in the company:

- On July 18, 2022, an agreement was signed for the renewal of the National Collective Labor Agreement (CCNL) for employees in the electricity sector for the three-year period 2022/2024. The agreement envisages, for the economic part, an overall economic increase in the three-year period of 9% and an increase in the company's contributions to the sector's complementary pension scheme. On the regulatory side, innovations were introduced regarding on-call time, apprenticeship, training, safety and equal opportunities.
- On July 21, 2022, an agreement was signed for the renewal of the Energy and Oil Collective Labor Agreement for the three-year period 2022/2024. The agreement provides for an overall economic increase in the three-year period of 9% and introduces innovations in the areas of training, health and safety, holidays, and union rights.

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Subscription of performance bonus for the three-year period 2022/2024

On October 28, 2022, an agreement was signed for the renewal of the Edison Group's performance bonus (National Collective Labor Agreement for the Electricity and Oil Energy Sector) for the three-year period 2022/2024, envisaging the possibility of converting the bonus into welfare services up to 100% of the amount individually due. Moreover, taking into account the significant business results expected for the financial year 2022 and the significant growth of the inflationary scenario, the Trade Union Agreement also provided for the payment of an extraordinary one-off payment to mitigate the impact of this inflationary scenario on the purchasing power of wages, being able to benefit from the tax and contribution exemption provided for by the specific legal regulations issued for the management of this extraordinary economic situation.

AMG GAS Harmonization Agreement

On October 12, 2022, an agreement was signed with the territorial trade union secretariats of Palermo for the application of the CCNL for Electricity instead of the CCNL for Gas Water in the company AMG GAS Spa.

Agreement Renewal of Edison Stoccaggio Supplementary Contract

On November 24, 2022, the renewal of the Supplementary Company Agreement of Edison Stoccaggio was signed with the RSU of Edison Stoccaggio. The Agreement applies to Edison Stoccaggio's operational areas and is valid until December 31, 2024.

EESM Activities: post-health emergency Smart Working agreement

On March 21, 2022, an agreement was signed between the Edison Group companies that apply the Metalworking National Collective Labor Agreement and the National and Territorial Trade Union Secretariats, which governs Smart Working according to principles and methods similar to those already defined on the matter in the trade union agreement applied to employees with CCNL for Electricity and Energy and Oil.

Fenice Spa (now Edison Next) Supplemental Agreement

With an agreement of March 21, Fenice Spa, the National and Territorial Secretariats and the RSU extended the Supplementary Agreement expired on December 31, 2021 for 2022 and 2023.

Edison Next Recology Srl Supplementary Agreement

In May 2022, the supplementary agreement relating to the period 2022-2024 was signed for the employees of the Melfi waste-to-energy plant of Edison Next Recology Srl. The agreement, which reintroduces after many years a collective bonus linked to the achievement of economic-industrial and social results, is part of and supports the company's development strategy through new dialogue with the territory and the recovery of the plant full productivity, and also includes employment development prospects.

Merger by incorporation of Edison Facility Solutions Spa into Edison Next Government Srl

On November 16, 2022, the union procedure concerning the merger by incorporation of Edison Facility Solutions Spa into Edison Next Government Srl was initiated and concluded with the union agreement of December 1.
The reasons for the merger are to be found in the desire to concentrate, in order to manage them more effectively and efficiently in a single dedicated company, all activities aimed at providing services to the Public Administration and, in particular, those of design, execution, maintenance and plant and energy management of civil and public, hospital and industrial buildings, with particular reference to the construction of high-tech integrated systems (heating and air conditioning), energy and plant engineering services for buildings (so-called Energy and Facility Management) for the

Public Administration, as well as services for the installation of street lighting and electrical signalling devices, airport runway lighting (including maintenance and repair).
The merger took effect from December 31, 2022 and involved a total of 810 employees who retained all the overall accrued economic and regulatory treatments in force at their workplace, including the Metalworking Industry and Plant Installation CCNL.

Rationalization of operational organization Edison Next Spa Termoli operating unit

On December 21, 2022, the procedure pursuant to article 4 L223/91 was initiated for the reduction of a maximum of 5 resources (3 blue-collar workers and 2 white-collar workers) of the Termoli Operating Unit as a result of the progressive reduction of production implemented by the Customer Stellantis at its Termoli site.

Organization and Employee Services

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

- with the aim of strengthening the process of identifying, assessing and managing market risks and, at the same time, further reinforcing the logic of business partnership of the Finance Division with the Business Divisions, first-level risk assessment and control activities, Investment Planning, Performance and Assessment and Accounting activities were decentralized to the Business Divisions, through the establishment of Finance Departments dedicated to them. In addition, a project has been launched to comprehensively revise the risk management process at Group level, which will be completed during 2023, with interventions and actions on the organizational and information systems level;
- with the aim of supporting the development of services for the Tertiary Market and the District Heating sector and with the mission to seize the new opportunities and projects emerging in the sector of Smart Cities and urban regeneration initiatives, the structure and responsibilities of the Smart Cities & Tertiary Business Unit have been defined within the Energy & Environmental Service Market activities;
- to follow up on the development and application of the Group's Cyber Security models and policies also on the plant technologies (OT) of the Energy & Environmental Services Market activities, the ECD - EESM Cyber Security Development Project was launched;
- in April, the organizational structure was redefined and new responsibilities were assigned within the Engineering Division, identifying, in particular, an integrated and dedicated Energy & Environmental Service Market activities;
- in May, the agreement for the acquisition of the majority of shares in Gaxa Spa by Edison Energia was finalized. The company, from an organizational point of view, operates within the Gas & Power Market Division;
- in May, Edison Next completed the acquisition of Citelum Italia Srl, which operates both in Italy and in Spain. In Spain, Edison Next also acquired control of Sistrol in April, a digital company active in energy services for the tertiary sector. In organizational terms, the companies operate within the Energy & Environmental Services Market activities;
- in line with the Group's strategic guidelines and in line with the internal consolidation process undertaken by Edison on the Business to Government Market, the Merger of Edison Facility Solutions into Edison Next Government (formerly Citelum Italia) became effective on December 31st. At the same time, the new integrated organization of the Business to Government BU was defined with effect from 1 January 2023;
- in July, the composition of the Edison Group Executive Committee (Comex) was reconfigured to include the Head of the Sustainability Division;
- in August, Edison Renewables Spa was merged into Edison Rinnovabili Spa, confirming its responsibilities and organizational structure;

- the General Standard on the entrusting of professional assignments to third parties was revised in order to ensure greater agility and control in the conduct of the process.

With regard to the welfare services offered to employees, the company continued its commitment to managing the "Edison per Te" program, which aims to offer a series of products and services to help employees reconcile their personal and professional needs, with the goal of improving their quality of life and well-being. In 2022, in continuity with what has been done in previous years, the extension of welfare services continued to the companies acquired in recent years that are part of the perimeter of the Energy & Environmental Service Market activities, an integration that will be completed in early 2023.
During the first half of the year, an initiative was developed in cooperation with the Fondazione Collegio delle Università Milanesi for the children of Edison Group employees aged between 18 and 25. Awarded were 41 students for visiting the EXPO in Dubai with the Collegio di Milano. .
In addition, the provision of the historical and well-established services of the corporate welfare platform "EDISON PER TE" was confirmed. Finally, in order to support purchasing power in the context of a significantly growing inflationary framework, also through specific agreements with the Trade Unions, an extraordinary and additional Welfare Credit of 280 euros per capita was granted to all Group employees, expendable in goods-services and welfare reimbursements, including the possibility of energy expenditure reimbursement.

Training and Development

Prizes and Awards

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

Human Capital Training and Development

During the year 2022, 191,315 hours of training were provided for a total investment of 9.6 million euros at Group level, of which 334 thousand euros through funded training. The training program involved a total of approximately 4,208 employees, amounting to 33 average hours per capita.
Corporate and Managerial Training activities continued with integrated, in-person and distance learning solutions.
After the restrictions of the 2020 and 2021 pandemic period, management training in 2022 was carried out almost exclusively in presence; twenty-three training sessions of the Group's managerial training offer were delivered with the

aim of strengthening the managerial competencies defined in the corporate leadership model, such as vision, sustainable entrepreneurship, innovation, authenticity and valuing people, inclusiveness and valuing diversity. The sessions involved over four hundred Group managers, both senior managers and middle managers, also with the aim of encouraging networking and discussion on management issues. All initiatives were highly appreciated.
The Ambrosetti Permanent Update network initiative continued, which now involves around thirty Group senior managers, and offers participants the opportunity to take part in inter-company events that delve into management and economic issues as well as to expand networking with managers from other companies. Finally, both young talents and senior managers were involved in the international training initiatives promoted through the support and service of the EDF Corporate University.
With regard to talent management topics, both young resources who participated in the Long Term Development Centre and senior resources who participated in the Short Term Talent Assessment were involved in the potential assessment process.
For all resources, individual development plans have been drawn up in line with the aptitudes and motivations that have emerged, offering high-potential young people an accelerated growth path using the lever of internal mobility as a fundamental development tool.
Also validated was the first pool of Subject Matter Expert, an award that recognizes people with professional leadership recognized inside and outside the company and who possess skills relevant to the organization, is being validated. The new career path complements the traditional management career. Furthermore, training was carried out in e-learning mode on Compliance 231, Safety at work-environment and Cyber Security, through the open Digital Training platform MyLA - My Learning Area, which allows access to all employees from the intranet and through which the training initiatives of the “Cookies” program on specific topics (Negotiation, Emotional Intelligence, Cognitive Bias, Assertive Communication) also continued in 2022.

Training oriented towards the development of digital culture and skills

The Edison Digital Academy (EDA- Accademia di Mestiere developed in collaboration with Talent Garden) through the 2022 program has involved over 450 colleagues since its launch in 2020, with over 30 courses organized.
The main objective of the EDA is to strengthen the digital skills of employees involved in product and process innovation projects and new business development. The training program covers eight areas of competence related to digital transformation: these include big data and artificial intelligence, advanced digital technologies, agile project management and innovative product development, and new organizational and leadership models.
Moreover, again with the aim of spreading the culture and use of digital tools throughout the company, the Digital Empowerment program launched in 2019 continues, aimed at broadening the knowledge of all colleagues on the advanced use of social collaboration and communication tools usable through the Microsoft365 digital platform, also through the tutoring of expert colleagues, suitably trained and distributed throughout the country (Digital Sherpa).

Training for professional skills development

Through the initiatives managed by the Edison Market Academy, in 2022, sales personnel training amounted to 4,000 hours, mainly dedicated to activities to strengthen the territorial sales network.
The total number of hours is about 4,000, of which about 1,100 are provided to external parties, agencies, territory, call centers.
In 2022, the three-year course of professional technical training for thermo-hydraulic installer of the Scuola dei Mestieri dell’Energia continued in partnership with the AFORISMA Business School and with all the installers in the Apulian territory already partner of the Group, which will close in autumn 2024.
For the population of the Energy Efficiency Services Division, which has developed a total of 70,810 hours in training initiatives, in addition to compulsory and compliance training and training to develop and strengthen the training skills of

operational staff, a pilot training project in the area of “Maintenance and Optimization of Photovoltaic Systems” was launched.

Youth Orientation, Training and Development

In 2022, the commitment continued to orientation activities for the younger generations for High Schools, Technical and Professional Institutes thanks to Edison's Digital School, a digital platform created to offer orientation paths in the energy sector for students in secondary schools.
The course, which in 2021 was certified by Confindustria as a Quality Alternance (BAQ) project, saw the participation of more than sixty schools (in Lazio, Lombardy, Piedmont, Apulia, Sicily and Veneto) with 93 classes and more than 1,500 students in 2022.
In order to support the school system in the orientation processes of young people, and in particular of the female gender towards “stem” skills (technical-scientific disciplines), Edison participated in the first edition of Deploy Your Talent, realized by Sodalitas for First Grade Secondary Schools, which involved nine schools and other initiatives developed in collaboration with Valore D and Elis.
In addition to the on-boarding initiative (Edison EXPO) during the first year of induction, 4,121 hours of training were provided for young newcomers through the Specific Program dedicated to the Young Community in 2022.
In addition, there was the Edison Energy Camp, now in its 9° edition, an energy training course developed and managed with the World Energy Council Italia Services and the LUISS Business School. In 2022, 27 young people already employed by the company and 20 university students from various Italian universities (Luiss Business School, Polytechnic University of Turin, Polytechnic University of Bari, Polytechnic University of Milan, Università Cattolica del Sacro Cuore (Catholic University of the Sacred Heart) and Federico II University in Naples) were involved.
In the area of relations with the university world, numerous Employer Branding, Orientation and Recruiting initiatives continued with the main Italian universities (Career Day, company testimonials and lectures in specialized masters courses, etc.).
Lastly, in 2022, Edison became a participating member of the ITS Green Foundation in Vimercate (MB) for the development of technical profiles for Energy Efficiency, Renewables and Electric Mobility.

Sustainability

Edison’s sustainable business model is illustrated in the Consolidated Non-Financial Disclosure pursuant to art. 3 and art. 4 of Legislative Decree No. 254 of 2016.

Other Information

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

- at December 31, 2022, it did not hold treasury shares or shares of its parent company in the portfolio, neither indirectly through nominees nor other third parties. No transactions involving treasury shares or shares of the parent company were executed during the financial year, neither indirectly through nominees nor other third parties;
- the Group and the Company executed transactions with related parties during the year. For a description of the most significant ones, please refer to the comments in the 2022 Consolidated Financial Statements and the 2022 Separate Financial Statements in sections 9.4 and 10.2, respectively, “Intercompany and related party transactions”;
- No secondary registered offices have been established.

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

Report of the Board of Statutory Auditors